

Company No. 02308265 Charity No. 1003627

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HEADS, TEACHERS AND INDUSTRY LIMITED

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**COUNCIL OF MANAGEMENT AND TRUSTEES' REPORT  
AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 MARCH 2011**



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## **HEADS, TEACHERS AND INDUSTRY LIMITED**

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### **COUNCIL OF MANAGEMENT AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2011**

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The Council of Management and Trustees present their report and accounts for the year ended 31 March 2011

#### **Directors, trustees and council of management**

The members of the Council of Management are also the Directors of the company (for Company Law purposes) and Trustees of the charity (for Charity Law purposes)

<b>Company Name</b>	Heads, Teachers and Industry Limited
<b>Company Registration number</b>	02308265
<b>Charity registration number</b>	1003627
<b>Registered office</b>	Herald Court University of Warwick Science Park Coventry CV4 7EZ
<b>Auditors</b>	Clement Keys Chartered Accountants Statutory Auditors 39/40 Calthorpe Road Edgbaston Birmingham B15 1TS
<b>Bankers</b>	Bank of Scotland 55 Temple Row Birmingham B2 5LS

#### **Council of Management and Trustees**

The trustees serving throughout the period were as follows

A J Frost	I Maclean (resigned 29 June 2010)
P J Honey	N Sherlock
P J Graham (resigned 29 June 2010)	R Campsie
D Armstrong	M Orton
G Palmer	H Glennie
R Hall	J Upward
I R Douglas (resigned 29 June 2010)	N Rashid
M Ward	F Timothy
P J Maydon (resigned 29 June 2010)	S L Parkin (resigned 29 June 2010)

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

#### **Senior Management Team**

A Evans	- Chief Executive
M Giddings	- Finance Director and Company Secretary

## **HEADS, TEACHERS AND INDUSTRY LIMITED**

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### **COUNCIL OF MANAGEMENT AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2011**

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#### **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 Council of Management.

##### *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 Council of Management 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.

##### *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 Leadership Centre. The action needed to mitigate major risks are identified and documented and progress tracked at the six monthly reviews.

#### **Objectives and Activities**

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

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.

## **HEADS, TEACHERS AND INDUSTRY LIMITED**

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### **COUNCIL OF MANAGEMENT AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2011 (continued)**

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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.

#### **Achievement and performance**

The 2011/12 academic year is our 25th anniversary. Our belief has remained constant over the past two and a half decades: children will be given the best preparation for life if education, business and public sector organisations work in partnership. Fostering these partnerships through brilliant brokerage has been, and continues to be, our unique contribution to school leadership development.

It has been a year of change, but also a year of success for HTI. The relevance of our work is increasingly recognised. Business support for our charitable projects is growing. School leaders and children value what we do. Our achievements are only made possible by the talent, inspiration and enthusiasm of our team. We are equally indebted to our Trustees, Patrons and sponsors who contribute, help and guide in so many ways. In the last quarter of the 2010-11, the Charity restructured to ensure that it was ready for the changed environment that schools and colleges are experiencing. At the same time a review of our trustee body has been completed with the addition of more trustees with the commercial skills we feel are required to enable HTI to expand in the future.

#### **Financial Review**

The Trustees are pleased to report that the Charity made another surplus in the year which has helped with the strategy of continuing to strengthen the balance sheet and provide an appropriate level of reserves that provides security for the future.

On the 1 April 2010, the training programme business of the trading subsidiary company, HTI Leadership Centre Limited, was transferred to the Charity. This transfer has increased the activity of the Charity enormously, which is demonstrated by the increase in income from £588k to £5.5m. The annual comparatives for the Charity by itself do not therefore show true business trends, but the consolidated statements give a much more easily understood position.

The consolidated results show that income exceeded expenditure in the year by £47,297. Page 8 of the financial statements shows that the restricted funds movement was an outflow of £13,197, and unrestricted funds an inflow of £60,494. The trading company result for the year was a loss of £63,031. The Trustees are confident that the negative result of the trading company will be returned to profit next year following a reduction in fixed costs.

#### *Principal funding sources*

The main funding sources for the charity are, income from the HTI Strategic Forum, Go4it and the HTI trading subsidiary. The charity also looks to secure restricted funding for specific projects.

#### *Investment policy*

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

## HEADS, TEACHERS AND INDUSTRY LIMITED

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### COUNCIL OF MANAGEMENT AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2011 (continued)

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#### *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.

#### *Restricted funds*

The Statement of Financial Activities shows a net deficit movement for the period before transfers of £13,197 (2010 net deficit £14,468) and at the balance sheet date the restricted funds stand as £53,382 (2010 £23,595).

#### *Unrestricted funds*

The Statement of Financial Activities shows a surplus for the period before transfers of £60,494 (2010 £270,796) and at the balance sheet date, the unrestricted funds stand at £662,586 (2010 £645,076).

#### **Plans for future periods**

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charitable company's aims and objectives and in planning future activities. In particular, the trustees have considered how planned activities will contribute to the aims and objectives set.

Over the past year we have laid strong foundations to achieve our vision that every child will have increased life chances if there is a close working relationship between education, business and community leaders. Over the coming year we will strengthen these partnerships, broaden our school leadership development portfolio and extend opportunities for cross sector collaboration to deepen our impact in pursuit of this aim.

On the 1st April 2010, the training programme business activity of the trading company, HTI Leadership Centre Limited, was transferred to the Charity.

#### **Statement of Directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities 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,
- state whether UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

## **HEADS, TEACHERS AND INDUSTRY LIMITED**

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### **COUNCIL OF MANAGEMENT AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2011 (continued)**

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The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

#### **Provision of information to auditors**

So far as each of the directors is 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 directors 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.

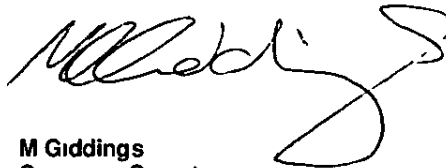
#### **AUDITORS**

The auditors, Clement Keys, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Signed on behalf of the Board of Trustees on 28 June 2011



**N Rashid**  
Trustee



**M Giddings**  
Company Secretary

## **HEADS, TEACHERS AND INDUSTRY LIMITED**

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

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We have audited the financial statements of Heads, Teachers and Industry Limited for the year ended 31 March 2010 which comprise the consolidated statement of financial activities, consolidated summary income and expenditure account, consolidated balance sheet, balance sheet and the related notes. 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 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 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 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 explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors (who are also the trustees of the charitable company for the purpose of charity 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 of 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 company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatement or inconsistencies we consider the implications for our report.

#### ***Opinion on the financial statements***

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2011 and of the group's incoming resources and application of resources, including its income and expenditure, for the year 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 and the Charities Act 1993.

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

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**HEADS, TEACHERS AND INDUSTRY LIMITED**

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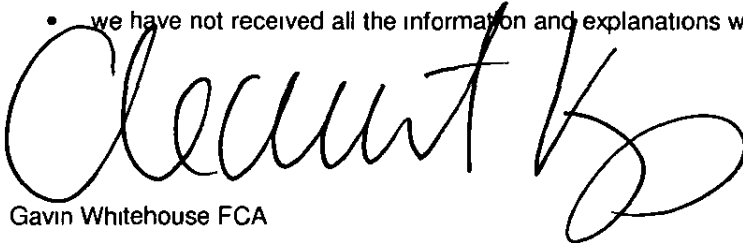
***Opinion on other matters prescribed by Companies Act 2006***

In our opinion the information given in the Council of Management and Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements

***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 and the Charities Act 1993 requires us to report to you if, in our opinion

- adequate and sufficient accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Gavin Whitehouse FCA

Senior Statutory Auditor  
for and on behalf of

Date 29 June 2011

**CLEMENT KEYS**  
**Chartered Accountants**  
**Statutory Auditors**  
**39/40 Calthorpe Road**  
**Edgbaston**  
**Birmingham**  
**B15 1TS**

Clement Keys is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

# HEADS, TEACHERS AND INDUSTRY LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES For the year ended 31 March 2011

		Unrestricted Funds	Restricted Funds	Total Funds 12 months ended 31 March 2011	Total Funds 12 months ended 31 March 2010
	Note	£	£	£	£
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds					
Voluntary income	11	329	-	329	44,080
Activities for generating funds	12	198,879	-	198,879	261,722
Investment income	13	-	-	-	-
Incoming resources from charitable activities	14	5,344,792	78,942	5,423,734	5,838,986
<b>TOTAL INCOMING RESOURCES</b>		<b>5,544,000</b>	<b>78,942</b>	<b>5,622,942</b>	<b>6,144,788</b>
<b>RESOURCES EXPENDED</b>					
Costs of generating funds					
Costs of generating voluntary income		-	-	-	8,064
Costs of trading activities		427,746	-	427,746	344,955
Charitable activities		5,032,200	92,139	5,124,339	5,512,699
Governance costs		23,560	-	23,560	22,842
<b>TOTAL RESOURCES EXPENDED</b>	15	<b>5,483,506</b>	<b>92,139</b>	<b>5,575,645</b>	<b>5,888,560</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>60,494</b>	<b>(13,197)</b>	<b>47,297</b>	<b>256,228</b>
Transfers between funds		(42,984)	42,984	-	-
<b>Net incoming/(outgoing) resources for the year</b>		<b>17,510</b>	<b>29,787</b>	<b>47,297</b>	<b>256,228</b>
<b>FUND BALANCES BROUGHT FORWARD</b>		<b>645,076</b>	<b>23,595</b>	<b>668,671</b>	<b>412,443</b>
<b>FUND BALANCES CARRIED FORWARD</b>		<b>662,586</b>	<b>53,382</b>	<b>715,968</b>	<b>668,671</b>

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.

Income for the company itself is £5,466,094 and expenditure £5,355,156 resulting in a net movement in resources for the company itself in the period is a net income of £110,938 (2010 net income of £265,932).

The notes on pages 12 to 24 form part of these accounts.

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HEADS, TEACHERS AND INDUSTRY LIMITED

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CONSOLIDATED SUMMARY INCOME AND EXPENDITURE ACCOUNT  
For the year ended 31 March 2011

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	12 months ended 31 March 2011	12 months ended 31 March 2010
	£	£
Income	5,622,942	6,144,788
Expenditure	(5,575,645)	(5,888,560)
	<hr/>	<hr/>
<b>Net operating income</b>	47,297	256,228
<b>Other income</b>		
Interest receivable and similar income	-	-
	<hr/>	<hr/>
<b>Net income for the year</b>	47,297	256,228
	<hr/>	<hr/>

The Statement of Financial Activities incorporates the Statement of Total Recognised Gains and Losses required by FRS 3

# HEADS, TEACHERS AND INDUSTRY LIMITED

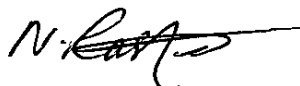
## CONSOLIDATED BALANCE SHEET As at 31 March 2011 Company number: 02308265

	Note	31 March 2011 £	31 March 2010 £
<b>FIXED ASSETS</b>			
Tangible assets	2	195,035	206,538
<b>CURRENT ASSETS</b>			
Debtors	5	1,194,227	1,587,742
Cash at bank and in hand		433,262	624,487
		<u>1,627,489</u>	<u>2,212,229</u>
<b>CREDITORS</b> amounts falling due within one year	6	(1,046,546)	(1,616,763)
<b>NET CURRENT ASSETS</b>		580,943	595,466
<b>CREDITORS:</b> amounts falling due after one year	7	(60,010)	(133,333)
<b>TOTAL ASSETS</b>		<u>715,968</u>	<u>668,671</u>
<b>UNRESTRICTED FUNDS</b>			
General fund	8	562,588	481,449
Non charitable trading funds		99,998	163,627
		<u>662,586</u>	<u>645,076</u>
<b>RESTRICTED FUNDS</b>	9	53,382	23,595
<b>TOTAL FUNDS</b>		<u>715,968</u>	<u>668,671</u>

The financial statements were approved by the Trustees and Council of Management on 29 June 2011 and signed on their behalf by

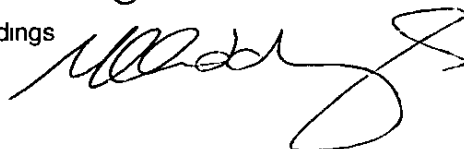
N Rashid

Trustee



M Giddings

Secretary



# HEADS, TEACHERS AND INDUSTRY LIMITED

## COMPANY BALANCE SHEET As at 31 March 2011 Company number: 02308265

	Note	£	31 March 2011 £	£	31 March 2010 £	£
<b>FIXED ASSETS</b>						
Tangible fixed assets	3		50,927		-	
Investments	4		1		1	
			<u>50,928</u>		<u>1</u>	
<b>CURRENT ASSETS</b>						
Debtors	5	1,146,974		410,943		
Cash at bank and in hand		419,068		138,058		
		<u>1,566,042</u>		<u>549,001</u>		
<b>CREDITORS</b> amounts falling due within one year	6	(974,323)		(43,958)		
		<u></u>		<u></u>		
<b>NET CURRENT ASSETS</b>			591,719		505,043	
<b>CREDITORS:</b> amounts falling due After one year	7		(26,677)		-	
			<u></u>		<u></u>	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>615,970</u>		<u>505,044</u>	
<b>UNRESTRICTED FUNDS</b>	8		562,588		481,449	
<b>RESTRICTED FUNDS</b>	9		53,382		23,595	
			<u></u>		<u></u>	
<b>TOTAL FUNDS</b>			<u>615,970</u>		<u>505,044</u>	

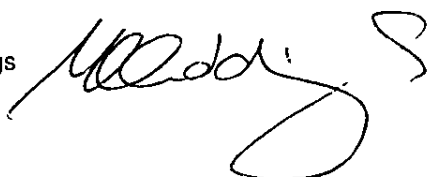
The financial statements were approved by the Trustees and Council of Management on 29 June 2011 and signed on their behalf by

N Rashid



Trustee

M Giddings



Secretary

## HEADS, TEACHERS AND INDUSTRY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

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#### 1 ACCOUNTING POLICIES

##### 1.1 Basis of preparation

The financial statements have been prepared under the historical cost convention and include the results of the charitable company's operations which are described in the Council of Management and Trustees' Report

The financial statements have been prepared in accordance with the provisions of the Companies Act 2006 and in compliance with the revised Statement of Recommended Practice - 'Accounting and Reporting by Charities' issued in March 2005 and applicable accounting standards

##### 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

A separate Statement of Financial Activities and income and expenditure account for the charitable company itself are not presented because advantage has been taken of the exemptions afforded by section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005

##### 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

## **HEADS, TEACHERS AND INDUSTRY LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2011**

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#### **1.5 Incoming resources continued .**

- 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.

#### **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 and 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.

## HEADS, TEACHERS AND INDUSTRY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2011

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#### 1.11 Taxation

As a charitable company, Heads, Teachers and Industry Limited is exempt from tax on income and gains falling within section 478 of the Corporation Taxes Act 2010 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).

#### 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 Fund 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.



**HEADS, TEACHERS AND INDUSTRY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2011

**2 TANGIBLE FIXED ASSETS - GROUP**

	Computer equipment £	Fixtures and fittings £	Improvements to property £	Company vehicle £	Total £
<b>Cost</b>					
At 1 April 2010	272,377	96,166	491,200	-	859,743
Additions	17,979	562	2,345	38,490	59,376
	<u>290,356</u>	<u>96,728</u>	<u>493,545</u>	<u>38,490</u>	<u>919,119</u>
At 31 March 2011	290,356	96,728	493,545	38,490	919,119
<b>Depreciation</b>					
At 1 April 2010	254,893	77,519	320,793	-	653,205
Charge for the period	13,736	9,013	46,847	1,283	70,879
	<u>268,629</u>	<u>86,532</u>	<u>367,640</u>	<u>1,283</u>	<u>724,084</u>
At 31 March 2011	268,629	86,532	367,640	1,283	724,084
<b>Net book amount</b>					
At 31 March 2011	21,727	10,196	125,905	37,207	195,035
At 31 March 2010	17,484	18,647	170,407	-	206,538

## HEADS, TEACHERS AND INDUSTRY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2011

#### 3 TANGIBLE FIXED ASSETS - COMPANY

	Computer equipment £	Fixtures and fittings £	Improvements to property £	Company vehicle £	Total £
<b>Cost</b>					
At 1 April 2010	19,444	5,931	-	-	25,375
Additions	14,250	-	3,577	38,490	56,317
	<u>33,694</u>	<u>5,931</u>	<u>3,577</u>	<u>38,490</u>	<u>81,692</u>
At 31 March 2011	33,694	5,931	3,577	38,490	81,692
<b>Depreciation</b>					
At 1 April 2010	19,444	5,931	-	-	25,375
Charge for the period	3,749	-	358	1,283	5,390
	<u>23,193</u>	<u>5,931</u>	<u>358</u>	<u>1,283</u>	<u>30,765</u>
At 31 March 2011	23,193	5,931	358	1,283	30,765
<b>Net book amount</b>					
At 31 March 2011	10,501	-	3,219	37,207	50,927
	<u>10,501</u>	<u>-</u>	<u>3,219</u>	<u>37,207</u>	<u>50,927</u>
At 31 March 2010	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

#### 4 FIXED ASSET INVESTMENT - COMPANY

Cost at 31 March 2011 and 31 March 2010

£  
1

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

Further information regarding the results and assets of the subsidiary is given in note 18

# HEADS, TEACHERS AND INDUSTRY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2011

### 5 DEBTORS: amounts falling due within one year

	31 March 2011		31 March 2010	
	Group £	Company £	Group £	Company £
Trade debtors	193,271	184,424	650,937	95,570
Amounts due from subsidiary	-	645	-	309,380
Prepayments and accrued income	1,000,956	961,905	936,805	5,993
	<u>1,194,227</u>	<u>1,146,974</u>	<u>1,587,742</u>	<u>410,943</u>

### 6 CREDITORS: amounts falling due within one year

	31 March 2011		31 March 2010	
	Group £	Company £	Group £	Company £
Bank loans	100,000	-	100,000	-
Trade creditors	452,900	365,195	679,409	38,727
Amounts owed to group undertakings	-	200,968	-	-
Accruals and deferred income	446,943	441,397	785,893	5,231
Corporation tax	-	-	8,574	-
Social Security and other taxes	34,766	(39,320)	39,650	-
Other creditors	11,937	6,083	3,237	-
	<u>1,046,546</u>	<u>974,323</u>	<u>1,616,763</u>	<u>43,958</u>

The bank loan is repayable over 48 months from June 2008. Interest is charged at 4% over the Bank of Scotland base rate.

The loan is secured by way of debentures with Heads Teachers & Industry Limited and HTI Leadership Centre over the whole assets of the companies. There is also a cross corporate guarantee between HTI Leadership Centre Limited and third parties.

**HEADS, TEACHERS AND INDUSTRY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2011

**7 CREDITORS: amounts falling due after 1 year**

	<b>31 March 2011</b>		<b>31 March 2010</b>	
	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans (see Note 6)	33,333	-	133,333	-
Other creditors	26,677	26,677	-	-
	<u>60,010</u>	<u>26,677</u>	<u>133,333</u>	<u>-</u>

**8 GENERAL FUND**

	<b>Group £</b>	<b>Company £</b>
At 1 April 2010	645,076	481,449
Net income for the period	60,494	124,123
Transfers to restricted funds	(42,984)	(42,984)
	<u>662,586</u>	<u>562,588</u>
At 31 March 2011	662,586	562,588

**9 RESTRICTED FUNDS**

	<b>Balance at 1 April 2010</b>	<b>Incoming Resources</b>	<b>Resources Expended</b>	<b>Transfers</b>	<b>Balance at 31 March 2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
GE	16,095	-	(16,095)	-	-
Cadbury Schweppes Foundation	7,500	-	(7,500)	-	-
Inspire	-	9,774	(12,101)	27,984	25,657
Go4it	-	69,168	(56,443)	15,000	27,725
	<u>23,595</u>	<u>78,942</u>	<u>(92,139)</u>	<u>42,984</u>	<u>53,382</u>

**10 ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total Funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Tangible fixed assets	195,035	-	195,035
Net assets	467,551	53,382	520,933
	<u>662,586</u>	<u>53,382</u>	<u>715,968</u>

# HEADS, TEACHERS AND INDUSTRY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2011

### 11 VOLUNTARY INCOME

	Unrestricted Funds £	Restricted Funds £	Total 31 March 2011 £	Total 31 March 2010 £
Donations	329	-	329	44,080

### 12 ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds £	Restricted Funds £	Total 31 March 2011 £	Total 31 March 2010 £
Lettings and catering	198,879	-	198,879	261,722

### 13 INVESTMENT INCOME

	Unrestricted Funds £	Restricted Funds £	Total 31 March 2011 £	Total 31 March 2010 £
Interest on cash deposits	-	-	-	-

### 14 INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total 31 March 2011 £	Total 31 March 2010 £
Membership	67,804	-	67,804	70,608
Educational projects	-	-	-	49,751
Professional development programmes	5,197,712	-	5,197,712	5,615,954
Stretch	57,300	-	57,300	52,491
Inspire	-	9,774	9,774	-
Go 4 It	21,976	69,168	91,144	50,182
	5,344,792	78,942	5,423,734	5,838,986

# HEADS, TEACHERS AND INDUSTRY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2011

### 15 RESOURCES EXPENDED

	Direct costs	Support costs	Total 31 March 2011	Total 31 March 2010
	£	£	£	£
Costs of generating funds	180,535	247,212	427,747	353,020
Costs of charitable activities				
Membership	76,480	57,135	133,615	74,293
Educational projects	23,023	-	23,023	85,416
Professional development programmes	3,658,620	933,213	4,591,833	5,226,976
Stretch	159,324	44,812	204,136	31,793
Go 4 It	113,698	45,933	159,631	94,220
Inspire	12,100	-	12,100	-
Governance	-	23,560	23,560	22,842
	<u>4,223,780</u>	<u>1,351,865</u>	<u>5,575,645</u>	<u>5,888,560</u>

#### Support costs

	Generating funds	Charitable activities	Governance	Total 31 March 2011	Total 31 March 2010
	£	£	£	£	£
Staff costs	17,374	75,981	-	93,355	307,338
Premises costs	43,013	188,103	-	231,116	176,682
Other office costs	24,750	108,236	-	132,986	105,145
Marketing	36,542	159,801	-	196,343	152,881
Legal and professional	-	-	14,585	14,585	14,691
Business development	91,927	402,011	-	493,938	82,237
Other miscellaneous costs	33,605	146,962	8,975	189,542	140,911
Taxation	-	-	-	-	9,703
	<u>247,211</u>	<u>1,081,094</u>	<u>23,560</u>	<u>1,351,865</u>	<u>989,588</u>

### 16 NET INCOMING RESOURCES AND OPERATING PROFIT

	31 March 2011	31 March 2010
	£	£
Net incoming resources and operating profit are stated after charging the following		
Depreciation of owned fixed assets	70,879	62,737
Operating lease rentals – land and buildings	103,659	124,730
– equipment	16,969	17,260
Auditors' remuneration	14,585	12,695

Auditors remuneration for the parent company was £7,300

# HEADS, TEACHERS AND INDUSTRY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2011

### 17 TAXATION

	31 March 2011	31 March 2010
The trading subsidiary suffered tax on its operations for the period as follows	£	£
<b>Analysis of tax charge/(credit) in year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax on profits of the period	-	9,703
	<u>          </u>	<u>          </u>
<b>Factors affecting tax charge for year</b>		
The tax assessed for the period is higher than the standard rate of corporation tax in the UK (21%)		
The differences are explained below		
	<b>Year ended 31 March 2011</b>	<b>Period ended 31 March 2010</b>
	£	£
Profit/(loss) on ordinary activities before tax	(63,631)	-
	<u>          </u>	<u>          </u>
Profit/(loss) on ordinary activities multiplied by standard rate of Corporation tax in the UK of 21% (2010 21%)	(13,363)	-
	<u>          </u>	<u>          </u>
<b>Effects of:</b>		
Expenses not deductible for tax purposes	-	838
Depreciation for period in excess of capital allowances	-	7,736
Over provision in respect of prior period	-	1,129
Losses carried forward	13,363	-
	<u>          </u>	<u>          </u>
<b>Current tax charge for period</b> (see note above)	-	9,703
	<u>          </u>	<u>          </u>

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## HEADS, TEACHERS AND INDUSTRY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2011

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#### 18 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	2,143,874
Cost of sales	(1,452,896)
	<u>690,978</u>
Gross profit	
Administration expenses	(696,496)
Other operating charges	(16,893)
Interest payable	(9,124)
Other exceptional items	(32,096)
	<u>(63,631)</u>
Net profit before taxation	
Taxation	600
	<u>(63,031)</u>
Net profit after taxation	
The aggregate of the subsidiary's assets and liabilities was,	
Assets	406,999
Liabilities	<u>(306,400)</u>
Shareholders' funds	<u>100,599</u>



# HEADS, TEACHERS AND INDUSTRY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2011

### 19 DIRECTORS AND EMPLOYEES

	31 March 2011 £	31 March 2010 £
<b>Staff costs</b>		
Wages and salaries	704,212	902,787
Social security costs	94,751	102,892
Pension costs	14,949	45,682
	<u>813,912</u>	<u>1,051,361</u>

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

	31 March 2011 No.	31 March 2010 No.
Staff services	49	48
	<u>49</u>	<u>48</u>

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

	31 March 2011 No	31 March 2010 No
Between £70,000 - £80,000	1	2
Between £80,000 - £90,000	1	0
Between £130,000 - £140,000	1	0
Between £140,000 - £150,000	0	1
	<u>3</u>	<u>3</u>

No Trustee received any remuneration during the year. Out of pocket expenses totalling £1,015 (2010 £1,307) were reimbursed to two (2010 two) Trustees during the year.

### 20 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. As at 31 March 2011 there were 13 members (2010 12).

## HEADS, TEACHERS AND INDUSTRY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2011

#### 21 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

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

GROUP	31 March 2011		31 March 2010	
	Land and buildings £	Other £	Land and buildings £	Other £
Leases expiring				
- within 1 year	-	9,956	-	16,368
- between 2-5 years	-	33,882	-	22,957
- after 5 years	<u>148,008</u>	<u>-</u>	<u>148,008</u>	<u>-</u>
	148,008	43,838	148,008	39,325
	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>
COMPANY	31 March 2011		31 March 2010	
	Land and buildings £	Other £	Land and buildings £	Other £
Leases expiring				
- within 1 year	-	1,820	-	2,290
- between 2-5 years	-	-	-	4,187
- after 5 years	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	1,820	-	6,477
	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>