

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 2004




Clement Keys
CHARTERED ACCOUNTANTS

HEADS, TEACHERS AND INDUSTRY LIMITED

Company Information

President	J Bond
Council of Management and Trustees	I R Douglas A J Frost G Harkness P J Honey P G Lambert P J Maydon K M McCoy J W Oatridge S L Parkin R S Sindall M Ward M M Chapman M J Levett P J Graham
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

HEADS, TEACHERS AND INDUSTRY LIMITED

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HEADS, TEACHERS AND INDUSTRY LIMITED

COUNCIL OF MANAGEMENT AND TRUSTEES' REPORT FOR THE YEAR ENDED 30 JUNE 2004

The Council of Management and Trustees present their report and accounts for the year ended 30 June 2004.

Council of Management and Trustees

The trustees serving during the year were as follows:

P G Lambert	P J Maydon	M M Chapman (appointed 30.10.2003)
I R Douglas	K M McCoy	M J Levett (appointed 30.10.2003)
A J Frost	J W Oatridge	P J Graham (appointed 23.02.2003)
G Harkness	S L Parkin	
P J Honey	R S Sindall	
L Hunt (resigned 30.10.2003)	M Ward	

The members of the Council of Management are also the Directors 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 powers of appointing and removing Trustees are as outlined in the Articles of Association.

Statement of Trustees' responsibilities

Company law requires the directors of a charity (namely 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 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 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 the group and which enables them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

HEADS, TEACHERS AND INDUSTRY LIMITED

COUNCIL OF MANAGEMENT AND TRUSTEES' REPORT FOR THE YEAR ENDED 30 JUNE 2004 (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.

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.

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.

Review of activities

Heads, Teachers & Industry was founded in 1986 to give headteachers an in depth experience of industry through a secondment which in turn would be able to influence the education curriculum.

The activity of the Trust has increased significantly in the year with the appointment of three new members of staff. Led by Roger Opie, Trust Director, a comprehensive business plan has been created which takes forward the Trust's aim to influence thinking, policy formulation and planned outcomes across the sectors of business, education and government.

The 5 year plan for the Trust is that it will be acknowledged as the central point of contact and inspiration by education, business and government sources when looking at education leadership and employability of young people. The trust's newly created membership scheme is central to facilitating this aim.

In March 2004 the Trust launched "What – Next?", an interactive set of materials for KS4 students with barriers to learning. This unique software, using an avatar and underpinned by emotional intelligence theory was launched at the House of Commons.

In May 2004 the Trust's fifth issue paper "All that Jazz" was launched at London's Serpentine Gallery. "All that Jazz" was written by Professor Amin Rajan and focused on managing change in the public, private and business sectors.

The Trust funded two fellowships in the year for practical research into sector issues:

- Student leadership
- Fast tracking leadership in business

Both pieces of research will culminate in HIT "thinkpieces" to be launched during next year.

The trading arm of the charity, HTI Leadership Centre Limited, has continued to expand. Contracts for the delivery of two further national training programmes were secured in the year and the development of the Affiliated Centre all helped to increase activity. A move to new premises in September 2003 facilitated growth of the conference centre and training facilities for both education and business.

The trading subsidiary covenanted £134,500 of its profits to the charity.

Review of finances

The consolidated results show that expenditure for the year exceeded income by £187,322. Page 6 of the financial statements shows that of this figure £96,654 is due to the timing of restricted fund income brought forward from last year, and that the remaining £90,668 relates to unrestricted funds.

This result reflects the investment that has been made in the infrastructure of the trust to ensure that the business plan aims for the future can be met. The pay back from this investment is expected to be seen in the next financial year with the introduction of the membership scheme and success in securing project funding.

HEADS, TEACHERS AND INDUSTRY LIMITED

COUNCIL OF MANAGEMENT AND TRUSTEES' REPORT FOR THE YEAR ENDED 30 JUNE 2004 (continued)

The consolidated cash at bank figure continues to be inflated by the restricted funds carried forward of £273,932 and other Leadership Centre initiatives where income is received in advance of expenditure. Deferred income included in creditors at the year end was £783,315.

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 import 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 2002-3 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.

During the year an Audit Sub Committee was created as a sub group of trustees which considers the financial implications of identified risks and monitoring of compliance with laws and regulations.

Restricted funds

Industry in Education

During the year the charity, Industry in Education (IIE) was merged into HTI. At the date of the transfer IIE had £117,158 of cash reserves that were transferred to HTI to be expended on the objects of the IIE charity.

International Secondment

A project funded by British Council for a headteacher secondment to research international leadership.

Unrestricted funds

The Statement of Financial Activities shows a net deficit for the year of £90,668 (2003 net income of £44,196) and at the balance sheet date, the unrestricted funds stand at £513,007 (2003 £603,675).

Professional advisers

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

Auditors

Clement Keys
39/40 Calthorpe Road
Edgbaston
Birmingham
B15 1TS

HEADS, TEACHERS AND INDUSTRY LIMITED

COUNCIL OF MANAGEMENT AND TRUSTEES' REPORT FOR THE YEAR ENDED 30 JUNE 2004
(continued)

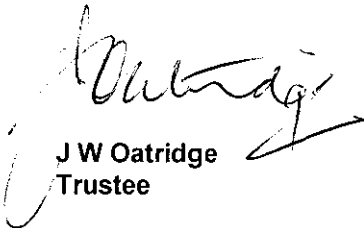
Bankers

Lloyds TSB
High Street
Coventry

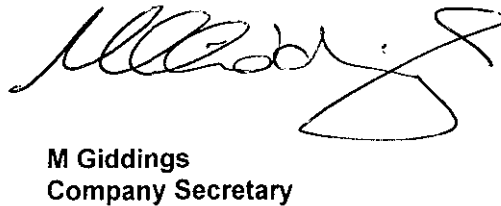
Auditors

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 28 October 2004



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 2004 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the company Balance 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 requested 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 director and auditors

The trustees' responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 1995. We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the charity 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 charity is not disclosed.

We read other information contained in the Trustees' Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes an 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity and group'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 misstatements, 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the charity and group's affairs as at 30 June 2004 and of its incoming resources and application 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 Auditors

39/40 Calthorpe Road
Edgbaston
Birmingham

28 October 2004

HEADS, TEACHERS AND INDUSTRY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 30 June 2004

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2004 £	Total Funds 2003 £
INCOMING RESOURCES					
Donations, legacies and other similar incoming resources	10	10,000	167,158	177,158	241,956
Activities in furtherance of the Charity's objects	11	4,045,040	-	4,045,040	3,130,581
Investment income	12	43,917	-	43,917	68,187
TOTAL INCOMING RESOURCES		4,098,957	167,158	4,266,115	3,440,724
RESOURCES EXPENDED					
<i>Charitable expenditure</i>					
Costs in furtherance of the charity's objects		3,261,025	263,812	3,524,837	2,925,361
Support costs		383,154	-	383,154	327,342
Management and administration		545,446	-	545,446	273,239
TOTAL RESOURCES EXPENDED	13	4,189,625	263,812	4,453,437	3,525,942
NET MOVEMENT IN RESOURCES		(90,668)	(96,654)	(187,322)	(85,218)
FUND BALANCES BROUGHT FORWARD		603,675	370,586	974,261	1,059,479
FUND BALANCES CARRIED FORWARD		513,007	273,932	786,939	974,261

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 £187,688 (2003: net expenditure of £108,555).

The notes on pages 10 to 17 form part of these accounts.

HEADS, TEACHERS AND INDUSTRY LIMITED

CONSOLIDATED SUMMARY INCOME AND EXPENDITURE ACCOUNT

For the year ended 30 June 2004

	2004 £	2003 £
Gross income of continuing operations	4,266,115	3,440,724
Total expenditure of continuing operations	(4,453,437)	(3,525,942)
Net (expenditure)/income for the year	<u>(187,322)</u>	<u>(85,218)</u>

HEADS, TEACHERS AND INDUSTRY LIMITED

CONSOLIDATED BALANCE SHEET

As at 30 June 2004

	Note	£	2004 £	£	2003 £
FIXED ASSETS					
Tangible assets	2		412,534		10,862
CURRENT ASSETS					
Debtors	5	757,901		178,799	
Cash at bank and in hand		1,281,600		2,066,086	
		2,039,501		2,244,885	
CREDITORS: amounts falling due within one year	6	(1,665,096)		(1,281,486)	
NET CURRENT ASSETS			374,405		963,399
TOTAL ASSETS			786,939		974,261
UNRESTRICTED FUNDS					
General fund	7		251,647		362,184
Non charitable trading funds			261,360		241,491
			513,007		603,675
RESTRICTED FUNDS	8		273,932		370,586
TOTAL FUNDS			786,939		974,261

The consolidated financial statements on pages 6 to 17 were approved by the Trustees and Council of Management on 28 October 2004 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 2004

	Note	£	2004	£	£	2003	£
FIXED ASSETS							
Tangible assets	3			-			-
Investment	4			<u>1</u>			<u>1</u>
				1			1
CURRENT ASSETS							
Debtors	5	3,819			73,648		
Cash at bank and in hand		<u>626,872</u>			<u>710,479</u>		
		630,691			784,127		
CREDITORS: amounts falling due within one year	6	<u>(85,610)</u>			<u>(51,358)</u>		
NET CURRENT ASSETS			545,081			732,769	
TOTAL ASSETS LESS CURRENT LIABILITIES			545,082			732,770	
UNRESTRICTED FUNDS	7		271,150			362,184	
RESTRICTED FUNDS	8		273,932			370,586	
TOTAL FUNDS			545,082			732,770	

The consolidated financial statements on pages 6 to 17 were approved by the Trustees and Council of Management on 28 October 2004 and signed on their behalf by

J W Oatridge

Member of the Council and Trustee

M Giddings

Secretary

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2004

1 ACCOUNTING POLICIES

Basis of preparation of financial statements

The accounts have been prepared under the historical cost convention. They are prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in October 2000 (SORP 2000) and applicable accounting standards.

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.

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 SOFA has been presented for the charity alone as permitted by Section 230 of the Companies Act 1985 and paragraph 304 of SORP 2000.

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	33%	Straight line
Improvements to property	10%	Straight line

Grants

Grants, including grants for the purchase of fixed assets, are credited to the Statement of Financial Activities in the period in which they are receivable. Grant income is deferred where donors specify the grants must be used in future accounting periods or impose pre-conditions which will not be met until future accounting periods.

Donations

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2004

1. ACCOUNTING POLICIES (continued)

Resources expended

Expenditure is recognised on an accruals basis.

Operating leases

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

Pensions

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

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.

2 TANGIBLE FIXED ASSETS - GROUP

Cost	Computer equipment £	Fixtures and fittings £	Improvements to property £	Total £
At 1 July 2003	155,919	34,060	20,946	210,925
Additions	49,774	21,340	407,360	478,474
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 June 2004	205,693	55,400	428,306	689,399
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation				
At 1 July 2003	152,129	34,060	13,874	200,063
Charge for the year	26,676	7,113	43,013	76,802
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 June 2004	178,805	41,173	56,887	276,865
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book amount				
At 30 June 2004	26,888	14,227	371,419	412,534
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 June 2003	3,790	-	7,072	10,862
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

HEADS, TEACHERS AND INDUSTRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2004

3 TANGIBLE FIXED ASSETS - COMPANY

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 July 2003 and 30 June 2004	5,931	18,307	24,238
	<u> </u>	<u> </u>	<u> </u>
Depreciation			
At 1 July 2003 and 30 June 2004	5,931	18,307	24,238
	<u> </u>	<u> </u>	<u> </u>
Net book amount			
At 30 June 2004	-	-	-
	<u> </u>	<u> </u>	<u> </u>
At 30 June 2003	-	-	-
	<u> </u>	<u> </u>	<u> </u>

4 FIXED ASSET INVESTMENT - COMPANY

	£
Cost at 30 June 2004 and 30 June 2003	1
	<u> </u>

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

	2004		2003	
	Group £	Company £	Group £	Company £
Trade debtors	698,430	122	150,653	-
Amounts due from subsidiary	-	-	-	73,648
Prepayments	59,471	3,697	24,626	-
Other debtors	-	-	3,520	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	757,901	3,819	178,799	73,648
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

HEADS, TEACHERS AND INDUSTRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2004

6 CREDITORS

	Group £	2004 Company £	Group £	2003 Company £
Trade creditors	514,324		381,210	-
Amounts due to subsidiary company	-	37,792	-	-
Deferred income	783,315	9,918	686,376	9,918
Accruals	297,268	37,900	204,585	41,440
Corporation tax	6	-	9,207	-
Social Security and other taxes	70,183	-	108	-
	<u>1,665,096</u>	<u>85,610</u>	<u>1,281,486</u>	<u>51,358</u>

7 GENERAL FUND

	Group £	Company £
At 1 July 2003	362,184	362,184
Deficit for the year	(110,537)	(91,034)
	<u>251,647</u>	<u>271,150</u>

8 RESTRICTED FUNDS

	Balance at 1 July 2003 £	Incoming Resources £	Resources Expended £	Balance at 30 June 2004 £
Industry in Education	-	117,158	-	117,158
Inclusivity	336,053	-	246,052	90,001
Executive coaching	19,705	-	7,560	12,145
Think leadership	7,216	-	10,200	(2,984)
SEN No Boundaries	7,612	-	-	7,612
International Secondment	-	50,000	-	50,000
	<u>370,586</u>	<u>167,158</u>	<u>263,812</u>	<u>273,932</u>

9 ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	412,534	-	412,534
Net current assets	100,473	273,932	374,405
	<u>513,007</u>	<u>273,932</u>	<u>786,939</u>

HEADS, TEACHERS AND INDUSTRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2004

10 DONATIONS LEGACIES AND OTHER SIMILAR INCOMING RESOURCES

	Unrestricted Funds £	Restricted Funds £	Total 2004 £	Total 2003 £
Donations	10,000	-	10,000	3,600
Industry in Education	-	117,158	117,158	
Grants	-	50,000	50,000	238,356
	<u>10,000</u>	<u>167,158</u>	<u>177,158</u>	<u>241,956</u>

11 ACTIVITIES IN FURTHERANCE OF THE CHARITY'S OBJECTS

	Unrestricted Funds £	Restricted Funds £	Total 2004 £	Total 2003 £
Activities carried out by the charity	605	-	605	(274)
Activities carried out by the Trading subsidiary	4,044,435	-	4,044,435	3,130,855
	<u>4,045,040</u>	<u>-</u>	<u>4,045,040</u>	<u>3,130,581</u>

12 INVESTMENT INCOME

	General Fund	
	2004 £	2003 £
Interest on cash deposits	43,917	68,187

13 RESOURCES EXPENDED

	Staff costs £	Other costs £	Depreciation £	Total 2004 £	Total 2003 £
Unrestricted Funds					
General Fund	145,243	107,670	-	252,913	83,212
Trading subsidiary	965,239	2,894,671	76,802	3,936,712	3,074,960
Restricted Funds	-	263,812	-	263,812	367,770
	<u>1,110,482</u>	<u>3,266,153</u>	<u>76,802</u>	<u>4,453,437</u>	<u>3,525,942</u>

HEADS, TEACHERS AND INDUSTRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2004

13 RESOURCES EXPENDED (continued)

Other costs	2004 £	2003 £
Course and secondment costs	2,637,690	2,327,692
Premises costs	206,743	163,852
Other office costs	99,609	126,518
Marketing	144,651	36,880
Legal and professional	128,285	105,438
Other miscellaneous costs	49,175	30,194
Taxation	-	9,207
	<u>3,266,153</u>	<u>2,799,781</u>

14 NET INCOMING RESOURCES AND OPERATING PROFIT

	2004 £	2003 £
Net incoming resources and operating profit are stated after charging the following:		
Depreciation of owned fixed assets	76,802	36,971
Operating lease rentals – land and buildings	157,937	127,190
– equipment	16,186	13,010
Auditors' remuneration	5,998	6,046
	<u> </u>	<u> </u>

15 TAXATION

	2004 £	2003 £
The trading subsidiary suffered tax on its operations for the year as follows:		
Analysis of tax charge in year		
Current tax (see note below)		
UK corporation tax on profits of the year	-	9,207

Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (20%). The differences are explained below:

	Year ended 30 June 2004 £	Year ended 30 June 2003 £
Profit on ordinary activities before tax	<u>134,868</u>	<u>107,542</u>
Profit on ordinary activities multiplied by standard rate of Corporation tax in the UK of 20% (2003-19 %)	26,974	20,433
Effects of:		
Expenses not deductible for tax purposes	293	551
Capital allowances for period in excess of depreciation	(30,368)	2,532
Loss relief carried forward	30,001	-
Charges on income	(26,900)	(14,250)
Starting rate relief	-	(59)
	<u> </u>	<u> </u>
Current tax charge for year (see note above)	<u>-</u>	<u>9,207</u>

HEADS, TEACHERS AND INDUSTRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2004

16 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	4,044,435
Cost of sales	<u>(3,405,118)</u>
Gross profit	639,317
Administration expenses	(531,594)
Interest receivable	27,145
	<u> </u>
Net profit before taxation	134,868
Taxation	-
Covenant	<u>134,500</u>
Retained in subsidiary	<u>368</u>
The aggregate of the subsidiary's assets and liabilities was;	
Assets	1,859,138
Liabilities	<u>(1,617,278)</u>
Shareholders' funds	<u>241,860</u>

17 DIRECTORS AND EMPLOYEES

	2004 £	2003 £
Staff costs		
Wages and salaries	984,102	575,357
Social security costs	89,512	68,695
Pension costs	36,868	45,139
	<u>1,110,482</u>	<u>689,191</u>
Average number of employees (including members of Council of Management and Trustees)	2004 No.	2003 No.
Staff services	<u>31</u>	<u>20</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2004

17 DIRECTORS AND EMPLOYEES continued ...

Within the subsidiary company the number of employees earning above £50,000 was as follows:

	2004 No	2003 No
Between £50,000 - £60,000	-	2
Between £100,000 - £110,000	-	1
Between £130,000 - £140,000	1	-
	<u>1</u>	<u>3</u>

18 COUNCIL OF MANAGEMENT

During the year a retirement dinner was held on behalf of the former finance director. All costs were met by the subsidiary company. Five trustees attended and received benefit in total of £918. No other trustee received any remuneration 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.

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:

	2004		2003	
	Land and buildings £	Other £	Land and buildings £	Other £
Leases expiring				
- within 1 year	-	1,424	-	1,553
- between 2-5 years	-	41,885	-	25,315
- after 5 years	105,519	-	106,711	-
	<u>105,519</u>	<u>43,309</u>	<u>106,711</u>	<u>26,868</u>

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

21 CAPITAL COMMITMENTS

At 30 June 2004, the trading subsidiary had capital commitments as follows:

	2004 £	2003 £
Contracted for but not provided in these financial statements	-	344,494
	<u>-</u>	<u>344,494</u>

HEADS, TEACHERS AND INDUSTRY LIMITED

INCOME AND EXPENDITURE ACCOUNT

For the year ended 30 June 2004

	2004		2003	
	£	£	£	£
Income				
Grants and donations		60,000		241,956
Arion secondment income		-		3,189
Accreditation		-		(3,463)
Miscellaneous		605		-
Covenant from trading subsidiary		134,500		75,000
Bank interest		16,774		25,747
		<u>211,879</u>		<u>342,429</u>
Expenditure				
Project costs	297,060		382,532	
Staff costs	145,243		7,161	
Travel and subsistence	23,109		2,177	
Office expenses	7,194		2,545	
Audit and accountancy	1,956		3,746	
Marketing	35,530		28,662	
Other	6,633		24,161	
	<u>516,725</u>		<u>450,984</u>	
Net (expenditure)/income for the year		<u>(304,846)</u>		<u>(108,555)</u>
Funds transferred from IIE		117,158		-
Net (expenditure)/income for the year as shown in Statement of Financial Activities		<u>(187,688)</u>		<u>(108,555)</u>

HEADS, TEACHERS AND INDUSTRY LIMITED

ANALYSIS OF EXPENDITURE For the year ended 30 June 2004

	2004 £	2003 £
Project costs		
Secondment	-	932
Executive coaching	7,560	13,011
Inclusivity	246,052	288,387
KS11	-	1,200
Think Leadership	10,200	42,784
Arion	-	260
'No Barriers' SEN	-	22,388
Fellowship	33,248	13,303
Euroschool	-	267
	<u>297,060</u>	<u>382,532</u>
Staff costs		
Directors and other staff salaries	145,243	7,161
Travel and subsistence		
Travel and motor expenses	18,023	2,177
Conference and seminar expenses	891	-
Board meeting expenses	4,195	-
	<u>23,109</u>	<u>2,177</u>
Office expenses		
Printing and stationery	2,197	-
Postage and telephone	876	395
Subscriptions	4,121	2,150
	<u>7,194</u>	<u>2,545</u>
Audit and accountancy		
Audit fees	1,956	3,746
	<u>1,956</u>	<u>3,746</u>
Marketing		
External consultancy	13,356	15,046
Issues papers	22,174	13,616
	<u>35,530</u>	<u>28,662</u>

HEADS, TEACHERS AND INDUSTRY LIMITED

ANALYSIS OF EXPENDITURE
(continued)
For the year ended 30 June 2004

	2004 £	2003 £
Other		
Professional fees	2,888	14,960
Training costs	934	955
Miscellaneous	75	2,028
Depreciation	-	6,218
Repairs and renewals	<u>2,736</u>	<u>-</u>
	<u>6,633</u>	<u>24,161</u>