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Company No. 2308265 Charity No. 1003627

HEADS, TEACHERS AND INDUSTRY LIMITED

COUNCIL OF MANAGEMENT AND TRUSTEES' REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2001

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COMPANIES HOUSE

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09/11/01

 *Clement
Keys*

HEADS, TEACHERS AND INDUSTRY LIMITED

Company Information

Council of Management and Trustees

R J Campsie
L Davies (resigned 17.10.2000)
J Fairlie
P Lambert
K M McCoy
P J Maydon
J W Oatridge
A Rajan
T Williams
F Thomas (appointed 17.10.2000)
I R Douglas (appointed 13.3.2001)
A J Frost (appointed 13.3.2001)

Secretary

D Cramp

Company Number

2308265

Charity Number

1003627

Registered Office

Vanguard Centre
University of Warwick
Science Park
Coventry
CV4 7EZ

Auditors

Clement Keys
Chartered Accountants
Nettleton House
Calthorpe Road
Edgbaston
Birmingham
B15 1RL

HEADS, TEACHERS AND INDUSTRY LIMITED

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COUNCIL OF MANAGEMENT AND TRUSTEES' REPORT FOR THE YEAR ENDED 30 JUNE 2001

The Council of Management and Trustees present their report and accounts for the year ended 30 June 2001.

Council of Management and Trustees

R J Campsie
L Davies (resigned 17.10.2000)
J Fairlie
P Lambert
K M McCoy
P J Maydon
J W Oatridge
A Rajan
T Williams
F Thomas (appointed 17.10.2000)
I R Douglas (appointed 13.3.2001)
A J Frost (appointed 13.3.2001)

The members of the Council of Management are also Trustees of the charity.

The powers of appointing and removing Trustees are as outlined in the Articles of Association.

Statement of Trustees' responsibilities

Charity 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 charity and of its income and expenditure for that period. In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- 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 this basis applies.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the charity and to enable them to ensure that the financial statements comply with the accounting regulations.

Legal status

The charity is constituted as a company limited by guarantee. Each member of the company undertakes to contribute a sum, not exceeding £1, to the company's assets if it is wound up while they are a member or within one year after ceasing to be a member.

The charity is governed by its Memorandum and Articles of Association and the policies made from time to time by the Board of Trustees.

COUNCIL OF MANAGEMENT AND TRUSTEES' REPORT FOR THE YEAR ENDED 30 JUNE 2001
(continued)

Objects of the Charity, principal activities and organisation

The work of the charity continues to underpin research into educational leadership at the business/education interface. This offers no change from its previous role although responsibility for the secondment programme of teachers into business has been transferred to the trading arm of the charity this year.

The charity is governed by its Board of Trustees which is responsible for formulating the strategies and policies of the charity including the approval of budgets and the exercising of the financial controls.

The charity operates from premises on the University of Warwick Science Park, Coventry.

Review of activities

Heads, Teachers & Industry Limited (HTI) was formed to give headteachers an in-depth experience of industry which in turn would be able to influence the education curriculum. This experience, now for all senior teachers, is still central to HTI's mission but with an increasing focus on leadership and management development in order to prepare young people for the future world of work.

During the year the work of HTI focused on inclusivity issues relating to the employability of children with learning difficulties and research into key skills. In addition HTI commissioned a paper, Creative Leadership, that questioned whether the national curriculum blunted the creativity in children and causes a chasm between the demand for and the supply of creative talent for our businesses.

The HTI Leadership Centre, the trading arm of the charity, has prospered, with ongoing contracts with the Government, to deliver the National Professional Qualification for Headship (NPQH) in the West Midlands; to provide performance management consultants to schools in the West Midlands; to deliver Headlamp and the Leadership Programme for Serving Heads (LPSH) nationally. It has also developed a wide-ranging portfolio of 'skills for leadership' courses that are aimed at middle/senior management in schools and are delivered nationally.

The trading subsidiary covenants a proportion of its profits to the charity.

Review of finances

During the year ended 30 June 2001 income exceeded expenditure by £79,898

Investment policy

All investments made in the year have been made in accordance with the Trustees' powers of investment.

Restricted funds

During the year the charity had the following restricted funds:

KS11 Project

Funding to develop a model for teacher placements that focus on developing key skills understanding in the workplace. Project commenced in October 2000 and is due for completion by December 2001.

Inclusivity Project

Project arising from HTI Issues Paper 'Slipping through the net' that identified issues concerning the employability of children with learning difficulties. Funding for piloting materials with groups of pupils and teachers from special schools in Merseyside to assess how employability opportunities could be enhanced. Project is ongoing.

COUNCIL OF MANAGEMENT AND TRUSTEES' REPORT FOR THE YEAR ENDED 30 JUNE 2001
(continued)

Entrust Project

Project to develop an environmental website (e4s) and is now complete.

General Fund

The Statement of Financial Activities shows a net surplus for the year of £79,898 (2000 net surplus of £28,881) and at the balance sheet date, the General Fund stands at £164,484 (2000 £84,586).

Professional advisers

Professional advisers consulted by the Trustees during the year, were:

Auditors

Clement Keys
Nettleton House
4/5 Calthorpe Road
Edgbaston
Birmingham
B15 1RL

Bankers

Lloyds TSB
11 Low Pavement
Nottingham
NG1 7DQ

Auditors

Clement Keys have agreed to offer themselves for re-appointment as auditors of the company.

23 October 2001

Signed on behalf of the Board of Trustees


D Cramp
Company Secretary

HEADS, TEACHERS AND INDUSTRY LIMITED

AUDITORS' REPORT TO THE MEMBERS OF HEADS, TEACHERS AND INDUSTRY LIMITED

We have audited the financial statements on pages 5 to 15 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 9 and 10.

Respective responsibilities of Trustees and auditors

As described on page 1, the Trustees (who are also directors of Heads, Teachers and Industry Limited for the purposes of company law) are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud, other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the charitable company's and group's affairs as at 30 June 2001 and of its incoming resources and applications of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Clement Keys
Chartered Accountants
Registered Auditor

23 October 2001

Nettleton House
Calthorpe Road
Edgbaston
Birmingham
B15 1RL

HEADS, TEACHERS AND INDUSTRY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 30 June 2001

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2001 £	Total Funds 2000 £
INCOMING RESOURCES					
Grants received		10,000	122,000	132,000	-
Trading income in furtherance of the charity's objects		93,897	20,911	114,808	422,353
Donations and sponsorship		28,900	-	28,900	48,493
Investment income	9	10,580	-	10,580	9,470
Rent recharged		37,273	-	37,273	-
Net income of trading subsidiary	12	91,281	-	91,281	9,747
TOTAL INCOMING RESOURCES		271,931	142,911	414,842	490,063
RESOURCES EXPENDED					
Direct charitable expenditure	10	31,881	142,911	174,792	332,024
Management and administration	11	68,871	-	68,871	119,411
TOTAL RESOURCES EXPENDED		100,752	142,911	243,663	451,435
NET INCOMING RESOURCES BEFORE TRANSFERS		171,179	-	171,179	38,628
Fund balances brought forward at 1 July 2000		105,418	-	105,418	66,790
FUND BALANCES CARRIED FORWARD AT 30 JUNE 2001		276,597	-	276,597	105,418

The Consolidated Statement of Financial Activities contains all the recognised gains and losses of the year and it reflects the continuing operations of the company. There were no material acquisitions or discontinued operations.

The notes on pages 9 to 15 form part of these accounts.

HEADS, TEACHERS AND INDUSTRY LIMITED

CONSOLIDATED SUMMARY INCOME AND EXPENDITURE ACCOUNT

For the year ended 30 June 2001

	2001 £	2000 £
Gross income of continuing operations	414,842	490,063
Total expenditure of continuing operations	(243,663)	(451,435)
Net income for the year	171,179	38,628

HEADS, TEACHERS AND INDUSTRY LIMITED

CONSOLIDATED BALANCE SHEET

As at 30 June 2001

	Note	£	2001 £	£	2000 £
FIXED ASSETS					
Tangible assets	2		25,697		26,266
CURRENT ASSETS					
Debtors	5	209,488		135,836	
Cash at bank and in hand		1,069,057		257,243	
		1,278,545		393,079	
CREDITORS: amounts falling due within one year	6	(1,027,645)		(313,927)	
NET CURRENT ASSETS			250,900		79,152
TOTAL ASSETS			276,597		105,418
UNRESTRICTED FUNDS					
General fund	7		169,352		89,454
Non charitable trading funds			107,245		15,964
			276,597		105,418
RESTRICTED FUNDS	8		-		-
			276,597		105,418

The consolidated financial statements on pages 5 to 15 were approved by the Trustees and Council of Management on 23 October 2001 and signed on their behalf by

J W Oatridge

Member of the Council and Trustee

D Cramp

Secretary

HEADS, TEACHERS AND INDUSTRY LIMITED

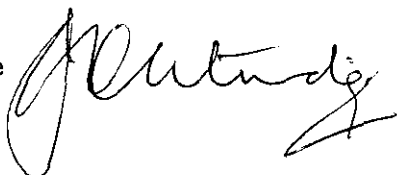
COMPANY BALANCE SHEET

As at 30 June 2001

	Note	£	2001	£	£	2000	£
FIXED ASSETS							
Tangible assets	3		-			-	
Investment	4		1			1	
			<u>1</u>			<u>1</u>	
CURRENT ASSETS							
Debtors	5	106,005			121,756		
Cash at bank and in hand		248,369			138,281		
		<u>354,374</u>			<u>260,037</u>		
CREDITORS: amounts falling due within one year	6	(189,891)			(175,452)		
NET CURRENT ASSETS			<u>164,483</u>			<u>84,585</u>	
TOTAL ASSETS			<u>164,484</u>			<u>84,586</u>	
UNRESTRICTED FUNDS							
General fund	7		164,484			84,586	
Restricted funds	8		-			-	
			<u>164,484</u>			<u>84,586</u>	

The consolidated financial statements on pages 5 to 15 were approved by the Trustees and Council of Management on 23 October 2001 and signed on their behalf by

J W Oatridge



Member of the Council and Trustee

D Cramp



Secretary

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2001

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The accounts, which have been prepared under the historical cost convention and in accordance with applicable Accounting Standards, comply in all material respects with the requirements of Statement of Recommended Practice (Revised) 2 - Accounting by Charities.

The company has taken advantage of the exemption in Financial Reporting Standard No.1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Basis of consolidation

The group profit and loss account and balance sheet include the accounts of the parent company and its subsidiary made up to a date coterminous with the financial year of the parent. The results of subsidiary companies acquired or sold during a financial year are included in the group profit and loss account as from or up to their respective dates of acquisition or disposal. Goodwill arising on consolidation is deducted from group reserves.

All intergroup trading is eliminated.

As permitted by Section 230(4) of the Companies Act 1985 no separate profit and loss account is presented for the parent company.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at the following annual rates to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Computer equipment	50%	Straight line
Fixtures and fittings	100%	Straight line
Improvements to property	20%	Straight line

1.4 Grants

Grants in respect of capital expenditure are treated as deferred income and credited to the Statement of Financial Activities over the expected useful economic lives of the relevant assets.

Grants relating to revenue items are credited to the Statement of Financial Activities in the same period as that in which the related expenditure is charged.

1.5 Donations

Donations received are credited to revenue in the period in which they are received.

1.6 Value added tax

Value added tax is not recoverable by the company and, as such, it is included in the cost of the related expense or asset.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2001

1. ACCOUNTING POLICIES (continued)**1.7 Volunteers and gifts in kind**

The charity benefits from the voluntary hours and unclaimed out-of-pocket expenses contributed by certain members of the Council of Management. In addition, companies, organisations and individuals have in certain cases, provided the use of facilities, equipment and premises for various activities and meetings without charge. It is impossible to place a value on all these gifts in kind for which the charity is extremely grateful and without which, a certain amount of the work undertaken could not be achieved.

1.8 Operating leases

Payments under an arrangement which is in substance of a rental nature ("operating lease") are charged to profit and loss account on a straight line basis over the operating lease term.

1.9 Pensions

The company makes contributions to personal arrangements of certain employees. Contributions payable by the company are charged to the profit and loss account in the period to which they relate.

2 TANGIBLE FIXED ASSETS - GROUP

Cost	Computer equipment £	Fixtures and fittings £	Improvements to property £	Total £
At 1 July 2000	77,601	16,575	9,160	103,336
Additions	44,066	16,780	-	60,846
Disposals	(5,871)	(5,931)	-	(11,802)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 June 2001	115,796	27,424	9,160	152,380
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation				
At 1 July 2000	56,831	16,575	3,664	77,070
Charge for the year	42,803	16,780	1,832	61,415
Eliminated on disposals	(5,871)	(5,931)	-	(11,802)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 June 2001	93,763	27,424	5,496	126,683
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book amount				
At 30 June 2001	22,033	Nil	3,664	25,697
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 June 2000	20,770	Nil	5,496	26,266
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2001

3 TANGIBLE FIXED ASSETS - COMPANY

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 July 2000	5,931	5,871	11,802
Disposals	(5,931)	(5,871)	(11,802)
At 30 June 2001	-	-	-
Depreciation			
At 1 July 2000	5,931	5,871	11,802
Eliminated on disposals	(5,931)	(5,871)	(11,802)
At 30 June 2001	-	-	-
Net book amount			
At 30 June 2001 and 30 June 2000	-	-	-

4 FIXED ASSET INVESTMENT

	£
Cost at 30 June 2001 and 30 June 2000	1

This represents 100% of the ordinary share capital of HTI Leadership Centre Limited, an education training and consultancy company, registered in England and Wales.

5 DEBTORS: amounts falling due within one year

	2001		2000	
	Group £	Company £	Group £	Company £
Trade debtors	145,742	5,700	89,760	63,295
Accrued income	20,901	20,901	29,538	-
Prepayments	34,013	-	16,538	-
Other debtors	8,832	4,404	-	1,391
Covenant receivable from subsidiary company	-	75,000	-	50,000
Amounts due from subsidiary company	-	-	-	7,070
	<u>209,488</u>	<u>106,005</u>	<u>135,836</u>	<u>121,756</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2001

6 CREDITORS

	Group £	2001 Company £	Group £	2000 Company £
Trade creditors	293,632	-	108,652	75,959
Amounts due to subsidiary company	-	29,209	-	-
Deferred income	527,477	107,377	112,813	52,993
Accruals	170,269	53,305	88,000	46,500
Corporation tax	24,412	-	4,462	-
Social Security and other taxes	11,855	-	-	-
	<u>1,027,645</u>	<u>189,891</u>	<u>313,927</u>	<u>175,452</u>

7 GENERAL FUND

	Group £	Company £
At 1 July 2000	89,454	84,586
Surplus for the year	79,898	79,898
At 30 June 2001	<u>169,352</u>	<u>164,484</u>

8 RESTRICTED FUNDS – Company

	Group £	Company £
At 1 July 2000	-	-
(Deficit)/Surplus for the year	-	-
At 30 June 2001	<u>-</u>	<u>-</u>

9 INVESTMENT INCOME

	General Fund	
	2001 £	2000 £
Interest on cash deposits	<u>10,580</u>	<u>9,470</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2001

10 DIRECT CHARITABLE EXPENSES

	Unrestricted 2001 £	Restricted 2001 £	Unrestricted 2000 £	Restricted 2000 £
Staff costs	13,602	-	84,858	-
Tuition fees	3,846	-	3,852	-
Course development expenses	-	-	2,011	-
Publications	12,900	-	17,119	-
Alumni	-	-	222	-
Marketing	592	-	24,977	-
Course accommodation	941	-	68,372	-
Depreciation	-	-	-	-
Entrust	-	20,911	-	85,176
Motor leasing costs	-	-	8,354	-
Tesco	-	-	37,083	-
Inclusivity	-	80,000	-	-
KS11	-	42,000	-	-
	<u>31,881</u>	<u>142,911</u>	<u>246,848</u>	<u>85,176</u>

11 MANAGEMENT AND ADMINISTRATION

	Unrestricted 2001 £	Restricted 2001 £	Unrestricted 2000 £	Restricted 2000 £
Staff costs	-	-	35,135	-
Travel and subsistence	157	-	1,172	-
Office expenses	547	-	31,367	7,640
Auditors' remuneration-				
- in respect of audit services	1,610	-	2,000	-
- other services	-	-	986	-
Legal fees	-	-	-	-
Depreciation	-	-	-	-
Premises costs	54,882	-	35,888	-
Professional fees	4,115	-	3,225	-
Subscriptions	594	-	1,998	-
Repairs and maintenance	663	-	-	-
Recruitment	6,303	-	-	-
	<u>68,871</u>	<u>-</u>	<u>111,771</u>	<u>7,640</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2001

12 NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARY

The Charity has a wholly owned trading subsidiary which is incorporated in England and Wales. HTI Leadership Centre Limited provides training services to serving senior teachers and management consultancy to organisations in the education and training services. A summary of its results is shown below. Audited accounts will be filed with the Registrar of Companies.

Profit and loss account

	£
Turnover	2,531,242
Cost of sales	(2,056,820)
	<hr/>
Gross profit	474,422
Administration expenses	(306,965)
Interest receivable	23,236
	<hr/>
Net profit before taxation	190,693
Taxation	(24,412)
Covenant	(75,000)
	<hr/>
Retained in subsidiary	91,281

13 DIRECTORS AND EMPLOYEES

	2001 £	2000 £
Staff costs		
Wages and salaries	13,602	104,214
Social security costs	-	10,741
Pension costs	-	5,038
	<hr/>	<hr/>
	13,602	119,993

Average number of employees (including members of Council of Management and Trustees)

	2001 No.	2000 No.
Staff services	10	22

14 COUNCIL OF MANAGEMENT

No member of the Council received any remuneration in the year.

During the year, one non-executive director had expenses reimbursed of £157 (2000 - £728).

15 TAXATION

The company is registered as a charity with the Charity Commissioners and accordingly is not liable to taxation on its income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2001

16 MEMBERS GUARANTEE

The Company is limited by guarantee. Each member of the company undertakes to contribute a sum, not exceeding £1, to the Company's assets if it should be wound up while they are a member or within one year after ceasing to be a member.

17 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the forthcoming year:

	2001		2000	
	Land and buildings £	Other £	Land and buildings £	Other £
Leases expiring				
- within two to five years	-	-	-	2,228
- after five years	54,882	-	12,535	-
	<u>54,882</u>	<u>-</u>	<u>12,535</u>	<u>2,228</u>

The lease in relation to land and buildings is subject to rent reviews.

HEADS, TEACHERS AND INDUSTRY LIMITED

INCOME AND EXPENDITURE ACCOUNT

For the year ended 30 June 2001

	£	2001	£	£	2000	£
Income						
Fees			-		82,798	
Grants and donations		165,651			136,172	
Specific sponsorship		12,900			5,000	
Bank deposit interest		10,580			9,470	
Management consultancy		-			2,838	
Miscellaneous		1,246			1,222	
Covenant from trading subsidiary		75,000			150,000	
Entrust		20,911			92,816	
Rent recharged		37,273			-	
		<u>323,561</u>			<u>480,316</u>	
Expenditure						
Staff costs	13,602			123,607		
Tuition fees	-			3,852		
Travel and subsistence	1,097			29,001		
Office expenses	56,657			56,816		
Audit and accountancy	1,610			2,986		
Alumni	-			222		
Marketing	19,795			44,179		
Other	150,902			190,772		
		<u>243,663</u>		<u>451,435</u>		
Net surplus for the year		<u>79,898</u>			<u>28,881</u>	

HEADS, TEACHERS AND INDUSTRY LIMITED

ANALYSIS OF EXPENDITURE For the year ended 30 June 2001

	2001 £	2000 £
Staff costs		
Directors and staff salaries	13,602	119,993
Staff development	-	3,614
	<u>13,602</u>	<u>123,607</u>
Tuition fees		
Agency and contracted staff	-	3,852
Travel and subsistence		
Car	393	8,354
Directors and staff expenses	157	14,813
Conference and seminar expenses	547	5,269
Board meeting expenses	-	565
	<u>1,097</u>	<u>29,001</u>
Office expenses		
Accommodation	54,882	35,889
Printing and stationery	-	3,438
Postage and telephone	800	12,120
Insurance	-	925
Subscriptions	294	1,998
Equipment hire	663	2,189
Books	18	257
	<u>56,657</u>	<u>56,816</u>
Audit and accountancy		
Audit fees	1,610	2,000
Accountancy fees	-	986
	<u>1,610</u>	<u>2,986</u>
Alumni		
Liaison and conference	-	222
Marketing		
Annual report	3,500	7,898
External consultancy	6,303	11,874
Brochures	-	3,908
Newsletter	9,400	5,111
Hospitality	-	2,083
Exhibition panels	-	2,615
Printing	-	202
Advertising	592	10,488
	<u>19,795</u>	<u>44,179</u>

ANALYSIS OF EXPENDITURE
(continued)
For the year ended 30 June 2001

	2001 £	2000 £
Other		
Course accommodation	-	49,033
Professional fees	4,116	3,225
Entrust	20,911	92,816
Inclusivity	80,000	-
KS11	42,000	-
Training costs	3,846	2,011
Tesco	-	37,083
Miscellaneous	29	6,604
	<hr/>	<hr/>
	150,902	190,772
	<hr/>	<hr/>