

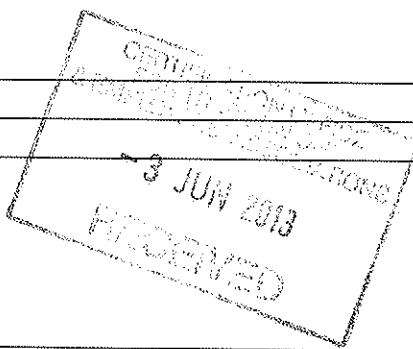
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FORM AR21

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 st December 2012
List no:	350T
Head or Main Office:	1 Heath Square Boltro Road Haywards Heath West Sussex, RH16 1BL
Website address (if available)	http://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"/>
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
22nd 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	12,892	417		427	13,736
FEMALE	24,552	486		981	26,019
TOTAL	37,444	903		1,408	A 39,755

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

Nil

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

27,514

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 Harrison	Steve Iredale	30/04/2012
Vice President	Steve Iredale	Bernadette Hunter	30/04/2012
Immediate Past President	Mike Welsh	Chris Harrison	30/04/2012

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:

National Association of Head Teachers

Schedule of Officers in place at 31 December 2012

Steve Iredale	President
Bernadette Hunter	Vice President
Chris Harrison	Immediate Past President
Jack Hatch	National Treasurer
Russell Hobby	General Secretary

GENERAL FUND

(see notes 13 to 18)

	£'000	£'000
INCOME		
From Members: Contributions and Subscriptions		8,133
From Members: Other income from members (specify)		
 Total other income from members		8,133
Total of all income from members		
Investment income (as at page 12)		36
Other Income		
Income from Federations and other bodies (as at page 4)		
Income from any other sources (as at page 4)	163	
 Total of other income (as at page 4)		163
		TOTAL INCOME
		8,332
EXPENDITURE		
Benefits to members (as at page 5)		2,872
Administrative expenses (as at page 10)		4,807
Federation and other bodies (specify)		
 Total expenditure Federation and other bodies		
Taxation		
		TOTAL EXPENDITURE
		7,679
	Surplus (deficit) for year	653
	Amount of general fund at beginning of year	3,500
	Pension scheme actuarial loss	(447)
	Amount of general fund at end of year	3,706

ANALYSIS OF INCOME FROM FEDERATION AND OTHER BODIES AND OTHER INCOME

(see notes 19 and 20)

DESCRIPTION	£'000	£'000
Federation and other bodies		
TOTAL FEDERATION AND OTHER BODIES		
Other income		
Commissions received	131	
Miscellaneous	32	
TOTAL OTHER INCOME		163
TOTAL OF ALL OTHER INCOME		163

ANALYSIS OF BENEFIT EXPENDITURE SHOWN AT GENERAL FUND

(see notes 21 to 23)

	£'000		£'000
Representation – Employment Related Issues	268	brought forward	994
		Education and Training services	
Representation – Non Employment Related Issues		Negotiated Discount Services	
		Members' insurance	86
Communications	226		
		Salary Costs	1,760
Advisory Services			
		Other Benefits and Grants (specify)	
Dispute Benefits		Services to Schools set-up costs	32
Other Cash Payments			
Recruitment	327		
Research and Development	31		
Subscriptions and Affiliations	40		
Marketing	62		
Campaigns	38		
Election costs	2		
carried forward	994	Total (should agree with figure in General Fund)	2,872

(See notes 24 and 25)

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

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

(See notes 24 and 25)

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

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

(See notes 24 and 25)

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

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

(see notes 26 to 31)

POLITICAL FUND ACCOUNT 1		To be completed by trade unions which maintain their own fund	
		£	£
Income	Members contributions and levies		
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		
	Total income		
Expenditure	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		

POLITICAL FUND ACCOUNT 2		To be completed by trade unions which act as components of a central trade union	
		£	£
Income	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		
Expenditure	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
Administrative Expenses	
Remuneration and expenses of staff	2,738
Salaries and Wages included in above	£2,180,000
Auditors' fees	36
Legal and Professional fees	100
Occupancy costs	163
Stationery, printing, postage, telephone, etc.	154
Expenses of Executive Committee (Head Office)	
Expenses of conferences	318
Other administrative expenses (specify)	
Council Activity	303
Regional and Branch costs	484
Miscellaneous	287
Other Outgoings	
Interest payable:	
Bank loans (including overdrafts)	
Mortgages	
Other loans	
Depreciation	199
Taxation	
Outgoings on land and buildings (specify)	
Other outgoings (specify)	
Bank charges	25
Total	4,807
Charged to:	
General Fund (Page 3)	4,807
Fund (Account)	
Fund (Account)	
Fund (Account)	
Fund (Account)	
Total	4,807

ANALYSIS OF OFFICIALS SALARIES AND BENEFITS

(see notes 34 to 44 below)

Office held	Gross Salary £	Employers N.I. contributions £	Pension Contributions s £	Benefits		Total £
				Description	Value £	
General Secretary	117,645	15,216	17,151	Medical Insurance	2,240	
				Car	4,657	
				Sub-total	6,897	156,909

ANALYSIS OF INVESTMENT INCOME

(see notes 45 and 46)

	Political Fund £'000		Other Fund(s) £'000
Rent from land and buildings			
Dividends (gross) from:			
Equities (e.g. shares)			33
Interest (gross) from:			
Government securities (Gilts)			3
Mortgages			
Local Authority Bonds			
Bank and Building Societies			3
Other investment income (specify)			
Loss on disposal of investments			(3)
		Total investment income	36
		Credited to:	
		General Fund (Page 3)	36
		Fund (Account)	
		Fund (Account)	
		Fund (Account)	
		Fund (Account)	
		Fund (Account)	
		Political Fund	
		Total Investment Income	36

BALANCE SHEET as at 31 December 2012

(see notes 47 to 50)

Previous Year		£'000	£'000
2,255	Fixed Assets (at page 14)		2,182
	Investments (as per analysis on page 15)	1,220	
1,213	Quoted (Market value £1,524,000)		
	Unquoted		
1,213	Total Investments		1,220
	Other Assets		
	Loans to other trade unions		
292	Sundry debtors	347	
1,412	Cash at bank and in hand	1,508	
	Income tax to be recovered		
	Stocks of goods		
285	Others (specify) Branch bank accounts	403	
1,989	Total of other assets		2,258
5,457	TOTAL ASSETS		5,660
3,500	Fund (Account 1)		3,706
1,000	Fund (Account 2)		1,000
	Fund (Account)		
	Superannuation Fund (Account)		
	Political Fund (Account)		
276	Revaluation Reserve		276
	LIABILITIES		
	Amount held on behalf of central trade union political fund		
	Loans: From other trade unions		
	Loans: Other		
	Bank overdraft		
	Tax payable		
474	Sundry creditors	585	
	Accrued expenses		
	Provisions		
207	Other liabilities: Pension scheme	93	
681	TOTAL LIABILITIES		678
5,457	TOTAL ASSETS		5,660

FIXED ASSETS ACCOUNT

(see notes 51 to 55)

	Land and Buildings		Furniture and Equipment £'000	Motor Vehicles £	Not used for union business £	Total £'000
	Freehold £'000	Leasehold £'000				
Cost or Valuation						
At start of year	1,250	669	2,091			4,010
Additions	-	-	153			153
Disposals	-	-	(202)			(202)
Revaluation/Transfer s						
At end of year	1,250	669	2,042			3,961
Accumulated Depreciation						
At start of year	46	47	1,662			1,755
Charges for year	24	10	192			226
Disposals	-	-	(202)			(202)
Revaluation/Transfer s						
At end of year	70	57	1,652			1,779
Net book value at end of year	1,180	612	390			2,182
Net book value at end of previous year	1,204	622	429			2,255

ANALYSIS OF INVESTMENTS

(see notes 56 and 57)

QUOTED	All Funds Except Political Funds £'000	Political Fund £
Equities (e.g. Shares)	1,037	
Government Securities (Gilts)	103	
Other quoted securities (to be specified)		
Hedge funds	80	
TOTAL QUOTED (as Balance Sheet)	1,220	
Market Value of Quoted Investment	1,524	
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)

Does the union, or any constituent part of the union, have a controlling interest in any limited company?		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)		
Are the shares which are controlled by the union registered in the names of the union's trustees?		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	Political Funds £'000	Total Funds £'000
INCOME			
From Members	8,133	-	8,133
From Investments	36	-	36
Other Income (including increases by revaluation of assets)	163	-	163
Total Income	8,332	-	8,332
EXPENDITURE (including decreases by revaluation of			
Total Expenditure	8,126	-	8,126
 Funds at beginning of year (including reserves)	4,776	-	4,776
Funds at end of year (including reserves)	4,982	-	4,982
 ASSETS			
Fixed Assets			2,182
Investment Assets			1,220
Other Assets			2,258
		Total Assets	5,660
LIABILITIES		Total Liabilities	678
NET ASSETS (Total Assets less Total Liabilities)			4,982

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

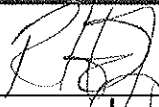
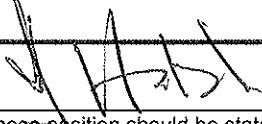
(see notes 74 and 75)

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:  Name: <u>RUSSELL HOBBY</u> Date: <u>18 May 2013</u>	Chairman's Signature:  (or other official whose position should be stated) Name: <u>JACK HATCH</u> Date: <u>18 May 2013</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)	ENCLOSED	<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

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

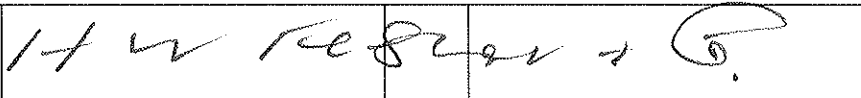
3. Are the auditors or auditor of the opinion that the union has complied with section 28 of the 1992 Act and has:
- (a) kept proper accounting records with respect to its transactions and its assets and liabilities; and
 - (b) established and maintained a satisfactory system of control of its accounting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

YES

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):	HW Fisher & Company
Profession(s) or Calling(s):	Chartered Accountants
Address(es):	Acre House 11 – 15 William Road London NW1 3ER
Date:	21 May 2013
Contact name and telephone number:	Sailesh P Mehta 0207 388 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 2012, set out on pages 8 to 24. 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 Executive and auditors

As explained more fully in the Statement of Responsibilities of the National Executive on page 6, the Association's National Executive 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 Executive; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the National Treasurer's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012 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 April 2013

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

NATIONAL ASSOCIATION OF HEAD TEACHERS

ACCOUNTING POLICIES

YEAR ENDED 31 DECEMBER 2012

ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention, modified to include the revaluation of land and buildings. With the exception of the departure from certain requirements of FRS17, as described under "Pension Costs" below, the financial statements 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. Provisions are considered on a portfolio basis and made where the market value of the portfolio as a whole indicates an impairment to its 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 liabilities expected to arise from employee service in the period is charged to the income and expenditure account. The Association's contributions to the pension scheme are included within operating expenditure, analysed between annual staff costs and "Additional payments to the pension scheme" as appropriate. The adjustment necessary to arrive at the current service cost, from the Association's contributions for the year, is disclosed as "Net pension scheme charges" and presented after the operating surplus or deficit for the year. This is a departure from one of the requirements of Financial Reporting Standard No. 17 "Retirement Benefits", to present current service cost for the year within operating results. As the service cost varies depending on periodic actuarial assumptions relating to the expected liabilities of the scheme, the Association considers that it does not give a true and fair view of its annual pension obligations to present this figure within its operating activities and has instead chosen to present the elements of the charge separately, on the basis described above.

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 expenditure".

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 FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2012

1	OTHER INCOME	2012 £'000	2011 £'000
	Investment income	39	36
	(Loss)/profit on disposal of investments	(3)	5
	Commissions received	131	140
	Miscellaneous	32	26
		<u>199</u>	<u>207</u>
		<u><u>199</u></u>	<u><u>207</u></u>
2	REGION AND BRANCH SUPPORT	2012 £'000	2011 £'000
	Region, branch and local association costs:		
	Remitted from Headquarters	233	249
	Increase in cash balances	(118)	(2)
	Regional Officers' salaries and expenses	1,654	1,657
	Provision for tax on branch payments	46	-
	Regional Offices	350	368
		<u>2,165</u>	<u>2,272</u>
		<u><u>2,165</u></u>	<u><u>2,272</u></u>
3	MEMBERSHIP ACTIVITY	2012 £'000	2011 £'000
	Legal representation (including staff costs)	517	544
	Costs recovered in respect of legal cases	(3)	(12)
	Staff costs: GS Unit	306	349
	Staff costs: professional advice	991	903
	Printing and distribution of publications	204	289
	Web site design and maintenance	22	22
	Staff costs: web site and publications	204	183
	Membership recruitment costs	327	342
	Marketing	62	-
	Election costs	2	-
	Training and conferences (net)	13	228
	Members insurance	86	81
	Insurance claims - not recoverable	-	10
	Campaigns	38	112
	Research and development	31	22
	Services to Schools set-up costs	32	33
	Members' claims	-	1
	Subscriptions and affiliations	40	20
		<u>2,872</u>	<u>3,127</u>
		<u><u>2,872</u></u>	<u><u>3,127</u></u>

NATIONAL ASSOCIATION OF HEAD TEACHERS

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2012

4	EXECUTIVE ACTIVITY	2012 £'000	2011 £'000
	Executive meetings	183	226
	Executive - Other Business	85	54
	Sector groups and committees	35	45
		<u>303</u>	<u>325</u>
		<u><u>303</u></u>	<u><u>325</u></u>
5	PROPERTY AND EQUIPMENT COSTS	2012 £'000	2011 £'000
	Rent, rates, utilities and cleaning	118	111
	Property repairs	22	23
	Hire and maintenance of equipment	94	73
	Insurance	23	23
	Depreciation	226	241
	Depreciation reallocated to Regional Offices	(27)	(27)
		<u>456</u>	<u>444</u>
		<u><u>456</u></u>	<u><u>444</u></u>
6	COMMUNICATION AND ADMINISTRATION COSTS	2012 £'000	2011 £'000
	Staff costs	1,097	1,026
	Staff recruitment and training	71	126
	Telephone	101	80
	Printing, postage and stationery	53	63
	Staff travel	73	77
	Software maintenance	69	76
	Media functions	25	51
	Miscellaneous administrative expenses	35	32
		<u>1,524</u>	<u>1,531</u>
		<u><u>1,524</u></u>	<u><u>1,531</u></u>
7	PROFESSIONAL COSTS	2012 £'000	2011 £'000
	Bank charges and interest	25	24
	Professional fees	92	76
	Audit and accountancy	36	41
		<u>153</u>	<u>141</u>
		<u><u>153</u></u>	<u><u>141</u></u>

NATIONAL ASSOCIATION OF HEAD TEACHERS

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2012

8 STAFF COSTS		2012 £'000	2011 £'000
Salaries		3,870	3,834
National Insurance		391	367
Pension costs		669	647
Pension regulatory levy		8	8
Pension deficit		450	450
Recruitment and training		71	126
		5,459	5,432
Allocated to :	Note		
Regional officers and other regional staff	2	1,681	1,683
Legal representation	3	246	289
Recruitment and branch support	3	115	110
Training and conferences	3	231	298
Professional advice, salaries and pensions	3	991	903
GS Unit	3	306	349
Web site and publications	3	204	183
Annual conference		59	7
Communications and administration			
- staff costs	6	1,097	1,026
- staff recruitment and training	6	71	126
		5,001	4,974
Pension regulatory levy		8	8
Pension deficit		450	450
		5,459	5,432

NATIONAL ASSOCIATION OF HEAD TEACHERS

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2012

9 FIXED ASSETS

	Land and Buildings		Furniture and equipment	Total
	Freehold	Long Leasehold		
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 January 2012	1,250	669	2,091	4,010
Additions	-	-	153	153
Disposals	-	-	(202)	(202)
At 31 December 2012	1,250	669	2,042	3,961
Depreciation				
At 1 January 2012	46	47	1,662	1,755
Charge for the year	24	10	192	226
Disposals	-	-	(202)	(202)
At 31 December 2012	70	57	1,652	1,779
Net book value				
At 31 December 2012	1,180	612	390	2,182
<i>At 31 December 2011</i>	<i>1,204</i>	<i>622</i>	<i>429</i>	<i>2,255</i>

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 Belfast office, a leasehold property, was revalued in August 2011 by Colliers International, 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 £nil (2011: £11,000)

NATIONAL ASSOCIATION OF HEAD TEACHERS

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2012

9 FIXED ASSETS (continued)

Comparable historical cost for revalued land and buildings

	Freehold £'000	Leasehold £'000	Total £'000
Cost			
At 1 January 2012	1,579	704	2,283
Additions	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2012	1,579	704	2,283
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Depreciation			
At 1 January 2012	208	93	301
Charge for the year	21	12	33
	<hr/>	<hr/>	<hr/>
At 31 December 2012	229	105	334
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value			
At 31 December 2012	1,350	599	1,949
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>At 31 December 2011</i>	<i>1,371</i>	<i>611</i>	<i>1,982</i>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NATIONAL ASSOCIATION OF HEAD TEACHERS

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2012

10 INVESTMENTS

	Listed Investments £'000
Cost and Net Book Value	
At 1 January 2012	1,213
Additions	166
Disposals	(159)
At 31 December 2012	<u>1,220</u>

The market value of the listed investments at 31 December 2012 was £1,524,000 (2011: £1,420,000).

11 LEGAL FUND

	£'000
At 1 January 2012 and at 31 December 2012	<u>1,000</u>

12 REVALUATION RESERVE

	£'000
At 1 January 2012 and at 31 December 2012	<u>276</u>

NATIONAL ASSOCIATION OF HEAD TEACHERS

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2012

13 NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2012 £'000	2011 £'000
Operating surplus/(deficit) for the year	92	(171)
Dividend and interest income receivable	(39)	(36)
Release of provision against investments	-	(43)
Depreciation	226	241
Loss/(profit) on disposal of investments	3	(5)
Movements in:		
Debtors and prepayments	(55)	(102)
Creditors and accruals	111	92
	<hr/>	<hr/>
Net cash inflow/(outflow) from Operating Activities	<u>338</u>	<u>(24)</u>

14 INCREASE IN CASH

	At 1 January 2012 £'000	Cashflow £'000	At 31 December 2012 £'000
Cash at bank	1,412	96	1,508
Branch current accounts	285	118	403
	<hr/>	<hr/>	<hr/>
	<u>1,697</u>	<u>214</u>	<u>1,911</u>

NATIONAL ASSOCIATION OF HEAD TEACHERS

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2012

15 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.

16 OPERATING LEASE COMMITMENTS

At 31 December 2012 there were annual commitments under non-cancellable operating leases as set out below:

	Motor Vehicles		Office Equipment	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within one year	10	-	13	-
In the second to fifth years inclusive	41	63	5	23
	<u>51</u>	<u>63</u>	<u>18</u>	<u>23</u>

NATIONAL ASSOCIATION OF HEAD TEACHERS

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2012

17 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 £158,000 (2011: £116,000).

(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 2010. It showed that the fair value of the assets at 1 April 2010 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 following the April 2010 actuarial valuation continues the additional contributions agreed under the 2007 plan. Payments made in the year amounted to £450,000 (2011: £450,000).

From 1 February 2010 the Association is funding future service at 20% of pensionable pay.

In addition, from 1 February 2010, the employee contributes 9.5% of pensionable pay.

Expected employer contributions for the year to 31 December 2013 are £866,000 (2012: £924,000).

FRS17

The 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 2012. The scheme assets are stated at their market value as at 31 December 2012.

NATIONAL ASSOCIATION OF HEAD TEACHERS

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2012

17 STAFF PENSION SCHEME (continued)

The main financial assumptions, used in preparing the 2012 valuation under FRS 17, were:

	2012	2011	2010
Rate of increase in pensionable salaries	3.9%	4.0%	4.5%
Rate of increase in pensions in payment	2.8%	2.9%	3.4%
Discount rate	4.6%	4.7%	5.4%
Rate of inflation	2.9%	3.0%	3.5%
Mortality table	PNxA00 Medium cohort	PNxA00 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 2012 were:

	Long term rate of return per annum			Value		
	2012	2011	2010	2012	2011	2010
				£'000	£'000	£'000
Equities	4.7%	4.8%	5.2%	5,458	5,243	5,459
Bonds	2.2%	1.8%	3.2%	2,034	1,995	1,621
Other	2.2%	1.8%	3.2%	954	1,544	1,416
Total market value of assets				8,446	8,782	8,496
Present value of liabilities				(8,539)	(8,989)	(7,947)
Net pension (liability)/asset				(93)	(207)	549

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

	2012	2011	2010
	£'000	£'000	£'000
Scheme liabilities at start of period	8,989	7,947	8,163
Current service cost	282	281	256
Interest cost	384	435	424
Contributions by scheme participants	227	220	182
Actuarial losses	791	389	511
Benefits paid, death in service insurance premiums and expenses	(2,134)	(283)	(1,589)
Scheme liabilities at end of period	8,539	8,989	7,947

NATIONAL ASSOCIATION OF HEAD TEACHERS

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2012

17 STAFF PENSION SCHEME (continued)

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

	2012	2011
	£'000	£'000
Fair value of scheme assets at start of period	8,782	8,496
Expected return on scheme assets	299	399
Actuarial gains/(losses)	344	(963)
Contributions by employer	928	913
Contributions by scheme participants	227	220
Benefits paid, death in service insurance premiums and expenses	<u>(2,134)</u>	<u>(283)</u>
Fair value of scheme assets at end of year	<u>8,446</u>	<u>8,782</u>

Total expense recognised in income and expenditure account

	2012	2011
	£'000	£'000
Contributions by employer	928	913
Net pension scheme charges	<u>(646)</u>	<u>(632)</u>
Current service cost	282	281
Interest cost	384	435
Expected return on scheme assets	<u>(299)</u>	<u>(399)</u>
Total expense recognised	<u>649</u>	<u>598</u>

Analysis of the amount charged to other finance expenditure

	2012	2011
	£'000	£'000
Expected return on pension scheme assets	299	399
Interest on pension scheme liabilities	<u>(384)</u>	<u>(435)</u>
Net return	<u>(85)</u>	<u>(36)</u>

NATIONAL ASSOCIATION OF HEAD TEACHERS

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2012

17 STAFF PENSION SCHEME (continued)

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

	2012	2011
	£'000	£'000
Actual return less expected return on pension scheme assets	344	(963)
Experience gains and losses arising on the scheme liabilities	(765)	116
Changes in assumptions underlying the present value of the scheme liabilities	(26)	(505)
Actuarial losses	<u>(447)</u>	<u>(1,352)</u>

Movement in the FRS 17 deficit during the year

	2012	2011
	£'000	£'000
Movement in year:		
Current service cost	(282)	(281)
Contributions	928	913
	<u>646</u>	<u>632</u>
Other finance expenditure	(85)	(36)
Actuarial loss	(447)	(1,352)
	<u>114</u>	<u>(756)</u>
(Deficit)/surplus in the scheme at the beginning of the year	(207)	549
Deficit in the scheme at the end of the year	<u>(93)</u>	<u>(207)</u>

History of experience gains and losses

	2012	2011	2010
Difference between the expected and actual return on scheme assets:			
Amount (£'000s)	344	(963)	332
Percentage of scheme assets	4%	(11%)	4%
Experience gains and losses on scheme liabilities:			
Amount (£'000s)	(765)	116	(174)
Percentage of the present value of the scheme liabilities	(9%)	1%	(2%)
Changes in assumptions underlying the present value of the scheme liabilities:			
Amount (£'000s)	(26)	(505)	(337)
Percentage of the present value of the scheme liabilities	(0%)	(6%)	(4%)
Total amount recognised in the STRGL			
Amount (£'000s)	(447)	(1,352)	(179)
Percentage of the present value of the scheme liabilities	<u>(5%)</u>	<u>(15%)</u>	<u>(2%)</u>