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# FORM AR21

Trade Union and Labour Relations (Consolidation) Act 1992

## ANNUAL RETURN FOR A TRADE UNION

Name of Trade Union:	National Association of Head Teachers
Year ended:	31 December 2010
List no:	350T
Head or Main Office:	1 Heath Square Boltro Road, Haywards Heath, West Sussex, RH16 1BL
Website address (if available)	www.naht.org.uk
Has the address changed during the year to which the return relates?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> (Click the appropriate box)
General Secretary:	Russell Hobby
Telephone Number:	01444 472472
Contact name for queries regarding	Sailesh P Mehta
Telephone Number:	020 7388 7000
E-mail:	smehta@hwfisher.co.uk

PLEASE FOLLOW THE GUIDANCE NOTES IN THE COMPLETION OF THIS RETURN.

Any difficulties or problems in the completion of this return should be directed to the Certification Officer as below or by telephone to: 020 7210 3734

The address to which returns and other documents should be sent are:

For Unions based in England and Wales:

Certification Office for Trade Unions and Employers' Associations  
22<sup>nd</sup> Floor, Euston Tower, 286 Euston Road, London NW1 3JJ

For Unions based in Scotland:

Certification Office for Trade Unions and Employers' Associations  
Melrose House, 69a George Street, Edinburgh EH2 2JG



(Revised February 2011)

# RETURN OF MEMBERS

(see notes 10 and 11)

	NUMBER OF MEMBERS AT THE END OF THE YEAR				
	Great Britain	Northern Ireland	Irish Republic	Elsewhere Abroad (including Channel Islands)	TOTALS
MALE	13,404	441	0	562	14,407
FEMALE	23,637	480	0	1,196	25,313
TOTAL	37,041	921	0	1,758	A 39,720

Number of members included in totals box 'A' above for whom no home or authorised address is held:

0
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Number of members at end of year contributing to the General Fund

27,988
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## OFFICERS IN POST

(see note 12)

Please attach as an annexe to this form a complete list of all officers in post at the end of the year to which this form relates, with the title of each persons office.

## RETURN OF CHANGE OF OFFICERS

Please complete the following to record any changes of officers during the twelve months covered by this return.

Title of Office	Name of Officer ceasing to hold office	Name of Officer Appointed	Date
President	Chris Howard	Mike Welsh	30 <sup>th</sup> April 2010
Vice President	Mike Welsh	Chris Harrison	30 <sup>th</sup> April 2010
General Secretary	Mick Brookes	Russell Hobby	1 <sup>st</sup> September 2010

State whether the union is:

a. A branch of another trade union?

Yes

No

If yes, state the name of that other union:

--

b. A federation of trade unions?

Yes

No

If yes, state the number of affiliated unions:

--

and names:

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**National Association of Head Teachers**

**Return of Officers at 31 December 2010**

Mike Welsh	President
Chris Harrison	Vice President
Russell Hobby	General Secretary
Jack Hatch	National Treasurer

# GENERAL FUND

(see notes 13 to 18)

	£000's	£000's
<b>INCOME</b>		
<b>From Members:</b> Contributions and Subscriptions		8,061
<b>From Members:</b> Other income from members (specify)		
<b>Total other income from members</b>		
<b>Total of all income from members</b>		
<b>Investment income (as at page 12)</b>		31
<b>Other Income</b>		
Income from Federations and other bodies (as at page 4)		
Income from any other sources (as at page 4)	212	
<b>Total of other income (as at page 4)</b>		212
		<b>TOTAL INCOME</b>
		8,304
<b>EXPENDITURE</b>		
<b>Benefits to members (as at page 5)</b>		2,867
<b>Administrative expenses (as at page 10)</b>		4,654
<b>Federation and other bodies (specify)</b>		
<b>Total expenditure Federation and other bodies</b>		
<b>Taxation</b>		
		<b>TOTAL EXPENDITURE</b>
		7,521
		Surplus (deficit) for year
		783
		Amount of general fund at beginning of year
		3,823
		Pension scheme actuarial loss
		(179)
		Amount of general fund at end of year
		4,427

# ANALYSIS OF INCOME FROM FEDERATION AND OTHER BODIES AND OTHER INCOME

(see notes 19 and 20)

DESCRIPTION	£000's	£000's
<b>Federation and other bodies</b>		
<b>TOTAL FEDERATION AND OTHER BODIES</b>		
<b>Other income</b>		
Profit on disposal of investments	27	
Commissions received	154	
Miscellaneous	31	
<b>TOTAL OTHER INCOME</b>		212
<b>TOTAL OF ALL OTHER INCOME</b>		212

# ANALYSIS OF BENEFIT EXPENDITURE SHOWN AT GENERAL FUND

(see notes 21 to 23)

	£000's		£000's
Representation – Employment Related Issues	140	<b>brought forward</b>	901
		Education and Training services	
Representation – Non Employment Related Issues		Negotiated Discount Services	80
Communications	338	Salary Costs	1,886
Advisory Services		Other Benefits and Grants (specify)	
Dispute Benefits			
Other Cash Payments			
Recruitment	241		
Research and development	5		
Subscriptions and affiliations	24		
SATS awareness campaign	153		
<b>carried forward</b>	901	<b>Total (should agree with figure in General Fund)</b>	2,867

(See notes 24 and 25)

FUND 2		Fund Account	
Name:	Legal Fund	£000's	£000's
<b>Income</b>			
	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	<b>Total other income as specified</b>		
	<b>Total Income</b>		
<b>Expenditure</b>			
	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	<b>Total Expenditure</b>		
	<b>Surplus (Deficit) for the year</b>		
	<b>Amount of fund at beginning of year</b>		1,000
	<b>Amount of fund at the end of year (as Balance Sheet)</b>		1,000
	<b>Number of members contributing at end of year</b>		N/A

FUND 3		Fund Account	
Name:		£	£
<b>Income</b>			
	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	<b>Total other income as specified</b>		
	<b>Total Income</b>		
<b>Expenditure</b>			
	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	<b>Total Expenditure</b>		
	<b>Surplus (Deficit) for the year</b>		
	<b>Amount of fund at beginning of year</b>		
	<b>Amount of fund at the end of year (as Balance Sheet)</b>		
	<b>Number of members contributing at end of year</b>		

(See notes 24 and 25)

<b>FUND 4</b>		<b>Fund Account</b>	
<b>Name:</b>		<b>£</b>	<b>£</b>
<b>Income</b>	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	<b>Total other income as specified</b>		
	<b>Total Income</b>		
<b>Expenditure</b>	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	<b>Total Expenditure</b>		
	<b>Surplus (Deficit) for the year</b>		
	<b>Amount of fund at beginning of year</b>		
	<b>Amount of fund at the end of year (as Balance Sheet)</b>		
	<b>Number of members contributing at end of year</b>		

<b>FUND 5</b>		<b>Fund Account</b>	
<b>Name:</b>		<b>£</b>	<b>£</b>
<b>Income</b>	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	<b>Total other income as specified</b>		
	<b>Total Income</b>		
<b>Expenditure</b>	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	<b>Total Expenditure</b>		
	<b>Surplus (Deficit) for the year</b>		
	<b>Amount of fund at beginning of year</b>		
	<b>Amount of fund at the end of year (as Balance Sheet)</b>		
	<b>Number of members contributing at end of year</b>		



(See notes 24 and 25)

FUND 6		Fund Account	
Name:		£	£
<b>Income</b>	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	<b>Total other income as specified</b>		
	<b>Total Income</b>		
<b>Expenditure</b>	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	<b>Total Expenditure</b>		
	<b>Surplus (Deficit) for the year</b>		
	<b>Amount of fund at beginning of year</b>		
	<b>Amount of fund at the end of year (as Balance Sheet)</b>		
	<b>Number of members contributing at end of year</b>		

FUND 7		Fund Account	
Name:		£	£
<b>Income</b>	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	<b>Total other income as specified</b>		
	<b>Total Income</b>		
<b>Expenditure</b>	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	<b>Total Expenditure</b>		
	<b>Surplus (Deficit) for the year</b>		
	<b>Amount of fund at beginning of year</b>		
	<b>Amount of fund at the end of year (as Balance Sheet)</b>		
	<b>Number of members contributing at end of year</b>		

(see notes 26 to 31)

<b>POLITICAL FUND ACCOUNT 1</b>		<b>To be completed by trade unions which maintain their own fund</b>		
		<b>£</b>	<b>£</b>	
<b>Income</b>	Members contributions and levies			
	Investment income (as at page 12)			
	Other income (specify)			
	Total other income as specified			
	Total income			
<b>Expenditure</b>	Expenditure under section 82 of the Trade Union and Labour Relations (Consolidation) Act 1992 (specify)			
	Administration expenses in connection with political objects (specify)			
	Non-political expenditure			
		Total expenditure		
		Surplus (deficit) for year		
		Amount of political fund at beginning of year		
		Amount of political fund at the end of year (as Balance Sheet)		
		Number of members at end of year contributing to the political fund		
		Number of members at end of the year not contributing to the political fund		
		Number of members at end of year who have completed an exemption notice and do not therefore contribute to the political fund		

<b>POLITICAL FUND ACCOUNT 2</b>		<b>To be completed by trade unions which act as components of a central trade union</b>		
		<b>£</b>	<b>£</b>	
<b>Income</b>	Contributions and levies collected from members on behalf of central political fund			
	Funds received back from central political fund			
	Other income (specify)			
	Total other income as specified			
	Total income			
<b>Expenditure</b>	Expenditure under section 82 of the Trade Union and Labour Relations (Consolidation) Act 1992 (specify)			
	Administration expenses in connection with political objects (specify)			
	Non-political expenditure			
		Total expenditure		
		Surplus (deficit) for year		
		Amount held on behalf of trade union political fund at beginning of year		
		Amount remitted to central political fund		
		Amount held on behalf of central political fund at end of year		
		Number of members at end of year contributing to the political fund		
		Number of members at end of the year not contributing to the political fund		
	Number of members at end of year who have completed an exemption notice and do not therefore contribute to the political fund			

# ANALYSIS OF ADMINISTRATIVE EXPENSES AND OTHER OUTGOINGS EXCLUDING AMOUNTS CHARGED TO POLITICAL FUND ACCOUNTS

(see notes 32 and 33)

	£000's
<b>Administrative Expenses</b>	
Remuneration and expenses of staff	2,347
Salaries and Wages included in above	£1,971,000
Auditors' fees	46
Legal and Professional fees	156
Occupancy costs	153
Stationery, printing, postage, telephone, etc.	124
Expenses of Executive Committee (Head Office)	
Expenses of conferences	322
Other administrative expenses (specify)	
Council Activity	361
Regional and Branch Costs	596
Miscellaneous	309
<b>Other Outgoings</b>	
Interest payable:	
Bank loans (including overdrafts)	
Mortgages	
Other loans	
Depreciation	219
Taxation	
Outgoings on land and buildings (specify)	
Other outgoings (specify)	
Bank charges	21
<b>Total</b>	4,654
Charged to:	
General Fund (Page 3)	4,654
Fund (Account )	
Fund (Account )	
Fund (Account )	
Fund (Account )	
<b>Total</b>	4,654

# ANALYSIS OF OFFICIALS SALARIES AND BENEFITS

(see notes 34 to 44 below)

Office held	Gross Salary £	Employers N.I. contributions £	Benefits			Total £
			Pension Contribution s £	Other Benefits		
				Description	Value £	
General Secretary (1/1/10 to 31/8/10)	71,944	7,887	14,389	Medical Insurance	2,675	96,895
General Secretary (1/9/10 to 31/12/10)	38,333	4,647	4,216	Medical Insurance	742	
				Company car lease rental	1,482	
				Sub total	2,224	49,420

# ANALYSIS OF INVESTMENT INCOME

(see notes 45 and 46)

	Political Fund £		Other Fund(s) £000's
Rent from land and buildings			
Dividends (gross) from:			
Equities (e.g. shares)			23
Interest (gross) from:			
Government securities (Gilts)			3
Mortgages			
Local Authority Bonds			
Bank and Building Societies			5
Other investment income (specify)			
			31
Total investment income			31
Credited to:			
General Fund (Page 3)			31
Fund (Account )			
Fund (Account )			
Fund (Account )			
Fund (Account )			
Fund (Account )			
Political Fund			
Total Investment Income			31

# BALANCE SHEET as at 31 December 2010

(see notes 47 to 50)

Previous Year		£000's	£000's
2,616	<b>Fixed Assets</b> (at page 14)		2,400
	<b>Investments</b> (as per analysis on page 15)		
887	Quoted (Market value £ 1,304)	941	
	Unquoted		
887	<b>Total Investments</b>		941
	<b>Other Assets</b>		
	Loans to other trade unions		
266	Sundry debtors	190	
1,787	Cash at bank and in hand	1,709	
	Income tax to be recovered		
	Pension asset	549	
310	Others (specify) Branch current accounts	283	
2,363	<b>Total of other assets</b>		2,731
5,866	<b>TOTAL ASSETS</b>		6,072
3,823	Fund (Account 1)		4,427
1,000	Fund (Account 2)		1,000
	Fund (Account )		
	Superannuation Fund (Account )		
	Political Fund (Account )		
360	Revaluation Reserve		263
	<b>LIABILITIES</b>		
	Amount held on behalf of central trade union political fund		
	Loans: From other trade unions		
	Loans: Other		
	Bank overdraft		
	Tax payable		
626	Sundry creditors	382	
	Accrued expenses		
	Provisions		
57	Net pension liability		
	<b>TOTAL LIABILITIES</b>		382
5,866	<b>TOTAL ASSETS</b>		6,072

# FIXED ASSETS ACCOUNT

(see notes 51 to 55)

	Land and Buildings		Furniture and Equipment £000's	Motor Vehicles £	Not used for union business £	Total £000's
	Freehold Leasehold £000's	£000's				
<b>Cost or Valuation</b>						
At start of year	1,488	704	1,920			4,112
Additions			132			132
Disposals			(31)			(31)
Revaluation/Transfer s	(238)					(238)
At end of year	1,250	704	2,021			3,975
<b>Accumulated Depreciation</b>						
At start of year	141	68	1,287			1,496
Charges for year	23	13	214			250
Disposals			(30)			(30)
Revaluation/Transfer s	(141)					(141)
At end of year	23	81	1,471			1,575
<b>Net book value at end of year</b>	1,227	623	550			2,400
<b>Net book value at end of previous year</b>	1,347	636	633			2,616

# ANALYSIS OF INVESTMENTS

(see notes 56 and 57)

QUOTED		All Funds Except Political Funds £000's	Political Fund  £
	Equities (e.g. Shares)	746	
	Government Securities (Gilts)	103	
	Other quoted securities (to be specified)	92	
	TOTAL QUOTED (as Balance Sheet)	941	
	Market Value of Quoted Investment	1,304	
UNQUOTED	Equities		
	Government Securities (Gilts)		
	Mortgages		
	Bank and Building Societies		
	Other unquoted investments (to be specified)		
	TOTAL UNQUOTED (as Balance Sheet)		
	Market Value of Unquoted Investments		



# ANALYSIS OF INVESTMENT INCOME (CONTROLLING INTERESTS)

(see notes 58 and 59)

<b>Does the union, or any constituent part of the union, have a controlling interest in any limited company?</b>		YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
If YES name the relevant companies:			
COMPANY NAME	COMPANY REGISTRATION NUMBER (if not registered in England & Wales, state where registered)		
<b>Are the shares which are controlled by the union registered in the names of the union's trustees?</b>		YES <input type="checkbox"/>	NO <input type="checkbox"/>
If NO, state the names of the persons in whom the shares controlled by the union are registered.			
COMPANY NAME	NAMES OF SHAREHOLDERS		

# SUMMARY SHEET

(see notes 60 to 71)

	All funds except Political Funds £000's	Political Funds £	Total Funds £000's
<b>INCOME</b>			
From Members	8,061		8,061
From Investments	31		31
Other Income (including increases by revaluation of assets)	212		212
<b>Total Income</b>	<b>8,304</b>		<b>8,304</b>
<b>EXPENDITURE</b> (including decreases by revaluation of assets)			
<b>Total Expenditure</b>	<b>7,797</b>		<b>7,797</b>
<b>Funds at beginning of year</b> (including reserves)	5,183		5,183
<b>Funds at end of year</b> (including reserves)	5,690		5,690
<b>ASSETS</b>			
Fixed Assets			2,400
Investment Assets			941
Other Assets			2,731
		<b>Total Assets</b>	<b>6,072</b>
<b>LIABILITIES</b>			
		<b>Total Liabilities</b>	<b>382</b>
<b>NET ASSETS (Total Assets less Total Liabilities)</b>			<b>5,690</b>

# NOTES TO THE ACCOUNTS

(see notes 72 and 73)

All notes to the accounts must be entered on or attached to this part of the return.

See attached notes to the accounts

# ACCOUNTING POLICIES

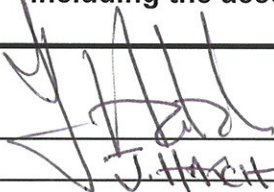
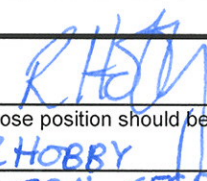
(see notes 74 and 75)

See attached notes to the accounts

## SIGNATURES TO THE ANNUAL RETURN

(see notes 76 and 77)

including the accounts and balance sheet contained in the return.

Secretary's Signature: <u></u> Name: <u>J. HATCH</u> Date: <u>17. 5. 2011</u>	Chairman's Signature: <u></u> (or other official whose position should be stated) Name: <u>R. HOBBY</u> <u>GENERAL SECRETARY</u> Date: <u>16/5/11</u>
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## CHECK LIST

(see notes 78 to 80)

(please tick as appropriate)

IS THE RETURN OF OFFICERS ATTACHED? (see Page 2 and Note 12)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
HAS THE RETURN OF CHANGE OF OFFICERS BEEN COMPLETED? (see Page 2 and Note 12)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
HAS THE RETURN BEEN SIGNED? (see Pages 19 and 21 and Notes 76 and 77)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
HAS THE AUDITOR'S REPORT BEEN COMPLETED? (see Pages 20 and 21 and Notes 2 and 77)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
IS A RULE BOOK ENCLOSED? (see Notes 8 and 78)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
A MEMBER'S STATEMENT IS: (see Note 80)	ENCLOSE D	<input type="checkbox"/>	TO FOLLOW	<input checked="" type="checkbox"/>
HAS THE SUMMARY SHEET BEEN COMPLETED (see Page 17 and Notes 7 and 59)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>

# AUDITOR'S REPORT

(see notes 81 to 86)

made in accordance with section 36 of the Trade Union and Labour Relations (Consolidation) Act 1992.

1. In the opinion of the auditors or auditor do the accounts they have audited and which are contained in this return give a true and fair view of the matters to which they relate?  
(See section 36(1) and (2) of the 1992 Act and notes 83 and 84)

YES

If "No" please explain below.

2. Have the auditors or auditor carried out such investigations in the preparation of their audit report as will enable them to form an opinion as to:
- (a) whether the trade union has kept proper accounting records in accordance with section 28 of the 1992 Act;
  - (b) whether it has maintained a satisfactory system of control over its transactions in accordance with the requirements of that section; and
  - (c) whether the accounts to which the report relates agree with the accounting records?
- (See section 36(3) of the 1992 Act, set out in note 83)

YES

If "No" please explain below.

3. Are the auditors or auditor of the opinion that the union has complied with section 28 of the 1992 Act and has:
- (a) kept proper accounting records with respect to its transactions and its assets and liabilities; and
  - (b) established and maintained a satisfactory system of control of its accounting records, its cash holding and all its receipts and remittances.
- (See section 36(4) of the 1992 Act set out in rule 83)

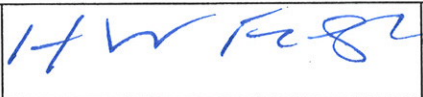
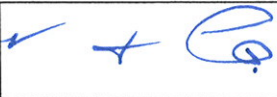
YES

If "No" please explain below.

4. Please set out a copy of the report made by the auditors or auditor to the union on the accounts to which this AR21 relates. The report is to set out the basis upon which the audit has been conducted and/or such other statement as the auditor considers appropriate. Such a statement may be provided as a separate document.  
(See note 85)

Copy of auditor's report attached.

# AUDITOR'S REPORT (continued)

Signature(s) of auditor or auditors:		
Name(s):	H W Fisher & Company	
Profession(s) or Calling(s):	Chartered Accountants	
Address(es):	Acre House 11 – 15 William Road London United Kingdom	
Date:	23 May 2011	
Contact name and telephone number:	Sailesh Mehta 020 7388 7000	

N.B. When notes to the accounts are referred to in the auditor's report a copy of those notes must accompany this return.

**REPORT OF THE INDEPENDENT AUDITORS  
TO THE MEMBERS OF THE  
NATIONAL ASSOCIATION OF HEAD TEACHERS**



We have audited the financial statements of the National Association of Head Teachers for the year ended 31 December 2010, set out on pages 7 to 23. 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 Association's members, as a body. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the Association's National Council and auditors**

As explained more fully in the Statement of Responsibilities of the National Council on page 5, the Association's National Council is responsible for the preparation of financial statements which 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 on 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 Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Association's National Council; and the overall presentation of the financial statements.

**Opinion on financial statements**

In our opinion the financial statements give a true and fair view of the state of the Association's affairs as at 31 December 2010 and of its income and expenditure for the year then ended.

**Matters on which we are required to report by exception**

We are required by the Trade Union and Labour Relations (Consolidation) Act 1992 (Amended) to report to you by exception in respect of the following matters if, in our opinion:

- A satisfactory system of control over transactions has not been maintained.
- The Association has not kept proper accounting records.
- The financial statements are not in agreement with the books of account.
- We have not received all the information and explanations we need for our audit.

We have nothing to report to you in respect of the above matters.

**H W FISHER & COMPANY**  
*Chartered Accountants*  
*Statutory Auditor*

**Dated: 3 March 2011**

**Acre House**  
**11 – 15 William Road**  
**London NW1 3ER**  
**United Kingdom**

# NATIONAL ASSOCIATION OF HEAD TEACHERS

## ACCOUNTING POLICIES

YEAR ENDED 31 DECEMBER 2010

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### ACCOUNTING CONVENTION

The accounts are prepared under the historical cost convention, modified to include the revaluation of land and buildings, and follow all applicable accounting standards.

### CONTRIBUTION INCOME

Contribution income is accounted for on an accruals basis.

### EXPENDITURE

All expenditure in the accounts is inclusive of VAT where applicable.

### DEPRECIATION

Depreciation is provided on all tangible fixed assets, except freehold land, at rates estimated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life as follows:

Freehold property	2%	Straight line
Long leasehold property	2%	Straight line
Furniture	10%	Straight line
Equipment	25%	Straight line

### CORPORATION TAX

Corporation tax is payable on investment income and chargeable gains but only to the extent that these exceed provident benefit expenditure.

### INVESTMENTS

Investments are stated at cost. Provision is made against investments where there is an impairment to their value.

### PENSION COSTS

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using the Projected Unit Method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the Association's defined benefit pension scheme expected to arise from employee service in the period is charged to the income and expenditure account. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance charges. Actuarial gains and losses are recognised by transfer to the general fund.

### OPERATING LEASES

Rental payments in respect of operating leases are charged to the income and expenditure account.



# NATIONAL ASSOCIATION OF HEAD TEACHERS

## NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 2010

1	<b>OTHER INCOME</b>	2010 £'000	2009 £'000
	Investment income	31	35
	Profit/(Loss) on disposal of investments	27	(11)
	Commissions received	154	152
	Miscellaneous	31	33
		<u>243</u>	<u>209</u>
		<u><u>243</u></u>	<u><u>209</u></u>
2	<b>REGION AND BRANCH SUPPORT</b>	2010 £'000	2009 £'000
	Region, branch and local association costs	270	233
	Regional Officers salaries and expenses	1,542	1,514
	Regional Offices	283	280
		<u>2,095</u>	<u>2,027</u>
		<u><u>2,095</u></u>	<u><u>2,027</u></u>
3	<b>MEMBERSHIP ACTIVITY</b>	2010 £'000	2009 £'000
	Legal representation (including staff costs)	437	558
	Costs recovered in respect of legal cases	(9)	(20)
	Professional advice, salaries and pensions (staff costs)	919	980
	Education and policy (staff costs)	329	232
	Printing and distribution of publications	318	352
	Web site design and maintenance	20	18
	Web site and publications (staff costs)	171	182
	Recruitment costs	241	240
	Training and conferences (including staff costs)	179	334
	Members insurance	80	79
	Research and development	5	29
	SATS awareness campaign	153	79
	Members claims	-	1
	Subscriptions and affiliations	24	23
		<u>2,867</u>	<u>3,087</u>
		<u><u>2,867</u></u>	<u><u>3,087</u></u>

# NATIONAL ASSOCIATION OF HEAD TEACHERS

## NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2010

4	COUNCIL ACTIVITY	2010 £'000	2009 £'000
	Council meetings	243	222
	Council - other business	68	83
	Sector groups and committees	50	43
		<u>361</u>	<u>348</u>
		<u><u>361</u></u>	<u><u>348</u></u>
5	PROPERTY AND EQUIPMENT COSTS	2010 £'000	2009 £'000
	Rent, rates, utilities and cleaning	105	114
	Property repairs	24	22
	Hire and maintenance of equipment	79	81
	Insurance	24	22
	Depreciation	250	289
	Depreciation reallocated to Regional Offices	(31)	(34)
	Loss on disposal of fixed assets	1	-
		<u>452</u>	<u>494</u>
		<u><u>452</u></u>	<u><u>494</u></u>
6	COMMUNICATION AND ADMINISTRATION COSTS	2010 £'000	2009 £'000
	Staff costs	984	887
	Staff recruitment and training	99	128
	Telephone	66	47
	Printing, postage and stationery	58	79
	Staff travel	87	69
	Maintenance costs	65	77
	Media functions	67	38
	Miscellaneous administrative expenses	31	22
		<u>1,457</u>	<u>1,347</u>
		<u><u>1,457</u></u>	<u><u>1,347</u></u>
7	PROFESSIONAL COSTS	2010 £'000	2009 £'000
	Bank charges and interest	21	19
	Professional fees	126	209
	Audit and accountancy	46	31
		<u>193</u>	<u>259</u>
		<u><u>193</u></u>	<u><u>259</u></u>

# NATIONAL ASSOCIATION OF HEAD TEACHERS

## NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2010

8 ALLOCATION OF STAFF COSTS		2010 £'000	2009 £'000
Salaries		3,508	3,459
National insurance		328	306
Pension costs:			
- normal		584	603
- additional payments:			
- Actuarial recovery plan		450	450
- Employer's contribution		100	100
		550	550
Pension regulatory levy		30	4
Recruitment and training		99	128
		5,099	5,050
		5,099	5,050
<b>Allocated to :</b>	<b>Note</b>		
Regional officers and other regional staff	2	1,499	1,464
Legal representation	3	288	279
Training and conferences	3	230	333
Professional advice, salaries and pensions	3	919	980
Education and policy	3	329	232
Web site and publications	3	171	182
Communications and administration			
- staff	6	984	898
- recruitment and training	6	99	128
		4,519	4,496
Additional payments to the pension scheme			
- Actuarial recovery plan		450	450
- Employers contribution		100	100
(This item is disclosed directly in the Income and Expenditure account on page 7)		550	550
Pension regulatory levy		30	4
		5,099	5,050
		5,099	5,050
<b>9 OTHER FINANCE COSTS</b>		<b>2010</b> £'000	<b>2009</b> £'000
Expected return on pension scheme assets		(381)	(237)
Interest on pension scheme liabilities		424	380
		43	143
		43	143

# NATIONAL ASSOCIATION OF HEAD TEACHERS

## NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 2010

### 10 FIXED ASSETS

	Land and Buildings		Furniture and equipment	Total
	Freehold	Long Leasehold		
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 January 2010	1,488	704	1,920	4,112
Additions	-	-	132	132
Disposals	-	-	(31)	(31)
Revaluation	(238)	-	-	(238)
<b>At 31 December 2010</b>	<u>1,250</u>	<u>704</u>	<u>2,021</u>	<u>3,975</u>
<b>Depreciation</b>				
At 1 January 2010	141	68	1,287	1,496
Charge for the year	23	13	214	250
Disposals	-	-	(30)	(30)
Revaluation	(141)	-	-	(141)
<b>At 31 December 2010</b>	<u>23</u>	<u>81</u>	<u>1,471</u>	<u>1,575</u>
<b>Net book value</b>				
At 31 December 2010	<u>1,227</u>	<u>623</u>	<u>550</u>	<u>2,400</u>
<i>At 31 December 2009</i>	<u>1,347</u>	<u>636</u>	<u>633</u>	<u>2,616</u>

The freehold properties were revalued in December 2010 by Clifford Dann, Chartered Surveyors. Their valuation was prepared in accordance with the RICS Appraisal and Valuation Manual as published by the Royal Institution of Chartered Surveyors, on an Open Market Value basis.

The Association has capital commitments of £17,000 (2009: £119,000) which have been contracted for but not provided in the accounts for the year ended 31 December 2010.

# NATIONAL ASSOCIATION OF HEAD TEACHERS

## NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2010

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### 10 FIXED ASSETS (continued)

#### Comparable historical cost for freehold land and buildings

	£'000
<b>Cost</b>	
At 1 January 2010	1,313
Additions	-
	<hr/>
<b>At 31 December 2010</b>	<b>1,313</b>
	<hr/> <hr/>
<b>Depreciation</b>	
At 1 January 2010	134
Charge for the year	26
	<hr/>
<b>At 31 December 2010</b>	<b>160</b>
	<hr/> <hr/>
<b>Net book values</b>	
<b>At 31 December 2010</b>	<b>1,153</b>
	<hr/> <hr/>
<i>At 31 December 2009</i>	<i>1,179</i>
	<hr/> <hr/>

# NATIONAL ASSOCIATION OF HEAD TEACHERS

## NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2010

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### 11 INVESTMENTS

	Listed Investments £'000
<b>Cost</b>	
At 1 January 2010	947
Additions	108
Disposals	(71)
<b>At 31 December 2010</b>	<u>984</u>
<b>Provision for diminution in value</b>	
At 1 January 2010	60
Provision for the year	(17)
<b>At 31 December 2010</b>	<u>43</u>
<b>Net book value</b>	
At 31 December 2010	<u><u>941</u></u>
<i>At 31 December 2009</i>	<u><u>887</u></u>

The market value of the listed investments at 31 December 2010 was £1,304,000 (2009: £1,143,000).

### 12 LEGAL FUND

	£'000
At 1 January 2010 and at 31 December 2010	<u><u>1,000</u></u>

# NATIONAL ASSOCIATION OF HEAD TEACHERS

## NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2010

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### 13 REVALUATION RESERVE

	£'000
At 1 January 2010	360
Deficit on revaluation of freehold land and buildings	(97)
At 31 December 2010	<u>263</u>

### 14 NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2010 £'000	2009 £'000
Operating deficit for the year	(2)	(202)
Dividend and interest income receivable	(31)	(35)
Loss on disposal of fixed assets	1	.
Release of provision against investments	(17)	(81)
Depreciation	250	289
Loss/(Profit) on disposal of investments	(27)	11
Movements in:		
Sundry debtors and prepayments	76	39
Sundry creditors and accrued expenses	(244)	(321)
Net cash inflow/(outflow) from Operating Activities	<u>6</u>	<u>(300)</u>

# NATIONAL ASSOCIATION OF HEAD TEACHERS

## NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2010

### 15 DECREASE IN CASH

	At 1 January 2010 £'000	Cashflow £'000	At 31 December 2010 £'000
Cash at bank	1,787	(78)	1,709
Branch current accounts	310	(27)	283
	<u>2,097</u>	<u>(105)</u>	<u>1,992</u>

### 16 CONTINGENT LIABILITIES

The Association is involved in numerous ongoing legal cases on behalf of its members, the outcome of which is uncertain. Provision has been made for the estimated costs where the Association considers that they may not be successful.

### 17 OPERATING LEASE COMMITMENTS

At 31 December 2010 there were annual commitments under non-cancellable operating leases as set out below:

	Motor Vehicle		Office Equipment	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Operating leases which expire:				
Within one year	25	19	-	-
In the second to fifth years inclusive	32	3	53	63
	<u>57</u>	<u>22</u>	<u>53</u>	<u>63</u>



# NATIONAL ASSOCIATION OF HEAD TEACHERS

## NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2010

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### 18 STAFF PENSION SCHEME

The Association operates two pension schemes:

(1) A defined contribution scheme introduced from 1 January 2009. The Association contributes a matched amount to that contributed by the members to a maximum of 20%. The pension cost in the year amounted to £56,000 (2009: £8,000).

(2) A defined benefit scheme, closed to new members, which provides benefits based on final pensionable salary.

#### Actuarial valuation

A full actuarial valuation has been carried out as at 1 April 2007. It showed that the actuarial value of the assets at 1 April 2007 was £4,905,000. The estimated actuarial value of the liabilities was assessed as being £7,860,000, which represents an actuarial deficit of £2,955,000. This results in a funding level of 62% comparing the assets to the projected liabilities.

The next actuarial valuation has been carried out as at 1 April 2010 but the figures have not yet been finalised. The preliminary results of this valuation show that the actuarial value of the assets was £8,162,000. The estimated actuarial value of the liabilities was assessed as being £10,399,000, which represents an actuarial deficit of £2,237,000. This results in a funding level of 78% comparing the assets to the projected liabilities.

The recovery plan agreed at the time of the 2007 valuation remains in place. Payments made in the year amounted to £450,000 (2009: £450,000).

As at 31 December 2010 the future funding rate had not been agreed. However, from 1 February 2010 the Association is funding future service at 20% of pensionable pay. Prior to 1 February 2010 the Association funded future service at the rate of 19% or 20% of pensionable pay.

In addition, from 1 February 2010, the employee contributes 9.5% of pensionable pay. Prior to 1 February 2010 the employee contributed 5.75% or 7.5% of pensionable pay depending on benefit category.

An additional employer contribution of £100,000 was made in 2010 (2009: £100,000).

#### FRS17

The preliminary results of the actuarial valuation carried out as at 1 April 2010 have been updated by the Association's actuaries to take account of FRS 17 in order to assess the liabilities of the scheme as at 31 December 2010. The scheme assets are stated at their market value as at 31 December 2010.

# NATIONAL ASSOCIATION OF HEAD TEACHERS

## NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 2010

### 18 STAFF PENSION SCHEME (continued)

The main financial assumptions, used in preparing the 2010 valuation under FRS 17, were:

	2010	2009	2008
Rate of increase in pensionable salaries	4.5%	4.6%	4.6%
Rate of increase in pensions in payment	3.4%	3.5%	3.0%
Discount rate	5.4%	5.7%	6.4%
Rate of inflation	3.5%	3.6%	3.1%
Mortality table	PA92 Medium cohort	PA92 Medium cohort	PA92 Medium cohort

### Net assets/(liabilities) of the scheme

The fair value of the assets in the scheme and the expected rate of return at 31 December 2010 were:

	Long term rate of return per annum			Value		
	2010	2009	2008	2010	2009	2008
				£'000	£'000	£'000
Equities	5.2%	5.5%	4.7%	5,459	5,527	3,388
Bonds	3.2%	3.5%	2.7%	1,621	2,016	1,419
Other	3.2%	3.5%	2.7%	1,416	563	944
Total market value of assets				8,496	8,106	5,751
Present value of liabilities				(7,947)	(8,163)	(5,837)
Net pension asset/(liability)				549	(57)	(86)

### Reconciliation of opening and closing balances of the present value of the scheme liabilities

	2010	2009
	£'000	£'000
Scheme liabilities at start of period	8,163	5,837
Current service cost	256	400
Interest cost	424	380
Contributions by scheme participants	182	183
Actuarial losses/(gains)	511	1,607
Benefits paid, death in service insurance premiums and expenses	(1,589)	(244)
Scheme liabilities at end of period	7,947	8,163

# NATIONAL ASSOCIATION OF HEAD TEACHERS

## NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2010

### 18 STAFF PENSION SCHEME (continued)

#### Reconciliation of opening and closing balances of the fair value of scheme assets

	2010	2009
	£'000	£'000
Fair value of scheme assets at start of period	8,106	5,751
Expected return on scheme assets	381	237
Actuarial gains	332	1,087
Contributions by employer	1,084	1,092
Contributions by scheme participants	182	183
Benefits paid, death in service insurance premiums and expenses	<u>(1,589)</u>	<u>(244)</u>
Fair value of scheme assets at end of year	<u><u>8,496</u></u>	<u><u>8,106</u></u>

#### Total expense recognised in income and expenditure account

	2010	2009
	£'000	£'000
Current service cost	256	400
Interest cost	424	380
Expected return on scheme assets	<u>(381)</u>	<u>(237)</u>
Total expense recognised	<u><u>299</u></u>	<u><u>543</u></u>

#### Analysis of the amount charged to other finance expenditure

	2010	2009
	£'000	£'000
Expected return on pension scheme assets	381	237
Interest on pension scheme liabilities	<u>(424)</u>	<u>(380)</u>
Net return	<u><u>(43)</u></u>	<u><u>(143)</u></u>

# NATIONAL ASSOCIATION OF HEAD TEACHERS

## NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2010

### 18 STAFF PENSION SCHEME (continued)

#### Analysis of amount recognised in statement of total recognised gains and losses (STRGL)

	2010 £'000	2009 £'000
Actual return less expected return on pension scheme assets	332	1,087
Experience gains and losses arising on the scheme liabilities	(174)	(122)
Changes in assumptions underlying the present value of the scheme liabilities	(337)	(1,485)
Actuarial losses	(179)	(520)

#### Movement in the FRS 17 deficit during the year

	2010 £'000	2009 £'000
Movement in year:		
Current service cost	(256)	(400)
Contributions	1,084	1,092
	828	692
Other finance expenditure	(43)	(143)
Actuarial loss	(179)	(520)
	606	29
Deficit in the scheme at the beginning of the year	(57)	(86)
Surplus/(Deficit) in the scheme at the end of the year	549	(57)

#### History of experience gains and losses

	2010	2009	2008
Difference between the expected and actual return on scheme assets:			
Amount (£'000s)	332	1,087	(1,698)
Percentage of scheme assets	4%	13%	(30%)
Experience gains and losses on scheme liabilities:			
Amount (£'000s)	(174)	(122)	(850)
Percentage of the present value of the scheme liabilities	(2%)	(1%)	(15%)
Changes in assumptions underlying the present value of the scheme liabilities:			
Amount (£'000s)	(337)	(1,485)	1,604
Percentage of the present value of the scheme liabilities	(4%)	(18%)	27%
Total amount recognised in the STRGL			
Amount (£'000s)	(179)	(520)	(944)
Percentage of the present value of the scheme liabilities	(2%)	(6%)	(16%)