

Company No 2308265 Charity No. 1003627

HEADS, TEACHERS AND INDUSTRY LIMITED

COUNCIL OF MANAGEMENT AND TRUSTEES' REPORT
AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2007


Clement Keys
CHARTERED ACCOUNTANTS

WEDNESDAY



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HEADS, TEACHERS AND INDUSTRY LIMITED

Contents

	Page
Company information	1
Council of Management and Trustees' Report	2 - 5
Auditors' Report	6 - 7
Consolidated Statement of Financial Activities	8
Consolidated Summary Income and Expenditure Account	9
Consolidated Balance Sheet	10
Company Balance Sheet	11
Notes to the Financial Statements	12 - 22
<i>The following pages do not form part of the statutory accounts</i>	
Income and Expenditure Account	23
Analysis of Expenditure	24 - 25

HEADS, TEACHERS AND INDUSTRY LIMITED

Company Information

President	Sir D Jones (resigned 30 June 2007)
Council of Management and Trustees	I R Douglas A J Frost P J Honey P J Maydon J W Oatridge S L Parkin M Ward M M Chapman M J Levett (resigned 11 October 2006) P J Graham D Armstrong G Palmer H Lloyd
Secretary	M Giddings
Company Number	2308265
Charity Number	1003627
Registered Office	Herald Court University of Warwick Science Park Coventry CV4 7EZ
Auditors	Clement Keys Chartered Accountants 39/40 Calthorpe Road Edgbaston Birmingham B15 1TS
Bankers	Bank of Scotland 55 Temple Row Birmingham B2 5LS

HEADS, TEACHERS AND INDUSTRY LIMITED

COUNCIL OF MANAGEMENT AND TRUSTEES' REPORT FOR THE YEAR ENDED 30 JUNE 2007

The Council of Management and Trustees present their report and accounts for the year ended 30 June 2007

Council of Management and Trustees

The trustees serving throughout the year were as follows

P J Maydon	M M Chapman
I R Douglas	S L Parkin
A J Frost	J W Oatridge
P J Honey	M J Levett (resigned 11 October 2006)
P J Graham	M Ward
D Armstrong	H Lloyd
G Palmer	

The members of the Council of Management are also the Directors of the company and Trustees of the charity

In accordance with the Memorandum and Articles of Association 3 members retired by rotation and were subsequently re-elected

The company information set out on page 1 forms part of this report

Statement of Trustees' Responsibilities

The trustees 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 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 the group 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 the charitable company and group will continue in business,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements

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 group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In determining how amounts are presented within the statement of financial activities and balance sheet, the trustees have had regard to the substance of the reported transactions or arrangement, in accordance with generally accepted accounting principles or practice

So far as each of the trustees are aware at the time the report is approved

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

COUNCIL OF MANAGEMENT AND TRUSTEES' REPORT FOR THE YEAR ENDED 30 JUNE 2007
(continued)

Structure, Governance and Management

Governing document

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.

Appointment of trustees

Procedures exist concerning the appointment of Trustees. These procedures follow the guidelines set out by the Charity Commission.

Trustee induction and training

An induction pack is issued to all new Trustees. An audit of Trustee skills was also conducted along with a review of Trustee involvement.

Organisation

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 day to day management of the charity is delegated to the senior management team.

The charity operates from premises on the University of Warwick Science Park, Coventry and an office at 1 London Bridge, London.

Related parties

The principal activity of the trading subsidiary, HTI Leadership Centre, is the delivery of qualifications and training in leadership skills for middle and senior management in schools nationally.

Objectives and Activities

The work of the charity continues to underpin research into educational leadership at the business/education interface.

Review of activities

HTI is a thriving, not-for-profit social enterprise at the forefront of school leadership development, offering a diverse and innovative portfolio of leadership development opportunities regionally, nationally and internationally. What makes the organisation different from other providers is the focus on aligning education provision with employability needs.

**COUNCIL OF MANAGEMENT AND TRUSTEES' REPORT FOR THE YEAR ENDED 30 JUNE 2007
(continued)**

New forms of leadership are required to manage change, new skills, attitudes and ways of working are required in a knowledge and service-based economy, creativity and innovation are vital to economic competitiveness, the vicious cycle of social exclusion must be tackled to give every child the best employability and life chances, environmental sustainability is about long overdue respect for our planet for the sake of future generations

A core theme of HTI's work is partnership. HTI Trust's Strategic Forum Group with representation from the business community continues to grow strongly. This is a welcome sign that our message about partnership is getting through. Business input is vital, not only for stimulating meaningful debate about school leadership challenges and priorities, but also for driving forward action that will create an education system fit for the future.

Financial Review

The consolidated results show that expenditure for the year exceeded income by £174,319. Page 8 of the financial statements shows that of this figure £54,645 is due to the timing of restricted fund resource movement during the year, and that therefore a net movement in resources of £119,674 relates to unrestricted funds. The trading company result for the year was a profit before tax of £2,568 which is reflected in the unrestricted fund movement.

The HTI trustees commenced a review of the company's activities in February 2007 which included a project completed by a Masters student from Warwick Business School. The review continued past the year end with significant changes being implemented in the second half of the 2007/08 financial year.

The Charity will concentrate on the HTI Strategic Forum and Go4It, HTI's new nationwide awards scheme to promote innovation and enterprise in schools. The trading company will concentrate on growing the contracting side of the business which it has successfully delivered and grown in recent years.

HTI Trustees are confident that under the revised structure that both the Charity and the trading company will prosper although the full impact of the changes will not be seen until the 2008/09 financial year.

Investment policy

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

Reserves policy

The trustees believe that impartial research into issues of educational importance should be conducted. For this reason it has been the policy in recent years to build the general reserves so that fellowships could be awarded to undertake such research. In 1998/99 the first fellowship was awarded. It is intended that this path should continue. At the same time reserves have been built to provide match-funding to support future research work.

Risk Management

The trustees undertake a full review of "group" risks every six months. Risk management appears on the agenda of each Trust meeting and the high risk areas are considered at the board sub group meetings for both the Trust and the Leadership Centre. The action needed to mitigate major risks are identified and documented and progress tracked at the six monthly reviews.

Restricted funds

The Statement of Financial Activities shows a deficit movement for the year before transfers of £54,645 (2006 net deficit £119,755) and at the balance sheet date the restricted funds stand as £58,291 (2006 £112,936).

HEADS, TEACHERS AND INDUSTRY LIMITED

COUNCIL OF MANAGEMENT AND TRUSTEES' REPORT FOR THE YEAR ENDED 30 JUNE 2007
(continued)


Unrestricted funds

The Statement of Financial Activities shows a net deficit for the year before transfers of £119,674 (2006 net deficit of £116,223) and at the balance sheet date, the unrestricted funds stand at £279,897 (2006 £399,571)

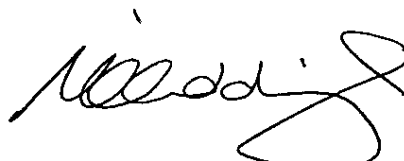
Auditors

The Auditors, Clement Keys, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985

Signed on behalf of the Board of Trustees on 18 April 2008



J W Oatridge
Trustee



M Giddings
Company Secretary

HEADS, TEACHERS AND INDUSTRY LIMITED

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

We have audited the financial statements for the year ended 30 June 2007 on pages 8 to 22 and which comprise the Consolidated Statement of Financial Activities, Consolidated Summary Income and Expenditure Account, Consolidated Balance Sheet, Company Balances Sheet and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Trustees' Responsibilities the company's trustees are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Council of Management and Trustees' Report is not consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the company is not disclosed.

We read the Council of Management and Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Audit 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 or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

HEADS, TEACHERS AND INDUSTRY LIMITED

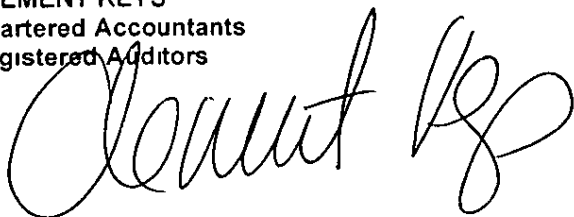
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEADS, TEACHERS AND INDUSTRY
LIMITED
(continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the charitable company's affairs and the group's affairs at 30 June 2007 and the group's incoming resources and application of resources, including its income and expenditure, for the year ended,
- the financial statements have been properly prepared in accordance with Companies Act 1985, and
- the information given in the Council of Management and Trustees' Report is consistent with the financial statements

CLEMENT KEYS
Chartered Accountants
Registered Auditors



39/40 Calthorpe Road
Edgbaston
Birmingham
B15 1TS

18 April 2008

HEADS, TEACHERS AND INDUSTRY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 30 June 2007

		Unrestricted Funds	Restricted Funds	Total Funds 2007	Total Funds 2006
	Note	£	£	£	£
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	10	500	-	500	-
Activities for generating funds	11	356,623	-	356,623	293,006
Investment income	12	1,012	-	1,012	6,163
Incoming resources from charitable activities	13	4,522,788	186,799	4,709,587	4,954,079
Other incoming resources		-	-	-	3,259
TOTAL INCOMING RESOURCES		4,880,923	186,799	5,067,722	5,256,507
RESOURCES EXPENDED					
Costs of generating funds					
Costs of generating voluntary income		39,904	-	39,904	43,051
Costs of trading activities		451,503	-	451,503	482,214
Charitable activities		4,492,746	241,444	4,734,190	4,953,208
Governance costs		16,444	-	16,444	14,012
TOTAL RESOURCES EXPENDED	14	5,000,597	241,444	5,242,041	5,492,485
NET MOVEMENT IN RESOURCES BEFORE TRANSFERS		(119,674)	(54,645)	(174,319)	(235,978)
TRANSFERS BETWEEN FUNDS		-	-	-	-
NET MOVEMENT IN RESOURCES AFTER TRANSFERS		(119,674)	(54,645)	(174,319)	(235,978)
FUND BALANCES BROUGHT FORWARD		399,571	112,936	512,507	748,485
FUND BALANCES CARRIED FORWARD		279,897	58,291	338,188	512,507

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 net movement in resources for the company itself in the year is a net expenditure of £172,113 (2006 net expenditure of £119,243).

The notes on pages 12 to 22 form part of these accounts.

HEADS, TEACHERS AND INDUSTRY LIMITED

CONSOLIDATED SUMMARY INCOME AND EXPENDITURE ACCOUNT
For the year ended 30 June 2007

	2007 £	2006 £
Gross income of continuing operations	5,067,722	5,256,507
Total expenditure of continuing operations	(5,242,041)	(5,492,485)
	<hr/>	<hr/>
Net expenditure for the year	(174,319)	(235,978)
	<hr/>	<hr/>

HEADS, TEACHERS AND INDUSTRY LIMITED

CONSOLIDATED BALANCE SHEET As at 30 June 2007

			2007			2006	
	Note	£	£	£	£	£	£
FIXED ASSETS							
Tangible assets	2		302,017			358,234	
CURRENT ASSETS							
Debtors	5	2,325,884		2,625,309			
Cash at bank and in hand		20,683		32,473			
		<u>2,346,567</u>		<u>2,657,782</u>			
CREDITORS amounts falling due within one year	6	(2,310,396)		(2,503,509)			
NET CURRENT ASSETS			36,171			154,273	
TOTAL ASSETS			<u>338,188</u>			<u>512,507</u>	
UNRESTRICTED FUNDS							
General fund	7		160,228			277,696	
Non charitable trading funds			119,669			121,875	
			<u>279,897</u>			<u>399,571</u>	
RESTRICTED FUNDS	8		58,291			112,936	
TOTAL FUNDS			<u>338,188</u>			<u>512,507</u>	

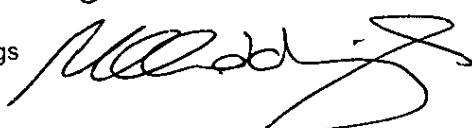
The financial statements were approved by the Trustees and Council of Management on 18 April 2008 and signed on their behalf by

J W Oatridge



Member of the Council and Trustee

M Giddings



Secretary

HEADS, TEACHERS AND INDUSTRY LIMITED

COMPANY BALANCE SHEET As at 30 June 2007

	Note	£	2007	£	£	2006	£
FIXED ASSETS							
Tangible assets	3			-			-
Investment	4			1			1
				<u>1</u>			<u>1</u>
CURRENT ASSETS							
Debtors	5	217,945			386,329		
Cash at bank and in hand		20,583			32,373		
		<u>238,528</u>			<u>418,702</u>		
CREDITORS amounts falling due within one year	6	(20,010)			(28,071)		
		<u></u>			<u></u>		
NET CURRENT ASSETS			218,518			390,631	
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>218,519</u>			<u>390,632</u>	
UNRESTRICTED FUNDS	7		160,228			277,696	
RESTRICTED FUNDS	8		58,291			112,936	
TOTAL FUNDS			<u>218,519</u>			<u>390,632</u>	

The financial statements were approved by the Trustees and Council of Management on 18 April 2008 and signed on their behalf by

J W Oatridge

Member of the Council and Trustee

M Giddings

Secretary

HEADS, TEACHERS AND INDUSTRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2007

1 ACCOUNTING POLICIES

1.1 Basis of preparation

The financial statements have been prepared under the historical cost convention. They have been prepared in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable UK Accounting Standards and the Companies Act 1985. The principal accounting policies adopted in the preparation of the financial statements are set out below.

1.2 Basis of consolidation

These financial statements consolidate the results of the charity and its wholly-owned trading subsidiary, HTI Leadership Centre Limited, on a line by line basis.

The charity has availed itself of paragraph 3(3) of Schedule 4 of the Companies Act 1985 and adapted the Companies Act formats to reflect the special nature of the charity's activities. No separate Statement of Financial Activities (SOFA) has been presented for the charity alone as permitted by Section 230 of the Companies Act 1985 and paragraph 397 of the SORP.

1.3 Cash flow statement

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 qualifies as a small group.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Individual fixed assets costing £500 or more are capitalised at cost. 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	3 years	Straight line
Fixtures and fittings	3 years	Straight line
Improvements to property	10 years	Straight line

1.5 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charitable company is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Fees receivable are accounted for in the period in which the service is provided.
- Voluntary income by way of grants, donations and gifts is included in full in the Statement of Financial Activities when receivable; legacy income is regarded as receivable when monies are received. Grants, where entitlement is not conditional on the delivery of a specific performance by the charitable company, are recognised when it becomes unconditionally entitled to the grant.
- Donated services and facilities are included at the value of the charitable company where this can be quantified. The value of services provided by volunteers has not been included in these accounts.

HEADS, TEACHERS AND INDUSTRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2007

1 6 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 7 Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred.

Charitable expenditure comprises those costs incurred by the charitable company in the delivery of its activities and services for its beneficiaries.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charitable company and include audit fees and costs linked to the strategic management of the charitable company.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity comprise both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

1 8 Value added tax

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

The subsidiary, due to the nature of its trading activities, is partially exempt for VAT purposes. Irrecoverable VAT is charged against the category for which it is incurred.

1 9 Operating leases

Payments under an arrangement which is in substance of a rental nature where substantially all the benefits and risks of ownership remain with the lessor ("operating lease") are charged to the Statement of Financial Activities on a straight line basis over the operating lease term.

1 10 Pensions

The company makes contributions to personal pension schemes of certain employees. Contributions payable by the company are charged to Statement of Financial Activities in the period to which they relate.

1 11 Taxation

As a charitable company, Heads, Teachers and Industry Limited is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Charitable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen within the charitable company. The trading subsidiary is subject to corporation tax (see note 16).

HEADS, TEACHERS AND INDUSTRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2007

1 12 Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

1 13 Funds accounting

Restricted funds

Restricted funds represent grants and donations which are subject to restrictions on their expenditure imposed by the donor or where funds have been raised for a specific purpose. With respect to any covenanted profits, the Board of subsidiary, HTI Leadership Centre Limited have previously resolved that they should be restricted.

Unrestricted funds

Unrestricted funds represent funds that are expendable at the discretion of the Trustees in the furtherance of the objects of the charitable company.

2 TANGIBLE FIXED ASSETS - GROUP

	Computer equipment £	Fixtures and fittings £	Improvements to property £	Total £
Cost				
At 1 July 2006	260,918	76,185	464,198	801,301
Additions	2,995	7,311	-	10,306
	<u>263,913</u>	<u>83,496</u>	<u>464,198</u>	<u>811,607</u>
At 30 June 2007				
Depreciation				
At 1 July 2006	238,761	50,737	153,569	443,067
Charge for the year	17,555	8,758	40,210	66,523
	<u>256,316</u>	<u>59,495</u>	<u>193,779</u>	<u>509,590</u>
At 30 June 2007				
Net book amount				
At 30 June 2007	7,597	24,001	270,419	302,017
	<u>22,157</u>	<u>25,448</u>	<u>310,629</u>	<u>358,234</u>
At 30 June 2006				

HEADS, TEACHERS AND INDUSTRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2007

3 TANGIBLE FIXED ASSETS - COMPANY

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 July 2006 and 30 June 2007	5,931	19,444	25,375
Depreciation			
At 1 July 2006 and 30 June 2007	5,931	19,444	25,375
Net book amount			
At 30 June 2007 and 30 June 2006	-	-	-

4 FIXED ASSET INVESTMENT - COMPANY

Cost at 30 June 2007 and 30 June 2006	£ 1
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This represents 100% of the issued 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

	2007		2006	
	Group £	Company £	Group £	Company £
Trade debtors	798,958	88,367	1,141,232	77,555
Other debtors	3,249	-	3,249	-
Amounts due from subsidiary	-	127,376	-	291,162
Prepayments and accrued income	1,523,677	2,202	1,480,828	17,612
	<u>2,325,884</u>	<u>217,945</u>	<u>2,625,309</u>	<u>386,329</u>

6 CREDITORS amounts falling due within one year

	2007		2006	
	Group £	Company £	Group £	Company £
Bank loans and overdrafts	449,816	-	715,585	-
Trade creditors	792,754	15,662	487,201	21,587
Accruals and deferred income	931,435	4,348	1,039,412	6,484
Corporation tax	4,574	-	-	-
Social Security and other taxes	44,100	-	62,426	-
Other creditors	87,717	-	198,885	-
	<u>2,310,396</u>	<u>20,010</u>	<u>2,503,509</u>	<u>28,071</u>

The bank overdraft is secured on the assets of the subsidiary company

HEADS, TEACHERS AND INDUSTRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2007

7 GENERAL FUND

	Group £	Company £
At 1 July 2006	399,571	277,696
Net expenditure for the year	(119,674)	(117,468)
	<u>279,897</u>	<u>160,228</u>
At 30 June 2007	<u>279,897</u>	<u>160,228</u>

8 RESTRICTED FUNDS

	Balance at 1 July 2006 £	Incoming Resources £	Resources Expended £	Transfers	Balance at 30 June 2007 £
Skills gap	5,000	6,000	11,000	-	-
Industry in Education	15,697	-	15,697	-	-
HTI 2004/5	66,981	-	56,940	-	10,041
Perform Through Sport	-	86,864	76,160	-	10,704
Arts 4 All	7,500	-	7,500	-	-
Employability in the City	6,862	-	6,862	-	-
International Secondment	(24)	-	(24)	-	-
Lead into future	-	19,500	8,500	-	11,000
Arts and Disadvantaged	(5)	5	-	-	-
Go Skills	10,925	(2,468)	8,457	-	-
Environmental Leadership	-	648	648	-	-
Learning creatively	-	5,000	1,904	-	3,096
FSSC	-	18,000	15,800	-	2,200
Foundation Degree Forward	-	12,750	9,000	-	3,750
Go 4 It	-	23,000	23,000	-	-
Cadbury Schweppes Foundation	-	17,500	-	-	17,500
	<u>112,936</u>	<u>186,799</u>	<u>241,444</u>	<u>-</u>	<u>58,291</u>

9 ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	302,017	-	302,017
Net current (liabilities)/assets	(22,120)	58,291	36,171
	<u>279,897</u>	<u>58,291</u>	<u>338,188</u>

HEADS, TEACHERS AND INDUSTRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2007

10 VOLUNTARY INCOME

	Unrestricted Funds £	Restricted Funds £	Total 2007 £	Total 2006 £
Donations	500	-	500	-
	<u>500</u>	<u>-</u>	<u>500</u>	<u>-</u>

11 ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds £	Restricted Funds £	Total 2007 £	Total 2006 £
Lettings and catering	356,623	-	356,623	293,006
	<u>356,623</u>	<u>-</u>	<u>356,623</u>	<u>293,006</u>

12 INVESTMENT INCOME

	Unrestricted Funds £	Restricted Funds £	Total 2007 £	Total 2006 £
Interest on cash deposits	1,012	-	1,012	6,163
	<u>1,012</u>	<u>-</u>	<u>1,012</u>	<u>6,163</u>

13 INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total 2007 £	Total 2006 £
Membership	88,458	-	88,458	106,843
Educational projects	-	186,799	186,799	221,216
Professional development programmes	4,309,201	-	4,309,201	4,442,486
Other activities	125,129	-	125,129	183,534
	<u>4,522,788</u>	<u>186,799</u>	<u>4,709,587</u>	<u>4,954,079</u>

HEADS, TEACHERS AND INDUSTRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2007

14 RESOURCES EXPENDED

	Direct costs £	Support costs £	Total 2007 £	Total 2006 £
Costs of generating funds	235,080	256,327	491,407	525,265
Costs of charitable activities				
Membership	8,880	48,049	56,929	59,928
Educational projects	241,444	94,686	336,130	449,127
Professional development programmes	3,145,156	768,792	3,913,948	3,776,818
Other activities	177,043	250,140	427,183	667,335
Governance	-	16,444	16,444	14,012
	<u>3,807,603</u>	<u>1,434,438</u>	<u>5,242,041</u>	<u>5,492,485</u>

Support costs

	Generating funds £	Charitable activities £	Governance £	Total 2007 £	Total 2006 £
Staff costs	115,601	533,842	-	649,443	767,815
Premises costs	48,227	222,710	-	270,937	276,246
Other office costs	7,978	36,840	-	44,818	110,585
Marketing	28,639	132,254	-	160,893	219,016
Legal and professional	62	288	15,854	16,204	25,598
Other miscellaneous costs	51,047	235,732	590	287,369	229,014
Taxation	4,774	-	-	4,774	-
	<u>256,328</u>	<u>1,161,666</u>	<u>16,444</u>	<u>1,434,438</u>	<u>1,628,274</u>

15 NET INCOMING RESOURCES AND OPERATING PROFIT

	2007 £	2006 £
Net incoming resources and operating profit are stated after charging the following		
Depreciation of owned fixed assets	66,523	88,065
Operating lease rentals – land and buildings	178,106	208,598
– equipment	67,689	26,720
Auditors' remuneration	15,854	12,588

HEADS, TEACHERS AND INDUSTRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2007

16 TAXATION

	2007	2006
The trading subsidiary suffered tax on its operations for the year as follows	£	£

Analysis of tax charge/(credit) in year

Current tax (see note below)

UK corporation tax on profits of the year	(4,774)	(3,259)
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Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (19%). The differences are explained below

	Year ended 30 June 2007 £	Year ended 30 June 2006 £
Profit/(loss) on ordinary activities before tax	2,568	(119,994)

Profit/(loss) on ordinary activities multiplied by standard rate of Corporation tax in the UK of 19% for 9mths and 20% for 3 months (2006-19%)	488	(22,799)
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Effects of

Expenses not deductible for tax purposes	-	2,273
Depreciation for period in excess of capital allowances	8,120	7,783
Utilisation of tax losses	(3,841)	8,244
Capitalised revenue expenditure	-	-
Starting rate relief	-	1,250
Over provision in respect of prior year	7	(10)

Current tax charge/(credit) for year (see note above)	4,774	(3,259)
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HEADS, TEACHERS AND INDUSTRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2007

17 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	4,790,953
Cost of sales	<u>(3,557,279)</u>
Gross profit	1,233,674
Administration expenses	(1,231,303)
Interest receivable	197
	<hr/>
Net profit before taxation	2,568
Taxation	4,774
	<hr/>
Net loss after taxation	<u>(2,206)</u>
The aggregate of the subsidiary's assets and liabilities was,	
Assets	2,537,431
Liabilities	<u>(2,417,762)</u>
Shareholders' funds	<u>119,669</u>

HEADS, TEACHERS AND INDUSTRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2007

18	DIRECTORS AND EMPLOYEES	2007 £	2006 £
	Staff costs		
	Wages and salaries	1,120,241	1,414,482
	Social security costs	127,888	146,988
	Pension costs	51,225	58,899
		<u>1,299,354</u>	<u>1,620,369</u>

Included within staff costs in the year ended 30 June 2006 is an exceptional item of £80,000 being redundancy costs in respect of restructuring within the subsidiary company

	Average number of employees (including members of Council of Management and Trustees)	2007 No.	2006 No
	Staff services	<u>53</u>	<u>48</u>

Within the subsidiary company the number of employees earning above £60,000 was as follows

	2007 No	2006 No
Between £60,000 - £70,000	1	1
Between £70,000 - £80,000	2	2
Between £110,000 - £120,000	-	-
Between £140,000 - £150,000	1	1
	<u> </u>	<u> </u>

No Trustee received any remuneration during the year. Out of pocket expenses totalling £391 (2006 £179) were reimbursed to 4 (2006 3) Trustees during the year

19 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.

HEADS, TEACHERS AND INDUSTRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2007

20 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

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

	2007		2006	
	Land and buildings £	Other £	Land and buildings £	Other £
Leases expiring				
- within 1 year	-	9,592	4,500	-
- between 2-5 years	-	35,774	-	24,384
- after 5 years	<u>148,008</u>	<u>-</u>	<u>148,008</u>	<u>-</u>
	<u>148,008</u>	<u>45,366</u>	<u>152,508</u>	<u>24,384</u>