

Company No. 2308265 Charity No. 1003627

HEADS, TEACHERS AND INDUSTRY LIMITED

COUNCIL OF MANAGEMENT AND TRUSTEES' REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2002



Clement
 *Keys*

HEADS, TEACHERS AND INDUSTRY LIMITED

Company Information

President	J Bond
Council of Management and Trustees	R J Campsie I R Douglas A J Frost P J Honey L Hunt P G Lambert P J Maydon K M McCoy J W Oatridge S L Parkin R S Sindall F Thomas
Secretary	D Cramp
Company Number	2308265
Charity Number	1003627
Registered Office	Vanguard Centre University of Warwick Science Park Coventry CV4 7EZ
Auditors	Clement Keys Chartered Accountants Nettleton House Calthorpe Road Edgbaston Birmingham B15 1RL

HEADS, TEACHERS AND INDUSTRY LIMITED

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COUNCIL OF MANAGEMENT AND TRUSTEES' REPORT FOR THE YEAR ENDED 30 JUNE 2002

The Council of Management and Trustees present their report and accounts for the year ended 30 June 2002.

Council of Management and Trustees

The trustees serving during the year were as follows:

R J Campsie	P J Maydon
I R Douglas	K M McCoy
J Fairlie (resigned 23 October 2001)	J W Oatridge
A J Frost (appointed 5 March 2001)	S L Parkin (appointed 5 March 2002)
P J Honey (appointed 5 March 2002)	A Rajan (resigned 23 October 2001)
L Hunt (appointed 23 October 2001)	R S Sindall (appointed 23 October 2001)
P G Lambert	F Thomas
	T Williams (resigned 23 October 2001)

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

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.

COUNCIL OF MANAGEMENT AND TRUSTEES' REPORT FOR THE YEAR ENDED 30 JUNE 2002
(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.

Review of activities

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

During the year the work of HTI focused on inclusivity issues relating to the employability of children with learning difficulties. In addition HTI commissioned a paper "No Barriers No Boundaries", that examined how enterprising headteachers achieved breakthrough results. The report analysed the characteristics of leaders who transform the standards of achievement in their schools.

The Trustees have long held the view that the Charity should be awarding fellowships in order to conduct research into issues of educational import. Over the past few years the reserves of the Charity have been grown with this in mind. However the Trustees did not believe that such a course should be pursued until the reserves were at a level to sustain such awards for a period of years. The success of the HTI Leadership Centre in 2001-2002, resulting in a covenant of £200,000, has created the level of reserves to initiate fellowships and other research programmes and these will commence in 2002-2003.

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

The trading subsidiary covenants a proportion of its profits to the charity. In 2001-2002 the covenant was £200,000. Whilst there will be an endeavour to continue covenants at this level in future years, these will be dependent on the HTI Leadership Centre Ltd continuing to be successful in securing and retaining key contracts. There is also a need to maintain adequate reserves in the trading company.

Review of finances

During the year ended 30 June 2002 income exceeded expenditure by £782,882.

The end of year cash figure is inflated by the receipt of a grant of £500,000 in March 2002 in respect of the Inclusivity Project which is shown in incoming resources. An amount equivalent to that sum will be expended on the project during the 2002-2003 financial year with an aim to launch the product in May 2003.

The invoicing arrangement for some contracts held by the trading company are such that income is received at the commencement of development programmes for teachers that may span a year. The cash figure includes £530,000 arising from such programmes.

Investment policy

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

COUNCIL OF MANAGEMENT AND TRUSTEES' REPORT FOR THE YEAR ENDED 30 JUNE 2002
(continued)

Restricted funds

During the year the charity had the following restricted funds:

(1) Inclusivity Project

Project arising from HTI Issues Paper "Slipping through the net" that identified issues concerning the employability of children with learning difficulties. Funding for "Closing the Net" to develop a web-based approach to assist such children in this quest for employment.

(2) Executive Coaching Project

A project to examine the potential benefits to both schools and teachers as a result of a secondment opportunity and to measure the success of the secondment against the predetermined objectives.

(3) Think Leadership

This project undertaken in conjunction with Severn Trent, is to provide a web-based environmental toolkit to enable schools to benchmark themselves against others. The product is to be launched at the House of Commons in October.

General Fund

The Statement of Financial Activities shows a net surplus for the year of £782,882 (2001 net surplus of £171,179) and at the balance sheet date, the General Fund stands at £341,322 (2001 £169,352).

Professional advisers

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

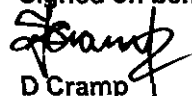
Auditors	Clement Keys Nettleton House 4/5 Calthorpe Road Edgbaston Birmingham B15 1RL
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Bankers	Lloyds TSB 11 Low Pavement Nottingham NG1 7DQ
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Auditors

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

Signed on behalf of the Board of Trustees



D Cramp
Company Secretary

30 October 2002

HEADS, TEACHERS AND INDUSTRY LIMITED

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

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

Respective responsibilities of Trustees and auditors

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

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the charitable group's affairs as at 30 June 2000 and of its incoming resources and applications of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Clement Keys
Chartered Accountants
Registered Auditor

17 October 2000

Nettleton House
Calthorpe Road
Edgbaston
Birmingham
B15 1RL

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 30 June 2002

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2002 £	Total Funds 2001 £
INCOMING RESOURCES					
Donations, legacies and other similar incoming resources	10	40,288	43,844	84,132	85,900
Grant from DfES	11	-	500,000	500,000	-
Activities in furtherance of the Charity's objects	12	2,836,927	-	2,836,927	2,646,050
Rental income		-	-	-	37,273
Investment income	13	41,806	-	41,806	33,816
TOTAL INCOMING RESOURCES		2,919,021	543,844	3,462,865	2,803,039
RESOURCES EXPENDED					
<i>Charitable expenditure</i>					
Costs in furtherance of the charity's objects		2,080,347	44,144	2,124,491	2,126,971
Support costs		327,474	-	327,474	302,173
Management and administration		228,018	-	228,018	202,716
TOTAL RESOURCES EXPENDED	14	2,635,839	44,144	2,679,983	2,631,860
NET MOVEMENT IN RESOURCES BEFORE TRANSFERS		283,182	499,700	782,882	171,179
Transfer between funds		(300)	300	-	-
NET MOVEMENT IN RESOURCES AFTER TRANSFERS		282,882	-	782,882	-
FUND BALANCES BROUGHT FORWARD		276,597	-	276,597	105,418
FUND BALANCES CARRIED FORWARD		559,479	500,000	1,059,479	276,597

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

The notes on pages 9 to 16 form part of these accounts.

CONSOLIDATED SUMMARY INCOME AND EXPENDITURE ACCOUNT

For the year ended 30 June 2002

	2002 £	2001 £
Gross income of continuing operations	3,462,865	2,803,039
Total expenditure of continuing operations	(2,679,983)	(2,631,860)
	<hr/>	<hr/>
Net income for the year	782,882	171,179
	<hr/>	<hr/>

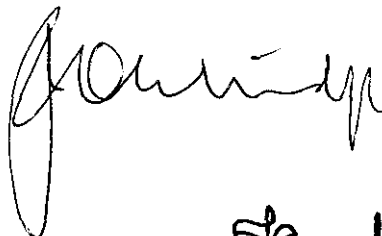
CONSOLIDATED BALANCE SHEET

As at 30 June 2002

	Note	£	2002 £	£	2001 £
FIXED ASSETS					
Tangible assets	2		40,254		25,697
CURRENT ASSETS					
Debtors	5	231,383		209,488	
Cash at bank and in hand		1,958,132		1,069,057	
		<u>2,189,515</u>		<u>1,278,545</u>	
CREDITORS: amounts falling due within one year	6	(1,070,290)		1,027,645	
		<u></u>		<u></u>	
NET CURRENT ASSETS			1,119,225		250,900
			<u></u>		<u></u>
TOTAL ASSETS			1,059,479		276,597
			<u></u>		<u></u>
UNRESTRICTED FUNDS					
General fund	7		341,322		169,352
Non charitable trading funds			218,157		107,245
			<u>559,479</u>		<u>276,597</u>
RESTRICTED FUNDS	8		500,000		-
			<u></u>		<u></u>
TOTAL FUNDS			1,059,479		276,597
			<u></u>		<u></u>

The consolidated financial statements on pages 5 to 16 were approved by the Trustees and Council of Management on 30 October 2002 and signed on their behalf by

J W Oatridge



Member of the Council and Trustee

D Cramp



Secretary

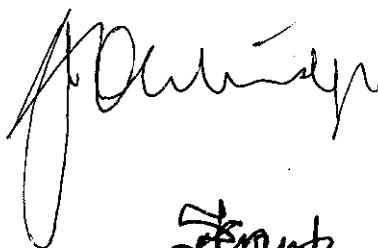
COMPANY BALANCE SHEET

As at 30 June 2002

	Note	£	2002 £	£	2001 £	£
FIXED ASSETS						
Tangible assets	3		6,217		-	
Investment	4		<u>1</u>		<u>1</u>	
			6,218		1	
CURRENT ASSETS						
Debtors	5	160,213		106,005		
Cash at bank and in hand		809,031		248,369		
		969,244		354,374		
CREDITORS: amounts falling due within one year	6	<u>(134,137)</u>		<u>(189,891)</u>		
NET CURRENT ASSETS			835,107		164,483	
TOTAL ASSETS LESS CURRENT LIABILITIES			841,325		164,484	
UNRESTRICTED FUNDS	7		341,325		164,484	
RESTRICTED FUNDS	8		500,000		-	
TOTAL FUNDS			841,325		164,484	

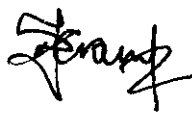
The consolidated financial statements on pages 5 to 16 were approved by the Trustees and Council of Management on 30 October 2002 and signed on their behalf by

J W Oatridge



Member of the Council and Trustee

D Cramp



Secretary

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2002

1 ACCOUNTING POLICIES**1.1 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.

In accordance with SORP 2000, certain comparative figures have been reclassified.

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

1.2 Basis of consolidation

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.

1.3 Tangible fixed assets and depreciation

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

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

1.4 Grants

This is a change in policy to accord with SORP 2000. This change in accounting policy does not affect the presentation of figures shown in the financial statements. The previous policy stated that grants in respect of capital expenditure are treated as deferred income and credited to the Statement of Financial Activities over the expected useful lives of the relevant asset. Grants, including grants for the purchase of fixed assets, are now credited to the Statement of Financial Activities in the period in which they are receivable.

1.5 Donations

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

1.6 Value added tax

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

1.7 Volunteers and gifts in kind

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2002

1. ACCOUNTING POLICIES (continued)**1.8 Resources expended**

Expenditure is recognised on an accruals basis.

1.9 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.

2.0 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.

2.1 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 2001	121,668	33,355	9,160	164,183
Additions	55,807	705	11,786	68,298
Disposals	(29,135)	-	-	(29,135)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 June 2002	148,340	34,060	20,946	203,346
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation				
At 1 July 2001	99,635	33,355	5,496	138,486
Charge for the year	48,847	705	4,189	53,741
Eliminated on disposals	(29,135)	-	-	(29,135)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 June 2002	119,347	34,060	9,685	163,092
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book amount				
At 30 June 2002	28,993	-	11,261	40,254
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 June 2001	22,033	-	3,664	25,697
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2002

3	TANGIBLE FIXED ASSETS - COMPANY	Fixtures and fittings £	Computer equipment £	Total £
	Cost			
	At 1 July 2001	5,931	5,872	11,803
	Additions	-	12,435	12,435
	Disposals			
	At 30 June 2002	5,931	18,307	24,238
	Depreciation			
	At 1 July 2001	5,931	5,872	11,803
	Charge for the year	-	6,218	6,218
	Eliminated on disposals			
	At 30 June 2002	5,931	12,090	18,021
	Net book amount			
	At 30 June 2002	-	6,217	6,217
	At 30 June 2001	-	-	-

4 FIXED ASSET INVESTMENT - COMPANY

£

Cost at 30 June 2002 and 30 June 2001

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.

5 DEBTORS: amounts falling due within one year

	2002		2001	
	Group £	Company £	Group £	Company £
Trade debtors	126,678	6,700	145,742	5,700
Covenant receivable from subsidiary company	-	150,000	-	75,000
Accrued income	60,000	-	20,901	20,901
Prepayments	35,330	50	34,013	-
Other debtors	9,375	3,463	8,832	4,404
	231,383	160,213	209,488	106,005

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2002

6 CREDITORS

	Group £	2002 Company £	Group £	2001 Company £
Trade creditors	175,819	-	293,632	-
Amounts due to subsidiary company	-	5,363	-	29,209
Deferred income	711,170	91,274	527,477	107,377
Accruals	257,361	37,500	170,269	53,305
Corporation tax	25,940	-	24,412	-
Social Security and other taxes	-	-	11,855	-
	<u>1,170,290</u>	<u>134,137</u>	<u>1,027,645</u>	<u>189,891</u>

7 GENERAL FUND

	Group £	Company £
At 1 July 2001	169,352	164,484
Surplus for the year	172,270	176,841
Transfer to Restricted Fund	(300)	-
	<u>341,322</u>	<u>341,325</u>
At 30 June 2002		

8 RESTRICTED FUNDS

	Balance at 1 July 2001	Incoming Resources	Resources Expended	Transfers from 30 June 2002 General Fund	Balance at
	£	£	£	£	£
Inclusivity	-	502,560	(2,560)	-	500,000
Executive coaching	-	23,284	(23,284)	-	-
Think leadership	-	18,000	(18,300)	300	-
	<u>-</u>	<u>543,844</u>	<u>(44,144)</u>	<u>300</u>	<u>500,000</u>

9 ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	40,254	-	40,254
Current assets	1,602,746	586,769	2,189,515
Current liabilities	(1,083,521)	(86,769)	(1,370,290)
	<u>559,479</u>	<u>500,000</u>	<u>559,479</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2002

10 DONATIONS LEGACIES AND OTHER SIMILAR INCOMING RESOURCES

	Unrestricted Funds £	Restricted Funds £	Total 2002 £	Total 2001 £
Donations	40,288	-	40,288	28,900
Grants	-	43,844	43,844	57,000
	<u>40,288</u>	<u>43,844</u>	<u>84,132</u>	<u>85,900</u>

11 GRANT FROM DFES

A grant of £500,000 was received from the Department for Education and Skills in March 2002 to fund the development of a website within the Inclusivity Project. Under the definition within the Statement of Recommended Practice - Accounting and Reporting by Charities, the grant is required to be shown in incoming resources in the period ended 30 June 2002. Since the year end the Charity has signed a contract for the development of this website and the remaining funds are expected to be expended in the 2002-2003 year.

12 ACTIVITIES IN FURTHERANCE OF THE CHARITY'S OBJECTS

	Unrestricted Funds £	Restricted Funds £	Total 2002 £	Total 2001 £
Activities carried out by the charity	75,586	-	75,586	114,808
Activities carried out by the Trading subsidiary	2,761,341	-	2,761,341	2,531,242
	<u>2,836,927</u>	<u>-</u>	<u>2,836,927</u>	<u>2,646,050</u>

13 INVESTMENT INCOME

	General Fund	
	2002 £	2001 £
Interest on cash deposits	<u>41,806</u>	<u>33,816</u>

14 RESOURCES EXPENDED

	Staff costs £	Other costs £	Depreciation £	Total 2002 £	Total 2001 £
Unrestricted Funds					
General Fund	27,861	117,969	6,218	152,048	100,752
Trading subsidiary	522,672	1,913,596	47,523	2,483,791	2,388,197
Restricted Funds	<u>13,939</u>	<u>30,205</u>	<u>-</u>	<u>44,144</u>	<u>142,911</u>
	<u>564,472</u>	<u>2,061,770</u>	<u>53,741</u>	<u>2,679,983</u>	<u>2,631,860</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2002

14 RESOURCES EXPENDED (continued)

Other costs	2002 £	2001 £
Course and secondment costs	1,569,996	1,661,875
Premises costs	161,696	134,942
Other office costs	112,037	105,816
Marketing	82,571	67,639
Legal and professional	100,943	67,566
Other miscellaneous costs	8,587	25,269
Taxation	<u>25,940</u>	<u>24,412</u>
	<u>2,061,770</u>	<u>2,087,519</u>

15 NET INCOMING RESOURCES AND OPERATING PROFIT

	2002 £	2001 £
Net incoming resources and operating profit are stated after charging the following:		
Depreciation of owned fixed assets	53,741	61,415
Operating lease rentals – land and buildings	127,614	71,890
– equipment	14,710	10,613
Auditors' remuneration	<u>5,870</u>	<u>5,590</u>

16 TAXATION

	2002 £	2001 £
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	<u>25,940</u>	<u>24,412</u>

Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (19.75%). The differences are explained below:

	Year ended 30 June 2002 £	Year ended 30 June 2001 £
Profit on ordinary activities before tax	<u>331,983</u>	<u>190,693</u>
Profit on ordinary activities multiplied by standard rate of Corporation tax in the UK of 19.75% (2001-20%)	65,567	38,139
Effects of:		
Expenses not deductible for tax purposes	536	1,034
Capital allowances for period in excess of depreciation	(263)	239
Capitalised revenue expenditure	(90)	-
Profit on disposal of fixed assets	(310)	-
Charges on income	(39,500)	(15,000)
Current tax charge for year (see note above)	<u>25,940</u>	<u>24,412</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2002

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	2,761,341
Cost of sales	<u>(2,121,258)</u>
	640,083
Gross profit	
Administration expenses	(336,593)
Interest receivable	28,493
	<u>331,983</u>
Net profit before taxation	
Taxation	(25,940)
Covenant	<u>(200,000)</u>
Retained in subsidiary	<u>106,043</u>
The aggregate of the subsidiary's assets and liabilities was;	
Assets	1,404,309
Liabilities	<u>(1,186,152)</u>
Shareholders' funds	<u>218,157</u>

18 DIRECTORS AND EMPLOYEES

Staff costs

	2002 £	2001 £
Wages and salaries	481,741	408,969
Social security costs	56,723	48,422
Pension costs	26,008	25,535
	<u>564,472</u>	<u>482,926</u>

No employee earned more than £50,000 in the year

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

	2002 No.	2001 No.
Staff services	<u>17</u>	<u>20</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2002

19 COUNCIL OF MANAGEMENT

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

During the year, one non-executive director had expenses reimbursed of £127 (2001 - £157).

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.

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:

	2002		2001	
	Land and buildings £	Other £	Land and buildings £	Other £
Leases expiring				
- within 1 year	-	1,232	-	4,051
- between 2-5 years	-	23,530	-	13,574
- after 5 years	105,519	-	54,882	-
	<u>105,519</u>	<u>24,762</u>	<u>54,882</u>	<u>17,625</u>

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