

Company Number 5787972

HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION

Trustees' Report and Financial Statements

For the year ending 30th June 2015

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HFMA

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NATIONAL EXECUTIVE AND BOARD OF TRUSTEES

Board of Trustees and Directors

PRESIDENT

2014/2015: Sue Lorimer
2013/2014: Andy Hardy
2012/2013: Tony Whitfield

VICE PRESIDENTS

2014/2015: Shahana Khan
2014/2015: Mark Orchard
2013/2014: Sue Lorimer
2013/2014: Mark Orchard
2012/2013: Sue Lorimer
2012/2013: Andy Hardy

IMMEDIATE PAST CHAIRMAN/ PRESIDENT

2014/2015: Andy Hardy
2013/2014: Tony Whitfield
2012/2013: Sue Jacques

NATIONAL TREASURER

Shahana Khan (until 5 December 2014)
Alex Gild (from 5 December 2014)

OTHER TRUSTEES AND DIRECTORS

Keely Firth
Ros Francke
Susan Goldsmith
Chris Hurst
Mary Pettman (resigned 5 December 2014)
Stephen McNally
Suzanne Tracey
Mal Turner

Registered Charity Name and Registered Office

Healthcare Financial Management Association (HFMA) is a registered charity in England and Wales, no 1114463 and Scotland, no SCO41994. HFMA is also a limited company registered in England and Wales, no 5787972.

Registered office:
110 Rochester Row, Victoria, London, SW1P 1JP
Tel: 0117 929 4789
Fax: 0117 929 4844
Email: info@hfma.org.uk
Web: www.hfma.org.uk

HFMA Senior Executive Team

CHIEF EXECUTIVE / SECRETARY

Mark Knight

DEPUTY CHIEF EXECUTIVE & DIRECTOR OF FINANCE

Ian Turner

DIRECTOR OF EDUCATION AND DEVELOPMENT

Alison Myles

DIRECTOR OF POLICY AND TECHNICAL

Paul Briddock

Advisors

BANKER

National Westminster Bank plc Chester Branch,
33 Eastgate Street, Chester, CH1 1XA

SOLICITOR

Bevan Brittan LLP
Kings Orchard, 1 Queen Street, Bristol, BS2 0HQ

AUDITOR

RSM UK Audit LLP Chartered Accountants
Hartwell House, 55-61 Victoria Street, Bristol, BS1 6AD

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015

President and Chief Executives Report

2014-15 has once again been a very good year for the Association. In policy and educational terms we are confident that HFMA is fulfilling its mission and objectives as articulated in our 2014-17 strategy. On the business side we have also fared relatively well.

For the thirteenth straight year, we are pleased to report HFMA has delivered a surplus, up from £203,000 last year to £303,000. Our turnover has also increased from £5,920,000 to £7,592,000. These growing financial figures are matched by increasing activity on all fronts as demonstrated in the statutory accounts and in the review document. Put simplistically, our twin aim is to develop our commercial services allowing us to increase the offering to Members. By achieving these aims; it also allows us to maintain a sustainable level of surplus. We are pleased to report we achieved both significantly in 2014-15.

Thanks to the generous support of our sponsors we raised a record amount in commercial sponsorship and we also generated significant revenue from our online academy. Trading in our events business and other income lines enabled us to develop resources to continue investing in our policy team.

2014-15 saw the first full and complete trading year for our conference facility, 110 Rochester Row. Not only did it provide us with a focal point in the centre of London but it contributed £180,000 to our bottom line. We were able to plough this surplus back into the policy and technical work of the Association. That figure represents a 5% return on investment as well, before consideration is given to the increased capital value resulting from the Association now holding a valuable asset in the booming London property market.

We would also like to thank our friends on the corporate partner programme – all 25 of them. These organisations provide us with valuable resources without which we would not be able to run our central infrastructure. HFMA does not endorse products or services but we work with clients to help them get their message across. We would also like to thank all of our commercial supporters whether they be national or local businesses. Together they provide substantial resource for the Association to operate on the scale it does.

Once again a major focus during 2014-15 was on recruiting more personal members. We were able to expand our affiliate class to bring our membership close to the target of 10,000. However recruiting more paying members has been more challenging as every year a substantial number leave the service. A major objective for 2015-16 is to develop new ideas to attract more finance professionals into membership.

Paul Briddock has continued to spearhead our policy and technical programme and act as principle spokesperson for HFMA. The two 'Taking the Temperature' surveys were amongst the highlights of a busy year and the whole media campaign generated 142 pieces of coverage. We have also continued to engage stakeholders and work closely with other

organisations who share our views. The health system is under significant pressure and over the past year HFMA has been able to support members and others in the NHS through:-

- 106,148 hours of CPD provided during year (on average 11 hours for each full member)
- 144 local and national events
- 30 webinars providing 5,663 hours of CPD
- 29 briefings and publications

That output would not be possible without the hard work and efforts of members and staff of the Association.

We would like to thank everyone who contributed to make HFMA's year a truly special one – and a record breaking one. But most of all a huge thanks to all the volunteers who work so hard in their free time whether they be committee or branch members or Chairs or of course our Trustees. We are truly blessed to have such busy senior people in the NHS working so hard to make HFMA the success it is.

For the first part of this year we were ably led by Andy Hardy who as President impressed upon us his theme of 'Leading by Numbers'. We would like to thank Andy for the considerable time and effort he put into the presidency. His desire and will for HFMA to succeed is apparent to everyone who meets him. We would also like to thank Suzanne Tracey and Mal Turner, two trustees who are stepping down at this AGM.

The branches also had a very active year and we were particularly pleased with the response to Sue Lorimer's presidential theme of 'Stronger Together'. 28 courses were commissioned and run by branches with, a total of over 2,000 CPD hours. We would like to thank all of our branches for sterling work in this area.

During 2014-15 we continued to host and were formally recognised as Prime Partner for Future Focused Finance ("FFF") and committed £100,000 of our resources to support the initiative. HFMA are proud to be at the heart of FFF and are excited about the future we can create together with them.

2014-15 was the first year of our new strategy. In this first year we have developed our member offer, created more value for members through our increased policy and research programme and we have strengthened our balance sheet.

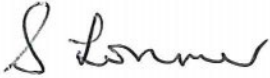
In partnership with FFF, we are now working towards the launch of our qualification in 2016-17 as well as new initiatives in membership and a new website. We continue to develop our policy output amid a fevered and high pressure time for finance professionals in the service.

HFMA is looking to develop new services including a qualification and retains its long held desire for a Royal Charter even though attaining it is proving to be a longer process than we first envisaged.

There is a lot to be positive about at HFMA at the moment. We recognise a strong Association is good for the finance community as we continue to grapple with unprecedented

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015

change and financial challenge within the NHS. Thank you for reading this annual review and if all the volunteering, energy and enthusiasm gives you the thought that you might want to get involved please do not hesitate as there are always spaces for more willing volunteers!



Sue Lorimer
President



Mark Knight
Chief Executive

29 October 2015

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015

Trustees' Report

OBJECTS AND AIMS

✚ THE OBJECTS AND AIMS OF HFMA

HFMA is a charity which works with the healthcare sector to advance effective financial management. Its objects and aims are to:

- advance the science of health care management and accountancy and cognate subjects as applied to all or any of the duties imposed upon and functions undertaken by health services;
- advance public education therein; and
- undertake and publish the useful results of studies and research work therein and related subjects.

STRATEGIC REPORT

✚ ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

The activities and achievements in the year against each of our strategic objectives are summarised below:

Benefit: The number of individual members of HFMA at the end of the year totalled 9,599 (2013/14: 5,305).

Our member benefits continue to grow, along with the number of members we have. Although the fastest growth area in terms of delivering content is through digital mechanisms, such as e-learning, webinars, e mails and via the website, our face to face activities are also continuing to grow with ever more events taking place across the country.

We have invested considerably in 2014/15 (as in 2013/14) in a number of new staff which will reap more rewards in future years in terms of the growing volume of benefits to members.

Our organisation faced offerings also continue to grow with 1,125 organisation members of our partner or faculty programmes.

In particular the Healthcare Costing for Value Institute was launched in the spring and by the year end, had 100 initial member organisations.

The Chair, NED and Lay member faculty, having been launched the previous year, is now fully formed and has gone from strength to strength with 177 member organisations at 30 June 2015. The FT, Commissioning and Mental Health faculties continue to be extremely popular and attract widespread support.

Influence: There have been considerable developments in policy and technical work during 2014/15. Paul Briddock joined as Policy and Technical Director in the previous year and this year has seen HFMA continue to deliver on the strategy of

further raising HFMA's profile and services to meet the future needs of members and stakeholders.

Working with key stakeholders and building constructive and productive relationships remains important and a key component of our success.

To this end we continue to meet regularly with the policy and decision makers in the NHS in Wales, Northern Ireland and Scotland, as well as England.

In England we continued to work with key players in the healthcare sector such as the Department of Health, Monitor, NHS England and the National Trust Development Authority. Indeed, with these four bodies and Health Education England, HFMA has been central in the development of the Future Focused Finance initiative with HFMA's President being one of the six founder members of the Finance Leadership Council. We were delighted to become the Prime Partner during the year meaning we have worked ever more closely with the programme director David Ellcock in hosting, providing the administration and helping Future Focused Finance deliver its programme.

We also continue to work closely with the main accountancy bodies, NHS Confederation and the Kings Fund as well as a number of key private sector organisations in moving the finance agenda in health forwards.

We continued developing our library of books, reports and briefings, producing 29 publications in the year.

Training and development: The number of CPD hours provided across the Association in the year reached 106,148 (2013/14: 103,535). This is another record and one of the key statistics that demonstrates the continuing growth of interest our membership and the wider finance community in health has for HFMA's training; be it events, webinars or e-learning in our on line academy. More importantly HFMA targets a 90% excellent/good score from user feedback. Over the year to 30 June 2015 the average over all events was 96%.

National conferences and events continued to attract healthy numbers. The most popular include; Pre-Accounts Planning and Payments by Results, which continue to run annually and are always well-attended.

HFMA's webinar programme continues to grow with another record year. A total of 30 webinars took place in 2014/15.

As well as continuing to manage the Finance Skills Development contracts for the South West, West Midlands and South Central, HFMA also now runs Financial Management Training Schemes in each of these regions.

On-line academy: The on-line academy continues to go from strength to strength particularly the e-learning. Once again the target of achieving over 90% of users scoring each module excellent or good was achieved at 93%.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015

HFMA's e-learning modules continue to be improved and updated on an annual basis, drawing on technical expertise from our content team and the graphical skills of instructional designers. As a result of this, the introductory suite of modules continues to train and inspire NHS staff.

The e-learning system is constantly reviewed and updated making any necessary changes to ensure ease of use, as well as providing excellent customer support including regularly updated support documents, scheduled communication to advise on promotion of e-learning within organisations, and a customer helpdesk.

FINANCIAL REVIEW

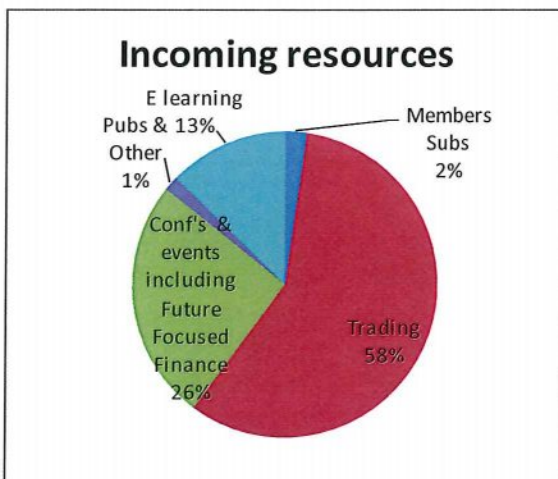
Results for the year ended 30 June 2015 are given in the attached financial statements. The financial statements have been prepared in accordance with relevant law and current accounting conventions and in particular the Charity Commission's Statement of Recommended Practice (SORP) 2005 and the Companies Act 2006.

The table below summarises the result for the year:

	2012/13	2013/14	2014/15
	£'000	£'000	£'001
Turnover	5,637	5,920	7,518
Expenditure	(5,237)	(5,717)	(7,215)
Surplus	400	203	303
Funds at start of year	3,546	3,946	4,149
Funds at end of year	3,946	4,149	4,452
<i>Split between:</i>			
Branch reserves	657	655	669
Centre reserves	3,289	3,494	3,783
	3,946	4,149	4,452

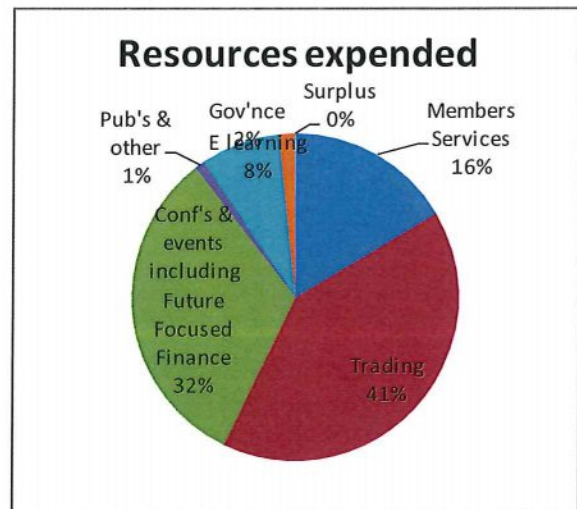
At a time of huge pressure in the wider NHS and continuing investment at HFMA it is pleasing to report that HFMA achieved an overall surplus on Group activities of £0.3m for 2014/15 (£0.2m 2013/14).

A chart demonstrating the make-up of incoming resources during the year to 30 June 2015 is shown below:



The total incoming resources of the Group for 2014/15 were £7.5m (£5.9m 2013/14). The largest single source of income was from trading which stood at £4.4m in 2014/15 (£3.5m 2013/14). This is a substantial increase reflecting the first full year of trading of the conference centre and ever increasing activity with our commercial partners. Conferences and training events income in 2014/15 totalled £2.2m (£1.9m 2013/14). E-learning income totalled £1m in 2014/15, the same as in 2013/14.

The use of these incoming resources is shown below:



The costs of all the trading activity in the two subsidiaries was £3m in 2014/15 resulting in a surplus of £1.4m (£1.2 in 2013/14). This surplus from HFMA's portfolio of commercial activities is used by the charity to subsidise the cost of activities and services provided to the members of HFMA.

By far the greatest activity in terms of incoming resources, other than the trading activities in the subsidiary companies noted above, was conferences, events and Future Focused Finance activities. Resources expended exceed income by £0.4m (£0.6m in 2013/14) the level of subsidisation provided to members when running events.

As noted above the sale of e-learning packages was roughly the same year-on-year. Costs have however increased by £0.1m reflecting the increased investment in maintaining the quality of the e-learning modules.

Members subscriptions totalled £0.2m in 2014/15 and 2013/14 whilst the costs of member services increased to £1.2m in 2014/15 (£1m in 2013/14). It is congruent with the objects and aims of the charity and the Charity Commission's guidance on Public Benefit, that subscriptions paid by members cover only a small percentage of the costs of providing member services with the surpluses achieved in the trading operations of HFMA subsidising the balance of the costs.

The net surplus of £0.3m in 2014/15 (£0.2m in 2013/14) increases the net funds of HFMA so that the funds held at 30 June 2015 are the highest ever at £4.5m.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015

✚ FUTURE PLANS AND PUBLIC BENEFIT

To meet the two objectives of achieving future plans and providing Public Benefit HFMA offers training courses through branch and national events in the form of conferences and seminars, webinars, training publications and materials and online through our e-learning service. All these activities contribute to the Public Benefit provided by HFMA in assisting healthcare managers in providing a high quality and efficient service to the public.

The trading subsidiaries HFMA Ltd and HFMA Commercial Services Ltd (HCS Ltd) operate commercial activities to support the work of HFMA. The results of the trading subsidiaries are shown in Note 15 to the Accounts.

The Trustees, being aware of the Charity Commission's guidance on Public Benefit and fee charging, are delighted that the success of the trading subsidiaries allows the membership subscriptions to be heavily subsidised by the profits made by these subsidiaries.

The activities and achievements of the charity in the year to 30 June 2015 are detailed in the Chief Executive's report with commentary as to how the objectives set were met. These achievements demonstrate how successful HFMA has been in fulfilling its objectives and providing a Public Benefit.

The plans for the year ahead for each main charitable activity are detailed below:

- **Benefit:** it is important that HFMA not only maintains the current quality of services but also develops them to support our members and the wider NHS at a time of ever growing financial pressure. In terms of membership, our clear strategy will be to maintain our existing level of membership in the year ahead. We also are working closely with the other main supporters of finance professionals in the NHS on the "Future Focused Finance" initiative.
- **Influence:** HFMA provides material that is relevant and timely for members. It is planned to keep up with demand for specific publications and training packages during the following year and to launch at least two new titles. In particular we will be working hard to help members and the wider community in their understanding of the wider NHS to allow them to provide the best support to the organisations they work for. We will continue to work closely with the NHS leadership teams in developing and influencing policy and we will be continuing to foster relationships with other organisations, such as the accounting bodies, Medical Colleges and organisations working with Clinical Commissioner Groups and primary care. We will also be progressing our plans to achieve a Royal Charter.
- **Training and development:** the full conference and seminar programme, locally at branches and nationally, will be followed as usual. Extending our work assisting local FSD groups will also continue to be a focus for 2015/16.

Each branch will run a minimum of four events of which at least one will be fee free. We will also be looking to further develop our faculty programme. We will also develop our plans for a qualification.

- **On line academy;** We will further develop our e-learning programmes in the academy. We will also be looking to extend the e-learning programmes to health professionals in the new organisations in and outside the NHS. Our usual programme of updating existing programmes will also take place to ensure that the training we deliver is up to date and of the highest quality. We will also be looking to refresh the website in the year ahead.

The plans noted above and the activities undertaken in the year show how the objects and aims of the charity continue to be satisfied. These are a clear demonstration of how HFMA provides a Public Benefit by providing services and support to a membership of people working in finance and related areas in healthcare management.

Most training activities are open to non-members as well as members, often free of charge, ensuring that all members of the Health Economy can benefit from HFMA's expertise. A bursary fund also exists to support members or potential members who are unable to access the services provided by HFMA due to financial constraints.

The Trustees consider they have complied with their duties with regard to the Charity Commission's Public Benefit guidance.

✚ RESERVES POLICY

HFMA's reserves stand at £4.5m. All reserves are held in funds whose use is at the discretion of the Trustees as long as they are used as laid out in the objects and aims of the charity. The reserves policy is set by the Trustees.

The Association's policy is to secure its viability beyond the immediate future. This requires some income to be put aside, when this can be afforded, as a reserve against future uncertainties and opportunities. The Reserves Policy was revisited by the trustees during the year and the following policy adopted:

- All funds are unrestricted income funds. These are split into the following; General fund, Branches general fund, Deep Reserve fund, Bursary fund and the Special Support fund.
- The general reserve is split into two funds: the Branches general fund and the General fund covering all of HFMA's activities. The General fund should be built up to at least three months' worth of total annual costs of HFMA to cover short term falling off in demand for the services offered.
- The Deep Reserve fund is to hold at least four months' worth of total annual costs of HFMA. This reserve is to provide for future long term uncertainties.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015

- The Bursary fund is to support those with low incomes accessing the services of HFMA.
- The Special Support fund (Making a Difference and Knowing the Business) is to provide support to members through this period of unprecedented change in the NHS. The package of support that has been developed will continue to be delivered in 2015/16.

None of the funds are in deficit. The balances on these funds are shown on the balance sheet and in note 17.

✚ INVESTMENT POLICY

The Investment Policy is to match the risks and accessibility of the assets invested in against the reason behind the investments being made in that:

- A certain level of investments will be in cash and similar investments, the key criteria being that they are accessible at short notice. Every effort will be made to maximise interest whilst following these criteria.
- Other investments, notably those relating to the Deep Reserve fund, will be in assets that do not need to be sold quickly. An overall investment strategy will be adopted with consideration of investing in such assets as equities and properties.

Any major investment over £50,000 requires Trustee approval and should be supported by a business case and with appropriate professional advice.

For all investments made, targets will be set for these assets to at least equal the performance of average indices (for instance in the increase/decrease in value of commercial properties or financial instruments traded).

The Trustees will make no direct investment in companies whose products or services are accepted as being prejudicial to good health. In considering collective investments the Trustees will consider the nature and significance of the health risks associated with the products or services of any such company whose shares form a component of the collective investment.

The investment approach is discussed and agreed annually and confirmed at Board meetings. At the year-end it was agreed that a considerable amount of funds were held in easily accessible accounts (that attracted lower interest than could be achieved if the funds were tied up in fixed term accounts) to allow the Trustees to move quickly to pursue the objective of purchasing a property.

✚ TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Trustees (who are also directors of Healthcare Financial Management Association for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In so far as the Trustees are aware:

- There is no relevant audit information of which the Charitable Company's auditor is unaware
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

The Trustees confirm that they have complied with the duties of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on Public Benefit.

The Trustees have referred to the guidance in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aims and objectives and in planning the charity's future activities. In particular, the Trustees have

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015

considered how planned activities will contribute to the aims and objectives they have set.

✚ CONSTITUTION AND GOVERNANCE

HFMA was incorporated as a company limited by guarantee registered in England and Wales in July 2006; a Memorandum and Articles of Association govern it. The Registered name and registered office of the Charity and names of the Trustee, who are directors for the purposes of company law, are shown on page 2 of this report. HFMA wholly owns two trading subsidiaries, HFMA Ltd, and HFMA Commercial Services Limited. These are private limited companies and they gift aid any profits to the Association. The Board of Trustees are the legal trustees and have control of the assets of the Charity.

During 2014/15, the Board of Trustees comprised the National President, two Vice-Presidents, Past Chair and Honorary Treasurer, who are nominated by the membership as a whole, and a representative from each of the three devolved nations who are elected by their branches and seven Trustees who are appointed by an independent panel of branch representatives. All the Trustees are directors of HFMA.

Over the year, in addition to regular Board meetings, the Audit Committee and the Appointments and Remuneration Committee met four times. The 13 branches have their own volunteer branch executives usually comprising a Branch Chair, a Branch Treasurer and a Branch Secretary.

In August 2014 the new three strategy to 2017 was launched. In this strategy our mission was re-emphasised of "representing and supporting healthcare professionals, influencing healthcare policy and promoting best practice education and CPD". HFMA's values were also reiterated as the four C's by seeking to be "Collaborative, Constructive, Connected and Commercial". The strategy has been communicated to every member of HFMA and further details can be found on HFMA's website www.hfma.org.uk. As usual the annual business plan for the year ahead was also agreed as were individual business plans for each branch.

There is a Scheme of Delegation which states the level of authority required for decision making and expenditure. This is considered by the Trustees each year and amended to reflect changes required to allow the smooth running of HFMA.

HFMA is committed to recruiting Trustees with appropriate skills and talents. Vacancies for Trustee and other committee posts are advertised widely to the membership. The Appointments and Remuneration Committee consider the applications and they select Trustees on the basis of established criteria. New Trustees receive full induction from the Chief Executive and regularly attend CPD (Continuing Professional Development) sessions throughout the year.

✚ RISK MANAGEMENT

The Association regards the management of risk as a key issue within its overall operating framework. A risk register is

maintained and is considered regularly throughout the year by management. The risk register is considered by the Audit and Finance Committee at each of its four meetings during the year and is annually presented and reviewed by the Board of Trustees.

Monthly management accounts and related information is produced and along with a programme of scrutiny by internal auditors, this provides the information the executives and trustees require to run the charity and gives the assurance required for the Board to fulfil its role in terms of risk and assurance management.

The Group's key business risks are around its income however in recent years this has diversified significantly, thus spreading the operational risk. Each line of income/project is monitored on a regular basis and each Manager has specific responsibility not only for the short term management of the risk profile but also for the long term prognosis of these individual income lines. Physical risk is covered by specific systems for example in IT recovery and backup, emergency procedures and the provision of comprehensive insurance for assets and personnel.

✚ BRANCHES

The 13 regional branches form an integral part of the Association. The branches have the powers to run training and education events for the benefit of branch members. Branch funds are used to underwrite training and education opportunities and support local research initiatives.

✚ SERVICES PROVIDED BY OTHER BODIES

Moorepay Limited, a division of Northgate Information Solutions, provided a payroll service.

RSM UK Audit LLP and Audit South West NHS Audit Consortium provided audit services.

✚ AUDITOR

A resolution proposing that RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) be reappointed as statutory auditor of the Charity will be put to the Annual General Meeting in December 2015. The Trustees Report and the Strategic Report contained within it were approved by the Board on 29 October 2015 and signed on its behalf by:



Alex Gild

Trustee and Chair of the Audit & Finance Committee

FINANCIALS – Statements Of Financial Activities

Consolidated and charity statements of financial activities for year ended 30 June 2015 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

2013-14				2014-15	
Association £'000	Consolidation £'000		Notes	Association £'000	Consolidation £'000
		INCOMING RESOURCES	2		
		INCOMING RESOURCES FROM GENERATED FUNDS			
		Voluntary income			
212	212	Member Subscriptions and donations		208	208
		Activities for generating funds			
-	3,347	Trading Turnover: HFMA Ltd	15	-	4,360
-	116	Trading Turnover: HFMA Commercial Services Limited	15	-	36
		Investment income			
183	54	Investment income and interest received		178	47
926	-	Gift Aid from subsidiaries to Association		1,464	-
		INCOMING RESOURCES FROM CHARITABLE ACTIVITIES			
1,184	1,184	Conferences, seminars and Future Focused Finance		1,946	1,946
35	35	Publications and training packages		31	31
972	972	E-Learning		964	964
3,512	5,920	TOTAL INCOMING RESOURCES		4,791	7,592
		RESOURCES EXPENDED	3		
		COSTS OF GENERATING FUNDS			
(200)	(200)	Costs of generating voluntary income		(209)	(179)
		Costs of fundraising trading			
-	(2,106)	HFMA Ltd	15	-	(2,949)
-	(157)	HFMA Commercial Services Limited	15	-	(20)
(53)	-	Investment management costs (depreciation)		(53)	-
		COSTS OF CHARITABLE ACTIVITIES			
(1,627)	(1,570)	Conferences, seminars and Future Focused Finance		(2,441)	(2,363)
(264)	(249)	Special Support fund – Knowing the Business		-	-
(109)	(109)	Publications		(79)	(79)
(455)	(455)	E-Learning		(576)	(575)
(793)	(780)	Membership Services including Healthcare Finance production		(1,027)	(1,022)
(1)	(1)	Bursaries		(1)	(1)
(110)	(99)	GOVERNANCE COSTS		(113)	(112)
(3,612)	(5,726)	TOTAL RESOURCES EXPENDED		(4,499)	(7,300)
(100)	194	NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS AND OTHER UNRECOGNISED GAINS AND LOSSES		292	292
9	9	OTHER – RECOGNISED AND UNRECOGNISED GAINS - ON INVESTMENT ASSETS		11	11
(91)	203	NET MOVEMENT IN FUNDS	7	303	303
4,240	3,946	BALANCE BROUGHT FORWARD AT 1 JULY		4,149	4,149
4,149	4,149	FUND BALANCE CARRIED FORWARD AT 30 JUNE	17	4,452	4,452

All the above results derive from continuing activities and there were no gains or losses other than those shown above.

There is no material differences between the historic cost result and the results reported and so a separate note of historic cost surplus and deficit has not been presented.

The notes on pages 13 to 26 form part of these accounts

FINANCIALS – Balance Sheets

Consolidated and charity balance sheets as at 30 June 2015

30 June 2014			30 June 2015		
Association £'000	Consolidation £'000		Notes	Association £'000	Consolidation £'000
3,587	3,691	Fixed assets			
-	-	Tangible assets	7a	3,831	3,917
<u>3,587</u>	<u>3,691</u>	Intangible assets	7b	-	33
		Total fixed assets		<u>3,831</u>	<u>3,950</u>
		Current assets			
12	15	Stocks		7	11
790	1,223	Debtors	8	1,349	2,305
135	135	Short term investments	7c	146	146
<u>3,857</u>	<u>4,258</u>	Cash at bank and in hand	9	<u>4,118</u>	<u>4,576</u>
<u>4,794</u>	<u>5,631</u>	Total current assets		<u>5,620</u>	<u>7,038</u>
(4,146)	(4,319)	Creditors: Amounts falling due within one year	10	(4,946)	(5,711)
<u>648</u>	<u>1,312</u>	Net current assets		<u>674</u>	<u>1,327</u>
<u>4,235</u>	<u>5,003</u>	Total assets less current liabilities		<u>4,505</u>	<u>5,277</u>
(86)	(854)	Creditors: Amounts falling due after more than one year	11	(53)	(825)
<u>4,149</u>	<u>4,149</u>	Net assets		<u>4,452</u>	<u>4,452</u>
		Unrestricted funds			
1,540	1,540	General fund		1,331	1,331
655	655	Branch general fund		669	669
		Designated funds			
45	45	Bursary fund		44	44
<u>1,909</u>	<u>1,909</u>	Deep Reserve fund		<u>2,408</u>	<u>2,408</u>
<u>4,149</u>	<u>4,149</u>	Total unrestricted funds	17	<u>4,452</u>	<u>4,452</u>

The notes on pages 13 to 26 form part of these accounts.

The accounts were approved by the Board of Trustees on *29 October 2015*



Sue Lorimer, President

FINANCIALS – Cash Flow Statement

Cash Flow Statement for the year ended 30 June 2015

2013-14		Notes	2014-15
£'000			£'000
1,105	Net cash inflow from operating activities (note 13)	13	642
	Returns on investments and servicing of finance		
50	Interest received		42
4	Dividends received		4
<u>54</u>	Net cash inflow from returns on investments and servicing of finance		<u>46</u>
	Capital expenditure		
(640)	Purchase of tangible fixed assets		(335)
-	Purchase of intangible fixed assets		(35)
<u>519</u>	Increase in cash		<u>318</u>

The notes on pages 13 to 26 form part of these accounts.

Reconciliation of net cash flow to movement in cash

	2014-15
	£'000
Cash at 1 July 2014	4,258
Increase in cash in the year	<u>318</u>
Cash at 30 June 2015	<u>4,576</u>

Notes forming part of the Financial Statements For the year ended 30 June 2015

1. Accounting Policies

a) BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements of the Association are prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005), the Companies Act 2006 and applicable United Kingdom accounting standards. The principal accounting policies adopted in the preparation of the financial statements are set out below.

b) GROUP FINANCIAL STATEMENTS

These financial statements consolidate the results of the Healthcare Financial Management Association, including its branches (HFMA) and its wholly owned subsidiaries HFMA Ltd and HFMA Commercial Services Limited (HCS Ltd). Trading income and expenditure is identified separately in the Statement of Financial Activities and assets and liabilities are consolidated on a line by line basis.

c) INCOMING RESOURCES

Income is recognised when receivable. Income invoiced for post year end activity is accounted for as deferred income and released to incoming resources in the relevant period subsequent to the year end. The following specific policies apply to categories of income:

- i. Membership income is treated as voluntary income and are deferred over the period that services are provided.
- ii. Association and Branch event income received is deferred if in advance of the date of the event, this income is recognised in the period which the event is held.
- iii. Partner programs membership fees are deferred over the period that services are provided.
- iv. Grant income is recognised on receipt unless the donor imposes conditions which must be met before the charity has unconditional entitlement.
- v. Income from training material (including publications and e-learning packages) is recognised when invoiced.

Investment income is recognised on a receivable basis.

d) VOLUNTEERS

The value of services provided by volunteers is not incorporated into these financial statements. There are many contributions made by volunteers including event speakers, Committee members, Branch committee members and Trustees.

e) RESOURCES EXPENDED

Resources expended are recognised when a liability is incurred and allocated to the appropriate heading in the accounts.

- i. Costs of generating funds include the cost of membership administration, generating HFMA Ltd and HCS Ltd trading income and fees to manage investments.
- ii. Costs of charitable activities are the costs of activities run to support the objects of the Charity.
- iii. Governance costs are the costs associated with the governance arrangements of the Charity which are primarily associated with constitutional and statutory requirements. These costs include external audit and trustees board and committee meetings.
- iv. Support costs include central functions which have been allocated to activity cost categories on a basis consistent with the use of those resources e.g. using staff time as basis of apportionment.

Any irrecoverable element of VAT is included with the item of expense to which it relates.

Notes forming part of the Financial Statements (continued)

For the year ended 30 June 2015

1. Accounting Policies (continued)

f) LEASED BUILDINGS AND EQUIPMENT

The Association rents an office and a Conference Centre on a long lease. Long lease property is included in Fixed assets and written off on a straight line basis over 50 years from the point of first use with a residual value.

The costs of lease improvements and benefit of introductory rent and service charge free periods are allocated on a straight line basis over the period to the commencement of full rent in accordance with Accounting Standards Board abstract UITF 28.

All existing leases for cars and office equipment are treated as operating leases. The title to the cars and equipment remains with the lessor who retains the risk and rewards of ownership and the lease terms are shorter than the economic life. Rental charges are charged on a straight line basis over the term of the lease.

g) TANGIBLE FIXED ASSETS

Lease improvements and equipment acquired with a value in excess of £5,000 are capitalised at cost. Depreciation is provided to recognise the cost of the asset and its estimated useful life and is included in support costs.

Depreciation on these assets is calculated as follows:

Lease and leasehold improvements - over the period to the first break clause in the lease, subject to a maximum of 50 years or reduced for the expected life of the asset.

Furniture and equipment - over 5 to 10 years.

i) INVESTMENTS

Current asset investments are included at market value. Gains and losses on disposal and revaluation are charged or credited to the Statement of Financial Activities.

j) STOCK

Stock is carried at the lower of cost or net realisable value. Stock comprises publications and training packages held for resale.

k) CONTINUING OPERATIONS

All activities reported in the Statement of Financial Activities are in relation to continuing operations.

l) FUNDS STRUCTURE

All funds are unrestricted income funds. These are split into undesignated (the General and Branches funds) and designated funds (the Special Support fund -comprising Take Control and Making a Difference-, the Bursary and Deep Reserve funds).

The General and Branches funds should be built up to at least three months' worth of total annual costs of HFMA to cover short term falling off in demand for the services offered.

The Special Support fund is to provide support to members through this period of unprecedented change in the NHS. A package of support has been identified which is supplied free of charge to NHS finance staff subsidised by HFMA.

The Bursary fund is to support those with low incomes accessing the services of HFMA or assisting members in activities that benefit healthcare in the UK that they would not be able to perform without support.

The Deep Reserve fund is to hold at least four months' worth of total annual costs of HFMA. This reserve is to provide for future long term uncertainties.

Notes forming part of the Financial Statements (continued)

For the year ended 30 June 2015

1. Accounting Policies (continued)

m) PENSIONS

All staff are employed solely by the Association. A Group Personal Pension Scheme is provided for staff joining the Association after 1 July 2002. This is a defined contribution scheme whereby the Association contributes 10% of the employee's salary and the employee contributes a minimum of 6%. These funds are the property of the individual employees.

Some members of staff are members of the NHS Pension Scheme as designated under a direction agreement granted by the Secretary of State. The scheme is a multi-employer defined benefit scheme where the share of the assets and liabilities applicable to each employer is not identified. Accordingly, these financial statements include pension costs payable on a defined contribution basis in accordance with Financial Reporting Standard 17.

Pension costs charged to the Statement of Financial Activities represent the contributions payable by the Association during the year.

n) FOREIGN CURRENCIES

Assets and liabilities in foreign currency are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in the year in foreign currency are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are recognised in the Statement of Financial Activities when arriving at the net movement in funds.

o) CONSOLIDATION

These financial statements consolidate the results of the Healthcare Financial Management Association, including its branches (HFMA) and its wholly owned subsidiaries HFMA Ltd and HFMA Commercial Services Limited (HCS Ltd) made up to the balance sheet date. Trading income and expenditure is identified separately in the Statement of Financial Activities. The results of subsidiary undertakings are included in the group accounts from their effective date of acquisition (or up to their effective date of disposal). The results and balance sheets of all subsidiary companies have been consolidated on a line by line basis and any intercompany transactions between group companies have been eliminated on consolidation.

Notes forming part of the Financial Statements (continued) For the year ended 30 June 2015

2. Incoming Resources

a) INCOMING RESOURCES FROM GENERATED FUNDS

VOLUNTARY INCOME

The voluntary income received consists of membership subscriptions and donations.

2013-14			2014-15	
Association £'000	Consolidation £'000		Association £'000	Consolidation £'000
172	172	Subscriptions	168	168
40	40	Donations	40	40
212	212		208	208

ACTIVITIES FOR GENERATING FUNDS

For details of the trading turnover of HFMA Ltd, please see note 15a and HFMA Commercial Services Limited note 15b.

INVESTMENT INCOME AND INTEREST RECEIVED

2013-14			2014-15	
Association £'000	Consolidation £'000		Association £'000	Consolidation £'000
4	4	Investment Income	4	4
20	50	Interest Received	15	43
159	-	Rental income	159	-
183	54		178	47

b) INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

CONFERENCES, SEMINARS AND FUTURE FOCUSED FINANCE

2013-14			2014-15	
Association £'000	Consolidation £'000		Association £'000	Consolidation £'000
899	899	National events and Future Focused Finance	1,519	1,519
285	285	Branch events	427	427
1,184	1,184		1,946	1,946

PUBLICATIONS

2013-14			2014-15	
Association £'000	Consolidation £'000		Association £'000	Consolidation £'000
35	35	Publications	31	31
35	35		31	31

Notes forming part of the Financial Statements (continued) For the year ended 30 June 2015

3. Resources Expended

As part of the classifications for SORP 2005, the salary and support costs have been allocated to the relevant income stream. Salary costs have been split on the basis of salary percentage and the remaining support costs have been split on the basis of staff time.

All Charitable Activities are carried out through direct services. There is no grant funding to third parties.

COST ANALYSIS 2014-15	Direct Costs	Support Costs	TOTAL	TOTAL
	£'000	£'000	2014-15 £'000	2013-14 £'000
Generating Voluntary Income	-	179	179	200
Conferences and Seminars	1,840	523	2,363	1,570
Special Support fund	-	-	-	249
Publications and Training Packages	10	69	79	109
E-learning	53	522	575	455
Membership Services including HCF magazine	73	949	1,022	780
Bursary	1	-	1	1
Governance	-	112	112	99
Total Association	1,977	2,354	4,331	3,463
HFMA Ltd	1,510	1,439	2,949	2,106
HFMA Commercial Services Limited	3	17	20	157
Consolidated	3,490	3,810	7,300	5,726

a) COSTS OF GENERATING FUNDS

These consist of Generating Voluntary Income, HFMA Ltd and HCS Ltd noted above.

b) COSTS OF CHARITABLE ACTIVITIES

These consist of Conferences and Seminars, Take Control, Publications and Training Packages, E-learning, Membership Services including Healthcare Finance magazine and Bursary noted above.

A breakdown of Conference and seminar costs (excluding Making a Difference events) split between centre events and branch events are shown below:

2013-14			2014-15	
Association	Consolidation		Association	Consolidation
£'000	£'000		£'000	£'000
507	507	Branch Events	612	612
1,120	1,063	Centre Events	1,829	1,751
1,627	1,570		2,441	2,363

c) GOVERNANCE COSTS

Governance costs include external audit, legal advice to Trustees and the costs associated with constitutional and statutory requirements, such as the costs of Trustees' meetings

Notes forming part of the Financial Statements (continued) For the year ended 30 June 2015

4. Audit Fees

The total external audit fees were:

2013-14			2014-15	
Association	Consolidation		Association	Consolidation
£'000	£'000		£'000	£'000
9	9	Charity	10	10
-	3	HFMA Ltd	-	3
-	3	HFMA Commercial Services Limited	-	3
<u>9</u>	<u>15</u>		<u>10</u>	<u>16</u>
2	6	Other services supplied by RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP)	-	3

5. Staff Costs and Trustees' Remuneration

All staff are employed by HFMA and therefore the figures below are for both the charity and group accounts. Trustees give their service voluntarily and received no remuneration or benefits in kind in the year (2014;£nil).

a) STAFF COSTS

2013-14		2014-15	
£'000		£'000	
2,042	Staff salaries	2,296	
226	Employers NI costs	237	
215	Pension costs	263	
107	Sundry (including Childcare Vouchers & Staff Training)	115	
<u>2,590</u>		<u>2,911</u>	

Staff costs are allocated according to the functions of each staff member: £2,544,000 is included in direct costs, £367,000 in support costs together they form part of trading costs, fundraising costs, and charitable expenditure, as appropriate (see note 3).

b) AVERAGE NUMBER OF STAFF DURING THE YEAR

The average number of employees throughout the year is calculated on a full time equivalent basis:

2013-14		2014-15	
31	Operations/Technical	32	
10	Business Development	11	
16	Administration	19	
<u>57</u>		<u>62</u>	

c) EMOLUMENTS

The number of employees whose emoluments (including remuneration and benefits in kind) amounted to over £60,000 was:

2013-14		2014-15	
-	Band £60,000 - £69,999	1	
1	Band £70,000 - £79,999	-	
2	Band £80,000 - £89,999	1	
1	Band £90,000 - £99,999	1	
1	Band £110,000 - £119,999	2	
-	Band £130,000 - £139,999	1	
1	Band £180,000 - £189,999	1	

d) PENSIONS

As detailed in Pensions accounting policies note 1 there are currently two pension schemes operating.

Notes forming part of the Financial Statements (continued) For the year ended 30 June 2015

5. Staff Costs and Trustees' Remuneration (continued)

e) TRUSTEES

Trustees give their services voluntarily and receive no remuneration or benefits in kind. Trustees' out of pocket expenses paid direct or to third parties that were reimbursed by the Association are:

2013-14 £'000	Type of Expense	2014-15 £'000
5	Subsistence	2
6	Travel	8
9	Accommodation	7
<u>20</u>		<u>17</u>

6. Property and Operating Lease Commitment

The annual commitment payable in respect of property and operating leases shown below are analysed according to the expiry of the leases.

Property lease commitment

2013-14			2014-15	
Association £'000	Consolidation £'000		Association £'000	Consolidation £'000
-	-	One year or less	-	-
-	-	Two to five year	67	67
-	-	Over 5 years	-	-

Other lease commitment

2013-14			2014-15	
Association £'000	Consolidation £'000		Association £'000	Consolidation £'000
5	6	One year or less	6	6
26	28	Two to five year	24	24
-	-	Over 5 years	-	-

Property and operating lease costs shown within the statements of financial activities within support costs were £99k (2013/14 £74k) for Association and £100k (2013/14 £80k) for the consolidated group.

7.a) Tangible Fixed Assets

Tangible fixed assets held in the HFMA Group consolidated accounts are below:

	Long Leasehold £'000	Leasehold Improvements £'000	Equipment £'000	Total £'000
Cost as at 1 July 2014	2,030	1,347	441	3,818
Additions	-	118	217	335
Disposals	-	(33)		(33)
Transfers	-	-	-	-
Cost as at 30 June 2015	<u>2,030</u>	<u>1,432</u>	<u>658</u>	<u>4,120</u>
Cumulative depreciation as at 1 July 2014	16	43	68	127
Cumulative depreciation on disposals	-	(33)	-	(33)
Depreciation charge for the year	13	35	61	109
Cumulative depreciation as at 30 June 2015	<u>29</u>	<u>45</u>	<u>129</u>	<u>203</u>
Net book value as at 1 July 2014	<u>2,014</u>	<u>1,304</u>	<u>373</u>	<u>3,691</u>
Net book value as at 30 June 2015	<u>2,001</u>	<u>1,387</u>	<u>529</u>	<u>3,917</u>

Notes forming part of the Financial Statements (continued) For the year ended 30 June 2015

7.a) Tangible Fixed Assets (continued)

Tangible fixed assets held in the HFMA Company accounts are below:

	Long Leasehold £'000	Leasehold Improvements £'000	Equipment £'000	Total £'000
Cost as at 1 July 2014	2,030	1,347	321	3,698
Additions	-	118	216	334
Disposals	-	(33)	-	(33)
Transfers	-	-	-	-
Cost as at 30 June 2015	2,030	1,432	537	3,999
Cumulative depreciation as at 1 July 2014	16	43	52	111
Cumulative depreciation on disposals	-	(33)	-	(33)
Depreciation charge for the year	13	35	42	90
Cumulative depreciation as at 30 June 2015	29	45	94	168
Net book value as at 1 July 2014	2,014	1,304	269	3,587
Net book value as at 30 June 2015	2,001	1,387	443	3,831

7.b) Intangible Fixed Assets

Intangible fixed assets held in the HFMA Group consolidated accounts are below:

	Intellectual Property £'000	Total £'000
Cost as at 1 July 2014	-	-
Additions	35	35
Disposals	-	-
Transfers	-	-
Cost as at 30 June 2015	35	35
Cumulative depreciation as at 1 July 2014	-	-
Cumulative depreciation on disposals	-	-
Depreciation charge for the year	2	2
Cumulative depreciation as at 30 June 2015	2	2
Net book value as at 1 July 2014	-	-
Net book value as at 30 June 2015	33	33

There are no intangible fixed assets held within the HFMA Company accounts.

Notes forming part of the Financial Statements (continued) For the year ended 30 June 2015

7. c) Current Asset Investment

All investments are owned by HFMA and therefore the figures below are for both the Charity and group accounts.

	Cost £'000	Market Value as at 30 June 2015 £'000	Disposal £'000	Market value as at 30 June 2014 £'000	Gain in year £'000
£100,000 Charities Official Investment Fund	100	146	-	135	11
Total	100	146	-	135	11

8. Debtors

as at 30 June 2014			as at 30 June 2015		
Association	Consolidation		Association	Consolidation	
£'000	£'000		£'000	£'000	
468	1,018	General debtors	974	2,063	
210	-	Amounts due from group companies	154	-	
-	-	Other debtors (VAT)	45	-	
86	146	Prepayments & accrued income	129	175	
26	59	Deferred costs	47	67	
790	1,223		1,349	2,305	

Deferred costs are expenditure for future events and service delivery occurring after the year-end.

Deferred costs brought forward were released as follows:

2013-14			2014-15		
Association	Consolidation		Association	Consolidation	
£'000	£'000		£'000	£'000	
57	77	Deferred Costs brought forward as at 1 July	26	59	
(57)	(77)	Released during year	(26)	(59)	
26	59	Additional Deferred Costs for year	47	67	
26	59	Deferred Costs carried forward as at 30 June	47	67	

9. Cash at bank and in hand

The bank and cash accounts held are as follows:

as at 30 June 2014			as at 30 June 2015		
Association	Consolidation		Association	Consolidation	
£'000	£'000		£'000	£'000	
1,032	1,433	Current accounts	1,050	1,508	
2,825	2,825	Fixed rate deposits	3,068	3,068	
3,857	4,258	TOTAL CASH BALANCE	4,118	4,576	

Notes forming part of the Financial Statements (continued)
For the year ended 30 June 2015

10. Creditors – Amounts falling due within one year

as at 30 June 2014			as at 30 June 2015		
Association	Consolidation		Association	Consolidation	
£'000	£'000		£'000	£'000	
270	479	Trade creditors	340	484	
2,247	-	Amounts due from group companies	2,219	-	
56	56	Social security creditors	72	72	
23	23	Pension creditors	24	24	
10	90	Other creditors (VAT)	2	37	
315	341	Accruals	445	530	
1,225	3,330	Deferred income	1,844	4,564	
4,146	4,319		4,946	5,711	

Deferred income as at 30 June 2015 consists of the income for events and service delivery that takes place in the next financial year.

Movements on deferred income for events and service delivery that takes place in the next financial year was as follows:

2013-14			2014-15		
Association	Consolidation		Association	Consolidation	
£'000	£'000		£'000	£'000	
700	2,482	Deferred Income falling due within one year as at 1 July	1,225	3,330	
(700)	(2,482)	Released during year	(1,225)	(3,328)	
1,225	3,330	Additional Deferred Income for year	1,844	4,562	
1,225	3,330	Deferred Income falling due within one year carried forward as at 30 June	1,844	4,564	

11. Creditors – Amounts falling due after more than one year

as at 30 June 2014			as at 30 June 2015		
Association	Consolidation		Association	Consolidation	
£'000	£'000		£'000	£'000	
86	854	Deferred Income	33	805	
-	-	Accruals	20	20	
86	854		53	825	

Deferred Income as at 30 June 2015 consists of the income for events and service delivery that takes place in more than one year.

Movements on deferred income that relates to income for events and service delivery that takes place in more than one year were as follows:

2013-14			2014-15		
Association	Consolidation		Association	Consolidation	
£'000	£'000		£'000	£'000	
211	871	Deferred income falling due after more than one year as at 1 July	86	854	
(211)	(670)	Reclassified as deferred income due within one year during the year	(86)	(700)	
86	653	Additional deferred income during the year	33	651	
86	854	Deferred income falling due after more than one year carried forward as at 30 June	33	805	

Notes forming part of the Financial Statements (continued) For the year ended 30 June 2015

12. Analysis of Net Assets of Branches

The branches are part of the Association and run local training and education events for the benefit of branch members. Net assets held by the branches were:

Net assets at 30th June 2014 £'000	Branch	Net assets at 30th June 2015 £'000
29	East Midlands	35
26	Eastern	23
16	Kent, Sussex and Surrey	38
14	London	17
19	North West	10
37	Northern	38
42	Northern Ireland	33
18	Scotland	12
76	South West	80
35	South Central	28
160	Wales	166
147	West Midlands	152
36	Yorkshire and Humber	37
<u>655</u>		<u>669</u>

The overall surplus for the branches for the year was £14,098 (2014 a deficit of £2,353).

13. Reconciliation of operating profit to net cash flow from operating activities

Year to 30th June 2014 £'000		Year to 30th June 2015 £'000
203	Net incoming resources for the year:	303
69	Depreciation	110
(9)	Unrealised gain on investment	(11)
(54)	Interest and dividends receivable	(46)
2	Decrease in stock	4
614	(Increase)/decrease in debtors	(1,083)
280	Increase in creditors	1,365
<u>1,105</u>	Net cash inflow from operating activities	<u>642</u>

14. Related Party Transactions

The Association holds the entire issued share capital of 1 x £1 Ordinary Shares in HFMA Ltd, a private limited company incorporated in England and Wales (see note 15a). This represents the entire voting capital of HFMA Ltd. HFMA Ltd undertakes to remit all profits from HFMA Ltd to HFMA under the gift aid scheme.

HFMA charges a percentage of its staff and overhead costs to HFMA Ltd based on the proportion of staff and management activity committed to the Company.

The Association holds the entire issued share capital of 1 x £1 Ordinary Shares in HFMA Commercial Services Limited (HCS Ltd), a private limited company incorporated in England and Wales (see note 15b). This represents the entire voting capital of HCS Ltd. HCS Ltd undertakes to remit all profits from HCS Ltd to HFMA under the gift aid scheme.

HFMA charges a percentage of its staff and overhead costs to HCS Ltd based on the proportion of staff and management activity committed to the Company.

In order to facilitate a bank account pooling arrangement there is an unlimited Inter Company Composite Guarantee in respect of the bank accounts of HFMA, HFMA Ltd and HCS Ltd by which each company guarantees the liabilities of the other group members to National Westminster Bank Plc.

Most of the Charity Trustees are NHS senior managers whose organisations purchase services from HFMA and its subsidiaries in the normal course of activities. During the year one Trustee, Chris Hurst, received remuneration of £5,000 for services provided to the charity and subsidiaries.

Notes forming part of the Financial Statements (continued) For the year ended 30 June 2015

15. Subsidiaries

a) HFMA LTD

The principal activities of the company are providing marketing services, arranging sponsorship and advertising, and running general and tailored events for the healthcare community.

The Financial Statements of HFMA Ltd for the year to 30 June 2015, as consolidated into the accounts for HFMA, were:

PROFIT AND LOSS ACCOUNT

Year to 30 June 2014 restated £'000		Year to 30 June 2015 £'000
3,443	Turnover	4,476
(996)	Cost of sales	(1,510)
2,447	Gross profit	2,966
30	Interest received	27
2,477		2,993
(482)	Administration	(469)
(734)	Association recharge	(1,076)
1,261	Net profit before tax and group relief	1,448
(79)	Tax and group relief adjustment	-
1,182	Net result	1,448

The restatement above reflects a change in the accounting for gift aid donations, whereby they are now accounted for as distributions rather than gift aid payments through the profit and loss account

BALANCE SHEET

Year to 30 June 2014 £'000		Year to 30 June 2015 £'000
104	Fixed assets	119
3,194	Current assets	3,826
(2,532)	Creditors: Amounts falling due within one year	(3,173)
766	Total assets less current liabilities	772
(766)	Creditors: Amounts falling due after more than one year	(772)
-	Net assets	-

The turnover in HFMA Limited totalled £4,475,450 for the year. HFMA Limited had turnover of £115,981 relating to activities performed for HFMA which is removed on consolidation. Therefore in the consolidated accounts turnover relating to HFMA Limited is shown as £4,359,469.

Notes forming part of the Financial Statements (continued) For the year ended 30 June 2015

15. Subsidiaries (continued)

b) HFMA COMMERCIAL SERVICES LIMITED (HCS LTD)

The principal activity of the company is providing consultancy services to the healthcare industry.

The Financial Statements of HCS Ltd for the year to 30 June 2015, as consolidated into the accounts of HFMA, were:

PROFIT AND LOSS ACCOUNT

Year to 30 June 2014 £'000		Year to 30 June 2015 £'000
116	Turnover	36
(89)	Cost of sales	(3)
27	Gross profit	33
(5)	Interest payable	(2)
22		31
(38)	Administration	(4)
(25)	Association recharge	(11)
(41)	Net (loss)/profit before gift aid, tax and group relief	16
79	Tax and group relief adjustment	-
38	Net result	16

BALANCE SHEET

As at 30 June 2014 £'000		As at 30 June 2015 £'000
253	Current assets	139
(253)	Creditors: amounts falling due within one year	(139)
-	Net assets	-

16. Capital commitments

At 30 June 2015, amounts contracted for but not provided in the financial statements for the fit out of property, plant and equipment amounted to £87,594 (30 June 2014: £89,042).

Notes forming part of the Financial Statements (continued) For the year ended 30 June 2015

17. Statement of funds

Trading funds are the funds held in the subsidiary companies), all other funds are held by the Charity HFMA.

Unrestricted funds	at 1 July 2014	Surplus/(Deficit)	Transfers	Unrecognised gains	at 30 June 2015
	£'000	£'000	£'000	£'000	£'000
General funds					
Trading funds	-	1,448	(1,448)	-	-
General fund	1,540	(1,165)	949	7	1,331
Branch general fund	655	10	-	4	669
Designated funds					
Bursary fund	45	(1)	-	-	44
Deep Reserve fund	1,909	-	499	-	2,408
Consolidated	4,149	292	-	11	4,452

The transfers between funds relate to the total Gift Aid to the Association Centre £1,448,000 from the trading subsidiary companies.

18. Analysis of net assets between funds

HFMA Company
Analysis of net assets between funds
as at 30 June 2015

	General funds		Designated funds		Total funds
	General fund	Branch general fund	Bursary fund	Deep reserve fund	
	£'000	£'000	£'000	£'000	£'000
Fixed and intangible assets	1,423	-	-	2,408	3,831
Cash at bank and in hand	3,285	789	44	-	4,118
Other current assets	1,344	158	-	-	1,502
Current liabilities	(4,668)	(278)	-	-	(4,946)
Liabilities due after more than 1 year	(53)	-	-	-	(53)
	1,331	669	44	2,408	4,452

HFMA Group
Analysis of net assets between funds
as at 30 June 2015

	General funds		Designated funds		Total funds
	General fund	Branch general fund	Bursary fund	Deep reserve fund	
	£'000	£'000	£'000	£'000	£'000
Fixed and intangible assets	1,542	-	-	2,408	3,950
Cash at bank and in hand	3,743	789	44	-	4,576
Other current assets	2,304	158	-	-	2,462
Current liabilities	(5,433)	(278)	-	-	(5,711)
Liabilities due after more than 1 year	(825)	-	-	-	(825)
	1,331	669	44	2,408	4,452

AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION

We have audited the group and parent charitable company's financial statements of Healthcare Financial Management Association ("the financial statements") for the year ended 30 June 2015 on page 10 to 26. 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 exclusively to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charitable company's trustees 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 charitable company, its members as a body, and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' responsibilities set out on page 9 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 30 June 2015; and of the group's and the parent charitable company's incoming resources and application of resources, including their income and expenditure, for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the President and Chief Executive's Report, the Chief Executive's Report, the Trustees' Report (incorporating the Strategic Report), for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the parent charitable company has not kept proper and adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustee's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



NIGEL HARDY (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP (formerly BAKER TILLY UK AUDIT LLP), Statutory Auditor
Hartwell House
55 – 61 Victoria Street
Bristol BS1 6AD

Date: 13 November 2015

RSM UK AUDIT LLP (formerly BAKER TILLY UK AUDIT LLP) is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006