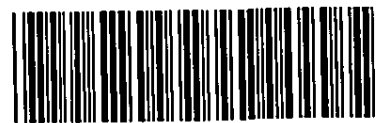


REGISTERED COMPANY NUMBER. 3213914
REGISTERED CHARITY NUMBER. 1057144

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011
FOR
MIDLANDS EXCELLENCE
(A COMPANY LIMITED BY GUARANTEE)**

SATURDAY



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03/12/2011

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COMPANIES HOUSE

**WALKER THOMPSON LTD
ACCOUNTANTS AND
REGISTERED AUDITORS
EMPRESS HOUSE
43A BINLEY ROAD
COVENTRY
CV3 1HU**

**MIDLANDS EXCELLENCE
(A COMPANY LIMITED BY GUARANTEE)**

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FOR THE YEAR ENDED 31 MARCH 2011**

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**MIDLANDS EXCELLENCE
(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2011**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2011. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number
3213914

Registered Charity number
1057144

Registered office
c/o BMW Hams Hall Plant
Canton Lane
Coleshill
North Warwickshire
B46 1GB

Trustees

A D Jones OBE	- resigned 24 03 11
Dr R W Cliffe	
M F P Lavery	
D Cooper	
A Lyon	- resigned 26 10 10
D Farthing	

Chief Executive
I K Nield

Company Secretary
J M Lane

Auditors
Walker Thompson Ltd
Accountants and
Registered Auditors
Empress House
43a Binley Road
Coventry
CV3 1HU

Solicitors
Blackbourn & Bond Solicitors
12 Belmont
Shrewsbury
Shropshire
SY1 1TE

Bankers
Lloyds TSB
17 George Street
Tamworth
B79 7LW

**MIDLANDS EXCELLENCE
(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2011**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The objects of Midlands Excellence are to provide relevant business training and education

The charity is controlled by its governing document, which is a deed of trust and constitutes a limited company that is limited by guarantee as defined by the Companies Act 2006

Recruitment and appointment of new trustees

Trustees are selected from organisations that clearly demonstrate a commitment to the pursuit of excellence and typically they have worked with us so have a good understanding of our business activities. Our trustees hold senior positions in their organisations, are well respected in the community and have proven track records of sound business acumen. We aim to maintain a balance of relevant and complementary skills to ensure that the objectives of the charity are met in a prudent and effective manner so all these criteria are considered before a new trustee is invited to join the board.

Induction and training of new trustees

New trustees are issued with an induction pack and this contains useful information including that which is published in the Charity Commission's booklet entitled 'The Essential Trustee: What you should know'. An induction programme is agreed which includes exposure to the Midlands Excellence team and our day-to-day activities.

Organisational structure

Midlands Excellence is a company limited by guarantee and is governed by its Memorandum and Articles of Association. The chief executive is accountable to a board of trustees and this body has the vested authority to appoint new trustees.

Midlands Excellence through its trading subsidiary Investors In Excellence Limited employs eleven full time staff and our compact team of highly committed, enthusiastic people has continued to provide support to a wide range of diverse organisations. We are most grateful for the tremendous efforts put in by and dedication to their work of all members of the Midlands Excellence team.

Related parties

Midlands Excellence is financed partly by corporate donations and we are delighted that many of our founder sponsors are continuing to provide financial support.

Our generous sponsors in the period included BMW, Lloyds Development Capital, E.ON UK, PricewaterhouseCoopers, The Community Housing Group, Haldex Concentric Pumps Ltd, ESOS Ltd and Siemens Group.

We continue to organise many events and presentations as well as attend numerous regional business meetings to promote our work. Our activities involve maintaining close links with the CBI, Business Links and Chambers of Commerce as well as other business and educational bodies in the region.

Our structure ensures that we continue to meet the requirements of the 2006 Charity Act and provide maximum support to the communities supported by the charity.

Investors in Excellence Limited is a not for profit subsidiary of the charity and focuses on providing specific support to meet the individual performance improvement objectives of organisations within the communities served by Midlands Excellence.

There have not been any material changes to the policies of Midlands Excellence since the report of the trustees last year and all transactions with related parties are undertaken at arms length.

Risk management

The trustees regularly review the strategic, business and operational challenges, which the charity faces and agree suitable actions to mitigate risks.

**MIDLANDS EXCELLENCE
(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2011**

OBJECTIVES AND ACTIVITIES

Objectives and aims

Midlands Excellence was established in June 1996 with a vision to improve the competitiveness and performance of organisations in the midlands region primarily by promoting widespread use of the European Foundation for Quality Management (EFQM) Excellence Model©

The EFQM Excellence Model© is a framework which helps organisations develop action plans that lead to better results by focusing on the key enablers of performance which include leadership, services, products, processes, policy, strategy, people management and the effective use of partnerships as well as resources

Midlands Excellence delivers its objectives through promoting, supporting and recognising excellence

How our activities deliver public benefit

Our main activities and the recipients of our help are outlined below. The charitable activities of Midlands Excellence focus on public education and business training all of which is designed to help organisations throughout the region achieve better results

The work of the charity enables companies to achieve all round performance improvements thereby creating wealth for the region and our activities also help to improve public services so this again has a positive impact on the regional economy. In addition individuals benefit from our work through engaging with Midlands Excellence and become more effective managers through learning how to deliver excellence

For instance, between 2002 and 2009 we worked closely with Advantage West Midlands (the Regional Development Agency) to deliver a range of excellence programmes in support of our aims and this work has been externally assessed by evaluation specialists Ekosgen to illustrate the value that has accrued to the West Midlands region

Key results from the work performed by Midlands Excellence in the West Midlands identified by Ekosgen in its report published in June 2009 included a 19 to 1 return on investment for the taxpayer and this compares with the regional average return on investment of 8 to 1 achieved by other programmes funded by Advantage West Midlands. In addition Ekosgen were advised by the surveyed organisations that our support enabled them to achieve improved outcomes quicker than they would have otherwise done so and indeed most reported that their businesses are a year ahead of where they would have been without the support of Midlands Excellence

A range of key measures was used by Ekosgen on behalf of Advantage West Midlands to evaluate the value of our work derived from funds distributed to us by the regional development agency (RDA) amongst a sample of 250 organisations and the performance improvements attributed to the activities carried out by Midlands Excellence are impressive. The aggregate financial performance improvements reported to Ekosgen by the surveyed organisations include cost savings valued at £19m, revenue increases of £19.4m and performance improvements amounting to £22m. Furthermore Ekosgen identified that an extra 111 jobs were created and more than 227 posts safeguarded as a result of the work carried out by Midlands Excellence with the organisations contained in the sample

The Ekosgen evaluation demonstrates the value to the region of business excellence approaches and also identifies the significant return on investment (one of the highest in the region) achieved by the successful publicly funded support programme provided for Advantage West Midlands by Midlands Excellence

Who used and benefited from our service

Midlands Excellence continues to provide support to a wide range of organisations with this approach demonstrating that all types and sizes of businesses can benefit from our work

Indeed we worked with more than 740 organisations in 31 industry sectors during the period and these ranged from SMEs with fewer than five employees to large-scale organisations employing 250 or more staff. Approximately 74% of the organisations that engaged with Midlands Excellence are in the private sector and most of the remainder were government agencies with the balance being voluntary bodies. Approximately 70% of the organisations helped by Midlands Excellence were in the West Midlands and 30% in the East Midlands

Our vision is to 'make excellence accessible to all' and we are delighted the services provided by Midlands Excellence continue to appeal to such a broad audience through everyone engaging with us sharing the common aim of improving their performance

**MIDLANDS EXCELLENCE
(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2011**

We continue to raise awareness through a range of media that include our website, e-communications, events and intermediaries

ACHIEVEMENT AND PERFORMANCE

Charitable activities

The intense competition previously highlighted, continues to have an impact on the organisations we serve and many people throughout the region are still focussing on survival rather than improvement. Deteriorating economic conditions have changed engagement patterns with fewer people attending our events and networks.

Therefore, we have continued to invest in our web sites to strengthen the areas dedicated to providing improvement tips and techniques through the popular 'knowledge vault' that is available to anyone accessing the site. Despite the challenging external environment, we are delighted that Midlands Excellence continues to generate high levels of customer satisfaction ahead of our stretch target.

A key activity remains the promotion, organisation, administration and development of the annual Midlands Excellence Awards programme that requires applicant organisations to carry out self-assessment work using the EFQM Excellence Model®. The thrust of our successful regional awards scheme is to assist applicant organisations learn, develop and improve their results in the pursuit of excellence.

Our fourteenth award cycle was completed in February 2011 and four excellent organisations received Midlands Excellence awards at a gala ceremony held at the International Convention Centre in Birmingham. More than 1,100 guests attended the awards ceremony.

We trained over seventy assessors to use the EFQM Excellence Model® in the period covered by this report and this work enabled them to undertake thorough as well as fair assessments of the Midlands Excellence award applicants. Our assessors are drawn from organisations that operate not just in the midlands but throughout the United Kingdom and after completion of training these committed volunteers are able to assist their own organisations in self-assessment improvement activities.

Midlands Excellence has trained more than 2,200 assessors in the last fourteen years and evidence shows that our training brings significant benefits to the organisations, which provide the assessors.

However, the deteriorating economic conditions have had a much greater impact on our trading subsidiary Investors in Excellence Limited. The deteriorating position is outlined below.

2008/9 – despite onset of the UK recession we experienced a broadly positive trading environment that resulted in a very good financial outcome for both IiE and Midlands Excellence. The results of IiE in 2008/09 included a payment to the charity of £70k (made up of a £40k 'donation' and £30k 'management charge') which was a good result well ahead of the planned £30k payment.

2009/10 – saw a much tougher trading environment and our strategy of maintaining a broad as well as a diverse customer base with special emphasis on engaging with the private sector was deployed throughout the organisation. The year 2009/10 was also the first time in seven years that we did not have an Advantage West Midlands (AWM) funded programme (which prior to that year had been worth circa £300k pa) and yet IiE did secure revenues from alternative Government backed programmes amounting to c £900,000.

The above programmes became an essential part of our overall revenue profile and despite the overall adverse economic conditions we were able to generate a modest 2009/10 surplus in both organisations but the planned £30k charitable donation was not made as IiE's financial position could not support the associated drain on its working capital.

It should also be noted that due to the general deterioration in economic conditions our key event (the 2009/10 Midlands Excellence awards ceremony) required far more resource than had been allocated in previous years. The awards ceremony generated a modest financial surplus but consumed a huge amount of resource, which, had a material impact on our overall results due to our need to expend significant fixed and opportunity costs.

**MIDLANDS EXCELLENCE
(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2011**

2010/11 - we have seen a much sharper deterioration in the trading performance of liE due largely to political and economic uncertainty as well as the impact of Government policies. The Government cut backs have had a direct impact on a number of our core revenue streams all of which made a significant contribution to earnings in the previous year. This accounts for a reduction in revenue of £414,000 over the previous year.

In addition we have also seen a number of other factors impacting negatively on liE revenue streams

(i) loss of European Regional Development Fund (ERDF) monies – until September 2010 we were actively progressing a bid to secure an ERDF/AWM funded programme which would have generated revenues for liE of c £300k pa for three years. When it was confirmed that RDAs were to be abolished we lost the RDA contribution of £150k pa resulting in the overall programme not being viable.

(ii) there has been a theme of constant deferral as clients / prospects navigate their way through the impact of CSR etc and the shifting economic situation which has resulted in one 'crisis' after another. We have seen proposals in excess of £150,000 deferred and in many cases it now seems doubtful that the programmes will ultimately go ahead at all.

liE continued to focus its full resources to meet the demands of its customers for 'one to one' support but also to contain the losses that are being incurred by liE and this work is resulting in less time being dedicated to fulfill the charitable objects of Midlands Excellence.

Consequently, the progress of both organisations is being compromised and the full attention required for both is given to neither one nor the other.

Consequently and in order to protect the assets of the charity from the deteriorating trading position of liE, it was resolved at the trustees meeting on 22nd November 2010, that the charity would divest itself of its trading subsidiary, liE. After a rigorous process of research and evaluation, on 24th March, the trustees resolved to

- accept an MBO offer to buy the liE shares from Midlands Excellence
- to secure engagement with a like minded body (likely to be an educational institution) that could better serve the core objects of the charity going forward. It was envisaged that this would conclude in the winding up of the charity at a future date.

FINANCIAL REVIEW

At the end of 2011 our consolidated net assets amounted to £352,881 (2010 £427,521) and net loss for the period covered by this report was £74,640 (2010 £15,001 net income). Cash reserves at 31st March 2011 amounted to £387,126 (2010 £361,042).

Our latest accounting period has seen continued investment in resources which enables us to help the organisations we serve and meet the consistently high demand for the services provided by the charity as well as provide a platform for future growth.

The trustees are pleased with the financial position of Midlands Excellence and sound management of our finances helps the organisation achieve ongoing success.

Reserves

Current income streams are dependent on the ongoing generosity of our donors, financial surpluses generated from successful Midlands Excellence events as well as training programmes and returns generated by our trading subsidiary Investors in Excellence Limited. The difficult economic conditions resulted in a smaller contribution than planned but against this backdrop the trustees are pleased with the sound financial position and high level of support provided by our funding partners.

Our policy is to hold such reserves as will allow the charity a reasonable period of time to identify alternative sources of revenue in the event of a sudden and significant loss of income. In making their judgement as to the level of reserves to be retained the trustees continuously review the anticipated level of fixed costs arising in the following six months and consider the reserves at 31 March 2011 to be sufficient.

**MIDLANDS EXCELLENCE
(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2011**

PLANS FOR FUTURE PERIODS

Since the year end the charity has disposed of Investors in Excellence Limited, the trading subsidiary. Going forward the immediate focus will be to secure engagement with a like-minded body that will take over the execution of the charitable objects. The aim is to complete this by 31st December 2011.

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of Midlands Excellence (a company limited by guarantee) for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the trustees 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 trustees are required to

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

The trustees 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 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.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

The auditors, Walker Thompson Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD



D Farthing - Trustee

Date 31 October 2011

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
MIDLANDS EXCELLENCE
(A COMPANY LIMITED BY GUARANTEE)**

We have audited the financial statements of Midlands Excellence (a company limited by guarantee) for the year ended 31 March 2011 on pages nine to twenty-two. 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).

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.

Respective responsibilities of trustees and auditors

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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2011 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
MIDLANDS EXCELLENCE
(A COMPANY LIMITED BY GUARANTEE)**

Matters on which we are required to report by exception

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 by the parent charitable company or returns adequate for our audit have not been received from branches not visited by us, or
- the parent charitable company's 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Report of the Trustees

Christopher John Irvine FCCA (Senior Statutory Auditor)
for and on behalf of Walker Thompson Ltd
Accountants and
Registered Auditors
Empress House
43a Binley Road
Coventry
CV3 1HU

Date 31 October 2011

MIDLANDS EXCELLENCE
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENTS OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2011

		GROUP Unrestricted funds		CHARITY Unrestricted funds	
		Year Ended 31 3 11	Year Ended 31 3 10	Year Ended 31 3 11	Year Ended 31 3 10
		£	£	£	£
	Notes				
INCOMING RESOURCES					
Incoming resources from generated funds					
Donations and grants	3	52,381	52,220	46,706	46,545
Other income	4	1,127,715	1,538,653	1,247	40,980
Investment income	5	685	300	3,348	2,532
		-----	-----	-----	-----
Total incoming resources		1,180,781	1,591,173	51,301	90,057
 RESOURCES EXPENDED					
Costs of generating funds					
Charitable activities	6	1,011,883	1,275,131	3,024	41,804
Governance costs	7	236,682	286,165	34,593	35,110
Other resources expended	8	13,940	13,950	178,145	1,627
Taxation	9	(7,084)	926	-	-
		-----	-----	-----	-----
Total resources expended		1,255,421	1,576,172	215,762	78,541
		-----	-----	-----	-----
NET INCOMING RESOURCES		(74,640)	15,001	(164,461)	11,516
 RECONCILIATION OF FUNDS					
Total funds brought forward		427,521	412,520	394,817	383,301
		-----	-----	-----	-----
TOTAL FUNDS CARRIED FORWARD		352,881	427,521	230,356	394,817
		=====	=====	=====	=====

CONTINUING OPERATIONS

All incoming resources and resources expended arise from continuing activities

The notes form part of these financial statements

**MIDLANDS EXCELLENCE
(A COMPANY LIMITED BY GUARANTEE)**

**CONSOLIDATED AND CHARITY BALANCE SHEETS
AT 31 MARCH 2011**

	Notes	GROUP Unrestricted funds		CHARITY Unrestricted funds	
		2011	2010	2011	2010
		£	£	£	£
FIXED ASSETS					
Tangible assets	15	4,125	5,872	693	1,339
Intangible assets	16	7,277	17,971	-	-
Investments	17	-	-	1	1
		-----	-----	-----	-----
		11,402	23,843	694	1,340
CURRENT ASSETS					
Debtors	18	160,321	320,258	20,473	186,707
Cash at bank		387,126	361,042	239,525	240,928
		-----	-----	-----	-----
		547,447	681,300	259,998	427,635
CREDITORS					
Amounts falling due within one year	19	(205,968)	(269,586)	(30,336)	(34,158)
		-----	-----	-----	-----
NET CURRENT ASSETS		341,479	411,714	229,662	393,477
		-----	-----	-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		352,881	435,557	230,356	394,817
CREDITORS					
Amounts falling due after more than one year	20	-	(3,310)	-	-
PROVISIONS FOR LIABILITIES	21	-	(4,726)	-	-
		-----	-----	-----	-----
NET ASSETS		352,881	427,521	230,356	394,817
		=====	=====	=====	=====
FUNDS					
Unrestricted funds		352,881	427,521	230,356	394,817
		-----	-----	-----	-----
TOTAL FUNDS		352,881	427,521	230,356	394,817
		=====	=====	=====	=====

The notes form part of these financial statements

**MIDLANDS EXCELLENCE
(A COMPANY LIMITED BY GUARANTEE)**

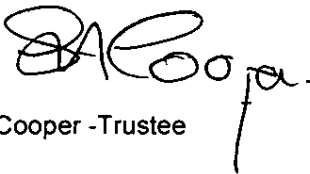
**BALANCE SHEET - CONTINUED
AT 31 MARCH 2011**

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

The financial statements were approved by the Board of Trustees on 31 October 2011 and were signed on its behalf by

A handwritten signature in black ink, appearing to read 'D Farthing', with a long horizontal stroke extending to the right.

D Farthing -Trustee

A handwritten signature in black ink, appearing to read 'D Cooper', with a long vertical stroke extending downwards.

D Cooper -Trustee

**MIDLANDS EXCELLENCE
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, the Companies Act 2006 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities

The Statement of Financial Activities (SOFA) and balance sheet consolidate the financial statements of the charity and its subsidiary undertaking, Investors In Excellence Limited. The results of the subsidiary are consolidated on a line by line basis.

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the charitable company qualifies as a small charitable company.

Company status

The charity is a company limited by guarantee. The members of the company are the trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Incoming resources will represent the net invoiced services provided to customers excluding value added tax.

Donated facilities are included at the value to the charity where this can be quantified and a third party is bearing the cost. They are included at the cost to the donor as income and within the appropriate expenditure heading.

Annual sponsorship income is accounted for equally on a monthly basis.

Resources expended

Expenditure is accounted for on an accruals basis. All expenses incurred in promoting or meeting the objectives of Midlands Excellence have been included as direct charitable expenses. Expenses relating to general administration of the charity have been included as management and administration.

Expenses which relate to both direct and indirect costs have been apportioned on the basis of time spent by staff relating to the appropriate area of the charity's activities.

Taxation

The charity is exempt from corporation tax on its charitable activities. Corporation tax will be calculated for each accounting period based upon the results of the charity's subsidiary company for such period and will be provided as an accrual within the relevant balance sheet as a liability.

Deferred taxation will be recognised in respect of all timing differences that have originated but not reversed in any accounting period.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees. Unrestricted funds are retained to the extent considered necessary to ensure adequate funds are available to cover future capital and revenue costs which may not be covered by incoming resources. The level of reserves is maintained at a level equivalent to 6 months anticipated fixed costs. All expenditure is made in accordance with the charity's objectives.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

**MIDLANDS EXCELLENCE
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2011**

1 ACCOUNTING POLICIES - continued

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. All exchange differences are taken to the Statement of Financial Activities.

Grant income

Where the company receives grant assistance as income, it will determine whether such income is to be treated as revenue or as a credit against profit and loss expenses or a contribution against asset costs. The company will account for any grant income on a matching basis against the appropriate cost in the appropriate period irrespective of the date of receipt.

Work in progress

The company will account for any work in progress un-invoiced at an accounting date by evaluating the cost of services provided to a client including the cost of any expenses incurred on behalf of that client and an appropriate proportion of fixed and variable overheads applicable to the work.

Research and development

If the company becomes engaged in Research & Development programmes, expenditure made will be written off within the accounting period incurred.

Pension costs & post retirement benefits

The charitable company recognises its obligations to provide access for employees to a Defined Contribution Stakeholder Pension Scheme. Company contributions made towards any pension scheme will be made under Stakeholder rules & will be accounted for in the accounting period in which premiums are paid. All pension fund accounts are held separately from company assets and liabilities and the company has no liability actual or contingent to provide any post retirement staff benefits in addition to this.

Tangible fixed assets

The company will capitalise any expenditure incurred in acquiring additional assets or improving existing assets where the aggregate total of such expenditure exceeds the sum of £1000. Assets disposed of in an accounting period will be accounted for by deduction from asset cost & any depreciation provided to the date of disposal. Any surplus or deficit on disposal will be disclosed in the profit & loss account. Depreciation will be provided at the following annual rates which are considered appropriate in order to write off each asset over its estimated useful life:

Plant & equipment	straight line over 5 years
Office equipment	straight line over 5 years
Motor vehicles	25% on reducing balance

Assets capitalised under a finance lease arrangement will be written off over the lease term if less than its useful life.

Intangible assets

The company will capitalise any expenditure incurred in acquiring additional intangible assets or improving existing assets where the aggregate total of such expenditure exceeds the sum of £1000. Assets disposed of in an accounting period will be accounted for by deduction from asset cost & any amortisation provided to the date of disposal. Any surplus or deficit on disposal will be disclosed in the profit & loss account.

Amortisation will be provided at the following annual rates which are considered appropriate in order to write off each asset over its estimated useful life:

Computer software	Straight line over 3 years
-------------------	----------------------------

**MIDLANDS EXCELLENCE
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2011**

1 ACCOUNTING POLICIES - continued

Hire purchase and leasing

If the company acquires assets under hire purchase contracts or finance leases these will be capitalised in the balance sheet. Depreciation will be provided on the assets in accordance with the Fixed Asset Policy.

Any interest element of hire purchase or lease obligations will be charged to the Statement of Financial Activities over the relevant period(s). The capital element representing the extent of future payments will be treated as a liability.

Rental payments made under operating lease agreements will be charged against the profit and loss account on a straight line basis over the lease term.

2 TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company, which is to provide business advice and solutions to customers to enable them to become more effective, efficient and competitive.

3.2% of the company's turnover relates to markets outside of the UK (2010: 0.5%).

3 DONATIONS AND GRANTS

	Year Ended 31 3 11 £	Year Ended 31 3 10 £
Donations	46,706	46,545
Grants	5,675	5,675
	-----	-----
	52,381	52,220
	=====	=====

MIDLANDS EXCELLENCE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2011

4 OTHER INCOME

	Year Ended 31 3 11	Year Ended 31 3 10
	£	£
Assessor training	23,059	40,211
Courses	20,727	128,956
Improvement programmes	728,393	1,040,236
Award entry fees	29,367	27,800
Winners' conference	-	38,330
Awards evenings	107,426	88,240
Investors in Excellence	218,668	174,880
Miscellaneous income	75	-
	-----	-----
	1,127,715	1,538,653
	=====	=====

5 INVESTMENT INCOME

	Year Ended 31 3 11	Year Ended 31 3 10
	£	£
Deposit account interest	685	300
	=====	=====

6 CHARITABLE ACTIVITIES

	Year Ended 31 3 11	Year Ended 31 3 10
	£	£
Course costs	438,025	555,710
Awards evening	91,809	90,085
Investors in Excellence	47,120	38,099
Winners' conference	-	35,564
Staff costs	378,177	475,841
Motor and Travel	17,874	12,291
Marketing	31,219	57,265
Printing and Stationery	7,659	10,276
	-----	-----
	1,011,883	1,275,131
	=====	=====

MIDLANDS EXCELLENCE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2011

7. GOVERNANCE COSTS

	Year Ended 31 3 11 £	Year Ended 31 3 10 £
Staff costs	162,077	203,931
Rent	19,916	21,726
Motor expenses	17,832	12,290
Insurance	3,597	3,078
Telephone	6,725	6,808
Sundries	2,221	2,379
Bank charges	877	882
Professional fees	12,503	17,037
Website development	-	350
IT Support	3,920	6,385
Audit fee	7,014	7,000
Bad debts	-	4,299
	-----	-----
	236,682	286,165
	=====	=====

8 OTHER RESOURCES EXPENDED

During the year the Trustees recognised that a loan of £177,500 to Investors in Excellence Limited was unlikely to be paid in the current economic climate. In order to protect the other assets of the charity the Trustees agreed to write off the loan. The loan write-off is removed from the consolidated accounts as a consolidation adjustment.

9 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	Year Ended 31 3 11 £	Year Ended 31 3 10 £
Current tax		
UK corporation tax	(2,358)	2,357
Deferred tax	(4,726)	(1,431)
	-----	-----
Tax on profit on ordinary activities	(7,084)	926
	=====	=====

**MIDLANDS EXCELLENCE
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2011**

10 NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting)

	Year Ended 31 3 11	Year Ended 31 3 10
	£	£
Depreciation - owned assets	1,746	2,341
Amortisation – owned assets	12,194	11,350
Deficit on disposal of fixed asset	-	259
Operating lease rentals - other assets	19,916	21,726
Auditors remuneration - audit services	2,750	2,750
Auditors remuneration – audit services - subsidiary company	4,264	4,250
Auditors remuneration - other services	3,600	2,224
Auditors remuneration - other services – subsidiary company	4,537	5,761
	=====	=====

11 TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2011 nor for the period ended 31 March 2010

Trustees' Expenses

There were no trustees' expenses paid for year ended 31 March 2011 nor for the period ended 31 March 2010

12 STAFF COSTS

	Year Ended 31 3 11	Year Ended 31 3 10
	£	£
Wages and Salaries	487,935	565,171
Social Security costs	52,319	58,998
Pension costs	-	55,603
	-----	-----
	540,254	679,772
	=====	=====

All employees have retirement benefits under money purchase schemes. There were outstanding pension contributions at 31 March 2011 of £3751 (2010 £6,608)

The average staff numbers employed during the year ended 31 March 2011 was 11 (2010 14)

**MIDLANDS EXCELLENCE
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2011**

Two employees had earnings in excess of £60,000 pa (2010 2)

	Year Ended 31 3 11 No	Year Ended 31 3 10 No
£60,000 - £70,000	1	1
£100,001 - £110,000	1	1
	=====	=====
Pension costs paid to high paid staff	-	24,900
	=====	=====

13. PENSION COSTS

The charity operates a contributory pension scheme. It is a defined scheme and contributions are charged in the Statement of Financial Activities as they accrue. The charge for the year was £Nil (2010 £55,603).

14. DEFERRED INCOMING RESOURCES

	Year Ended 31 03 11 £	Year Ended 31 03 10 £
Opening deferred income	30,377	22,722
Income receivable	1,234,518	1,598,828
Closing deferred income	(84,114)	(30,377)
	-----	-----
	1,180,781	1,591,173
	=====	=====

15. TANGIBLE FIXED ASSETS

	Office equipment Group £	Chantry £
COST		
At 1 April 2010 and 31 March 2011	16,492	10,986
	=====	=====
DEPRECIATION		
At 1 April 2010	10,621	9,648
Charge for year	1,746	645
	-----	-----
At 31 March 2011	12,367	10,293
	=====	=====
NET BOOK VALUE		
At 31 March 2011	4,125	693
	=====	=====
At 31 March 2010	5,871	1,338
	=====	=====

**MIDLANDS EXCELLENCE
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2011**

16 INTANGIBLE FIXED ASSETS

	Computer software Group £	Charity £
COST		
At 1 April 2010	34,050	-
Additions	1,500	-
	-----	-----
At 31 March 2011	35,550	-
	=====	=====
DEPRECIATION		
At 1 April 2010	16,079	-
Charge for year	12,194	-
	-----	-----
At 31 March 2011	28,273	-
	=====	=====
NET BOOK VALUE		
At 31 March 2011	7,277	-
	=====	=====
At 31 March 2010	17,971	-
	=====	=====

17 INVESTMENTS

The charity owns 100% of the issued share capital (1 ordinary share of £1) of Investors in Excellence Limited, a company incorporated in England and Wales. Its company registration number is 06253828.

Investors in Excellence Limited provide business advice and solutions. It prepares financial statements each year to 31 March. The company may donate a proportion of its profits to the parent charity.

A director of Investors in Excellence was a trustee of the Charity. This enabled the Charity to exercise control over the subsidiary.

The results of the subsidiary for the year ended 31 March 2011 are as follows, and are consolidated into the annual results of the Charity:

	Year Ended 31 3 11 £	Year Ended 31 3 10 £
Turnover	1,132,068	1,503,348
Other income	177,575	-
Staff costs	(540,329)	(679,772)
Administration expenses	(670,619)	(804,610)
Finance costs	(2,663)	(2,232)
Amortisation	(12,194)	(11,350)
Depreciation	(1,101)	(973)
	-----	-----
Profit on ordinary activities before taxation	82,737	4,411
Tax on profit on ordinary activities	7,084	(926)
	-----	-----
Profit for the financial year after taxation	89,821	3,485
	=====	=====

**MIDLANDS EXCELLENCE
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2011**

The aggregate of the assets, liabilities and funds was

	Year Ended 31 3 11 £	Year Ended 31 3 10 £
Assets	313,531	460,667
Liabilities	191,005	427,962
	-----	-----
	122,526	32,705
	=====	=====
Funds		
Called Up Share Capital (1 ordinary share of £1)	1	1
Profit and Loss Account	122,525	32,704
	-----	-----
	122,526	32,705
	=====	=====

18 DEBTORS . AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	Group 2010 £	2011 £	Charity 2010 £
Trade debtors	151,713	316,766	-	-
Amount due from subsidiary	-	-	15,373	184,498
Other debtors	1,811	1,283	1,811	-
Prepayments	4,439	2,209	3,289	2,209
Taxation	2,358	-	-	-
	-----	-----	-----	-----
	160,321	320,258	20,473	186,707
	=====	=====	=====	=====

19 CREDITORS . AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	Group 2010 £	2011 £	Charity 2010 £
Trade creditors	48,288	133,752	6,051	5,188
Taxation & social security	31,654	56,139	-	-
Deferred Income	84,114	30,377	20,835	25,870
Other creditors	7,061	12,283	-	-
Accruals	34,851	37,035	3,450	3,100
	-----	-----	-----	-----
	205,968	269,586	30,336	34,158
	=====	=====	=====	=====

**MIDLANDS EXCELLENCE
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2011**

20. CREDITORS : AMOUNTS FALLING AFTER ONE YEAR

	2011 £	Group 2010 £	2011 £	Charity 2010 £
Other creditors	-	3,310	-	-
	=====	=====	=====	=====

21 PROVISIONS FOR LIABILITIES AND CHARGES

	2011 £	Group 2010 £	2011 £	Charity 2010 £
Deferred tax	-	4,726	-	-
	=====	=====	=====	=====

	Group £	Charity £
Balance at 1 April 2010	4,726	-
Profit & Loss charge	(4,726)	-
	-----	-----
Balance at 31 March 2011	-	-
	=====	=====

22 OPERATING LEASE COMMITMENTS

	2011 £	Group 2010 £	Land and Buildings 2011 £	Charity 2010 £
Expiring Within one year	-	21,726	-	21,726
	=====	=====	=====	=====

23 MOVEMENT IN FUNDS

	At 1 4 10 £	Net movement in funds £	At 31 3 11 £
Unrestricted funds			
General fund	427,521	(74,640)	352,881
	-----	-----	-----
TOTAL FUNDS	427,521	(74,640)	352,881
	=====	=====	=====

Net movement in funds, included in the above are as follows

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,180,781	1,255,421	(74,640)
	-----	-----	-----
TOTAL FUNDS	1,180,781	1,255,421	(74,640)
	=====	=====	=====

**MIDLANDS EXCELLENCE
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2011**

24 RELATED PARTY DISCLOSURES

A number of the trustees of Midlands Excellence or directors of Investors In Excellence Ltd are senior officials of organisations which sponsor, or whose staff benefit from, the programmes delivered by the organisations. Services provided by the organisations are charged at standard programme rates. In aggregate the income from these organisations in the year amounted to £116,368(2010 £142,992)

Details of the more significant of the above transactions are as follows

Trustee / Director	Organisation	Income	Debtor	Costs
M F P Lavery	Advantage West Midlands	3,850		
S Dingley	Integrated FM			8,425
Dr R W Cliffe	Vodafone	60,225	18,498	
D Cooper	ESOS	18,937	1,770	4,845
D Farthing	E-On	12,892		
D J Woolley	Haldex Concentric	17,995	2,508	
K J Tutton	Siemens	2,469		

25. ULTIMATE CONTROLLING PARTY

The company is controlled by the trustees as a body and no single trustee has overall control

**MIDLANDS EXCELLENCE
(A COMPANY LIMITED BY GUARANTEE)**

**DETAILED STATEMENT OF CONSOLIDATED FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2011**

	Group Year Ended 31 3 11 £	Group Year Ended 31 3 10 £	Charity Year Ended 31 3 11 £	Charity Year Ended 31 3 10 £
INCOMING RESOURCES				
Donations and grants				
Donations	46,706	46,545	46,706	46,545
Grants	5,675	5,675	-	-
	<u>52,381</u>	<u>52,220</u>	<u>46,706</u>	<u>46,545</u>
Other income				
Assessor training	23,059	40,211	-	-
Courses	20,727	128,956	-	-
Improvement programmes	728,393	1,040,236	1,247	2,650
Award entry fees	29,367	27,800	-	-
Winners' conference	-	38,330	-	38,330
Awards evenings	107,426	88,240	-	-
Investors in excellence	218,668	174,880	-	-
Miscellaneous income	75	-	-	-
	<u>1,127,715</u>	<u>1,538,653</u>	<u>1,247</u>	<u>40,980</u>
Investment income				
Deposit account interest	685	300	685	300
Loan interest received	-	-	2,663	2,232
	<u>685</u>	<u>300</u>	<u>3,348</u>	<u>2,532</u>
Total incoming resources	<u>1,180,781</u>	<u>1,591,173</u>	<u>51,301</u>	<u>90,057</u>
RESOURCES EXPENDED				
Charitable activities				
Course costs	438,025	555,710	1,527	3,645
Awards evening	91,809	90,085	-	-
Investors in excellence	47,120	38,099	-	-
Winners' conference	-	35,564	-	35,564
Wages	341,554	395,620	-	-
Social security	36,623	41,299	-	-
Pensions	-	38,922	-	-
Motor and travel	17,874	12,291	42	-
Marketing	31,219	57,265	1,029	637
Printing and stationery	7,659	10,276	426	1,958
	<u>1,011,883</u>	<u>1,275,131</u>	<u>3,024</u>	<u>41,804</u>

This page does not form part of the statutory financial statements

MIDLANDS EXCELLENCE
(A COMPANY LIMITED BY GUARANTEE)

DETAILED STATEMENT OF CONSOLIDATED FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2011

	Group Year Ended 31 3 11	Group Year Ended 31 3 10	Chanty Year Ended 31 3 11	Chanty Year Ended 31 3 10
	£	£	£	£
Governance costs				
Wages	146,381	169,551	-	-
Social security	15,696	17,699	-	-
Pensions	-	16,681	-	-
Rent	19,916	21,726	19,916	21,726
Motor expenses	17,832	12,290	-	-
Insurance	3,597	3,078	2,663	2,299
Telephone	6,725	6,808	2,235	3,718
Sundries	2,221	2,379	343	44
Bank charges	877	882	812	808
Professional fees	12,503	17,037	5,874	2,275
Website development	-	350	-	350
IT support	3,920	6,385	-	1,140
Audit fee	7,014	7,000	2,750	2,750
Bad debts	-	4,299	-	-
	236,682	286,165	34,593	35,110
Other resources expended				
Depreciation of office equipment	1,746	2,341	645	1,368
Depreciation of computer software	12,194	11,350	-	-
Loss on sale of tangible fixed assets	-	259	-	259
Subsidiary loan written off	-	-	177,500	-
	13,940	13,950	178,145	1,627
Taxation				
Corporation tax	(2,358)	2,357	-	-
Deferred tax	(4,726)	(1,431)	-	-
	(7,084)	926	-	-
Total resources expended	1,255,421	1,576,172	215,762	78,541
Net income	(74,640)	15,001	(164,461)	11,516
	=====	=====	=====	=====

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