

Company Number 5787972

HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION

Trustees' Report and Financial Statements

For the year ending 30th June 2016

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# NATIONAL EXECUTIVE AND BOARD OF TRUSTEES

## Board of Trustees and Directors

### PRESIDENT

2015/2016: Shahana Khan  
2014/2015: Sue Lorimer  
2013/2014: Andy Hardy

### VICE PRESIDENTS

2015/2016: Mark Orchard  
2015/2016: Alex Gild  
2014/2015: Shahana Khan  
2014/2015: Mark Orchard  
2013/2014: Sue Lorimer  
2013/2014: Mark Orchard

### IMMEDIATE PAST CHAIRMAN/ PRESIDENT

2015/2016: Sue Lorimer  
2014/2015: Andy Hardy  
2013/2014: Tony Whitfield

### NATIONAL TREASURER

Alex Gild (until 11 December 2015)  
Keely Firth (from 11 December 2015)

### OTHER TRUSTEES AND DIRECTORS

Keely Firth  
Ros Francke  
Susan Goldsmith  
Chris Hurst  
Stephen McNally  
Suzanne Tracey (resigned 11 December 2015)  
Mal Turner (resigned 11 December 2015)  
Bill Gregory (appointed 11 December 2015)  
James Rimmer (appointed 11 December 2015)  
Huw Thomas (appointed 11 December 2015)

## 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](mailto:info@hfma.org.uk)  
Web: [www.hfma.org.uk](http://www.hfma.org.uk)

## HFMA Senior Executive Team

### CHIEF EXECUTIVE / SECRETARY

Mark Knight

### DEPUTY CHIEF EXECUTIVE & DIRECTOR OF FINANCE

Ian Turner

### DIRECTOR OF EDUCATION & DEVELOPMENT

Alison Myles

### DIRECTOR OF POLICY & 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 2016

## President and Chief Executives Report

In what has been a particularly challenging year for our members HFMA continues to strive to listen and support the membership in every way it can.

This is particularly the case in policy and educational terms where HFMA continues to fulfil its mission and objectives as articulated in our 2014-17 strategy.

For the fourteenth straight year, we are pleased to report HFMA has delivered a surplus of £225,000, slightly down from £303,000 in 2014/15. However, it should be noted that this year we started on the very exciting development of our own Qualification which has resulted in "exceptional" costs of £183,000 which if adjusted for would mean our surplus would have been £408,000.

Our turnover has also increased from £7,592,000 to £8,516,000 which is one demonstration of the continuing growth in activity at HFMA.

Our conference facility, 110 Rochester Row, is now really "bedding in". Not only does it continue to provide us with a focal point in the centre of London but it contributed £230,000 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 6% return on investment as well, before consideration is given to the increased capital value.

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.

Our reason for existence is to support our members so HFMA is delighted to be able to say that by the end of the year the target of 10,000 members has been beaten by 1,675 to bring this class of membership to a total of 11,675. Although more challenging, we have also managed to have a small increase year on year in our paying membership. A major objective for 2016-17 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 principal spokesperson for HFMA. The two 'Taking the Temperature' surveys were amongst the highlights of a busy year and the whole media campaign generated 188 pieces of coverage which is way above the target of 75 that was set.

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:-

- 105,402 hours of CPD provided during year (on average 11 hours for each full member)

- 155 local and national events
- 37 webinars providing 7,633 hours of CPD
- 42 briefings and publications

This amazing amount of activity does not "just happen". HFMA is blessed to not only have a very professional and dedicated team of some 80 staff but also a magnificent and growing group of 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.

Sue Lorimer was the President for the first half of the year whose theme "Stronger Together" was a great success with 28 courses commissioned and run by our branches. We would like to thank Sue for the steady and effective way she led HFMA in her year in office, we would also like to thank Andy Hardy and Stephen McNally, two trustees who are stepping down at this AGM.

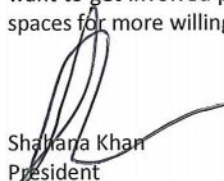
The theme for the second half of the year, launched at the 2015 annual conference in December 2015, is "Step Up". A theme that has captured the imagination of the service and once again, with each branch running at least one event, has proved a well-supported initiative.

During 2015-16 we continued to host and be 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.

HFMA is always looking to do more and develop new services to support the membership and ensure the sustainability of the Association into the future. Two major steps in the development of HFMA are; the development of the qualification, which we are expecting to launch in 2017 and the long held desire for a Royal Charter which is proving to be a longer process than we first envisaged.

We continue to strive for excellence in all we do and to grow the reach and depth of HFMA activities. We recognise a strong Association is good for the finance community as our members grapple with the unprecedented change and financial challenge within the NHS.

Thank you for reading this annual review if you think you might want to get involved please do not hesitate as there are always spaces for more willing volunteers!



Shafana Khan  
President



Mark Knight  
Chief Executive

## Trustees' Report

# REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2016

## 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

#### ✚ ACHIEVEMENTS AND PERFORMANCE 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 11,675 (2014/15: 9,599).

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 2015/16 (as in 2014/15) 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 1,135 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 Healthcare Costing for Value Institute, having been launched the previous year, is now fully formed and has gone from strength to strength with 112 member organisations at 30 June 2016. The FT, Commissioning, Mental Health and Chair NED& Lay faculties continue to be extremely popular and attract widespread support.

**Influence:** There have been considerable developments in policy and technical work during 2015/16.

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. HFMA has been central in the development of the Future Focused Finance (""FFF") initiative with HFMA's President being one of the six founder members of the Finance Leadership Council. We are delighted to continue to be the Prime Partner for FFF; hosting, providing the administration and deliver FFF's 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 42 briefings and publications in the year.

**Training and development:** The number of CPD hours provided across the Association in the year reached 105,402 (2014/15: 106,148). Although slightly less than in the previous year this is well above the target we set ourselves in our strategy of 100,000. This continues one of the key statistics that demonstrates the continuing 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 2016 the average over all events was 98%.

During the latter half of the year we started on a total refresh of the suite of HFMA board games. We now have the "Operating Game" which simulates the running of a hospital, the "Operating Game - Mental Health" for Mental Health Trusts and we are developing a game for integrated health systems which we expect to launch in early 2017. These game are proving to be of great interest with barely a week going by where we are not running at least one game.

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 37 webinars took place in 2015/16.

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.

# REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2016

**E-learning:** Out e-learning continues to go from strength to strength. Once again the target of achieving over 90% of users scoring each module excellent or good was achieved at 93%.

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.

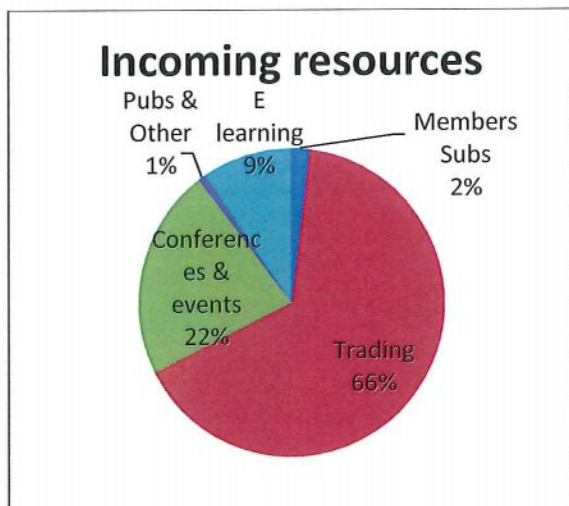
The e-learning system is constantly reviewed and updated making any necessary changes to ensure ease of use, as well as providing excellent customer support including regularly updated support documents, scheduled communication to advise on promotion of e-learning within organisations, and a customer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

## ✚ FINANCIAL REVIEW

Results for the year ended 30 June 2016 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)).

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 £0.2m for 2015/16 (£0.3m 2014/15).

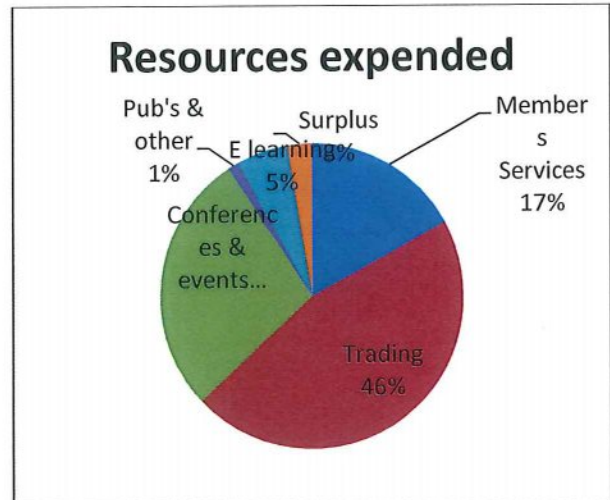
A chart demonstrating the make-up of incoming resources during the year to 30 June 2016 is shown below:



The total incoming resources of the Group for 2015/16 were £8.5m (£7.6m 2014/15). The largest single source of income was from trading which stood at £5.6m in 2015/16 (£4.4m 2014/15). This is a substantial increase reflecting ever increasing activity with our commercial partners and the growing contribution from the Conference Centre. Conferences and training events income

in 2015/16 totalled £1.9m (£2.2m 2014/15). E-learning income totalled £0.8m in 2015/16, (£1m in 2014/15).

The use of these incoming resources is shown below:



The costs of all the trading activity in the two subsidiaries was £3.9m in 2015/16 resulting in a surplus of £1.7m (£1.4 in 2014/15). 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 and events. Resources expended exceed income by £0.5m (£0.4m in 2014/15) the level of subsidisation provided to members when running events.

As noted above the sale of e-learning packages was down year-on-year by £0.15m. Costs have however also decreased by £0.15m meaning the margin is the same year on year.

Members subscriptions totalled £0.16m in 2015/16 and 2014/15 whilst the costs of member services increased to £1.5m in 2015/16 (£1.2m in 2014/15). 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 £0.2m in 2015/16 (£0.3m in 2014/15) increases the net funds of HFMA so that the funds held at 30 June 2016 are the highest ever at £4.7m.

## ✚ 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

# REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2016

contribute to the Public Benefit provided by HFMA in assisting healthcare managers in providing a high quality and efficient service to the public.

The 100% owned trading subsidiary HFMA Ltd operates commercial activities to support the work of HFMA. The results are shown in Note 15 to the Accounts.

HFMA Commercial Services Limited is also 100% owned but has not traded in the year.

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

The activities and achievements of the charity in the year to 30 June 2016 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. We will continue to run the portfolio of board games and launch a full health system game. Extending our work assisting local FSD and FMTS groups will also continue to be a focus for 2016/17. Each branch will run a minimum of four events of which at least one will be free. We will also be looking to further develop our faculty programme. We will also develop our plans for a qualification and plan to launch the HFMA Diploma and Higher Diploma in 2017.

- **E learning;** We will further develop our e-learning programmes. We will also be looking to extend the e-learning programmes to health professionals in 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 AND GOING CONCERN

HFMA's reserves which have been built up slowly over many years, now stand at £4.7m. 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.
- The Bursary fund is to support those with low incomes accessing the services of HFMA.

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

# REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2016

Due to the level of reserves and the fact that the charity achieved a surplus in year the Trustees consider it is appropriate to treat the charity as a going concern and there are no material uncertainties facing the charity.

## ✚ 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 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



# REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2016

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 2015/16, 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. These two committees have delegated powers and responsibilities that are documented and approved by the Board.

The Appointments and Remuneration Committee also considers and recommends to the board the remuneration of the CEO, Deputy CEO & Director of Finance, Director of Education & Training and the Director of Policy & Technical. This involves a review of the market place to allow benchmarking to take place and consideration of the roles and responsibilities of each post.

The 13 branches have their own volunteer branch executives usually comprising a Branch Chair, a Branch Treasurer and a Branch Secretary.

In August 2015 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](http://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 be reappointed as statutory auditor of the Charity will be put to the Annual General Meeting in December 2016. The Trustees Report and the Strategic Report contained within it were approved by the Board on 27 October 2016 and signed on its behalf by:

Keely Firth



Trustee and Chair of the Audit & Finance Committee



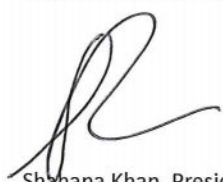
# FINANCIALS – Balance Sheets

## Consolidated and charity balance sheets as at 30 June 2016

30 June 2015			30 June 2016		
Association £'000	Consolidation £'000		Notes	Association £'000	Consolidation £'000
		<b>Fixed assets</b>			
3,584	3,671	Tangible assets	7a	3,538	3,607
247	279	Intangible assets	7b	394	394
146	146	Investments	7c	151	151
<b>3,977</b>	<b>4,096</b>	<b>Total fixed assets</b>		<b>4,083</b>	<b>4,152</b>
		<b>Current assets</b>			
7	11	Stocks		3	6
1,349	2,305	Debtors	8	960	2,066
4,118	4,576	Cash at bank and in hand	9	4,746	4,818
<b>5,474</b>	<b>6,892</b>	<b>Total current assets</b>		<b>5,709</b>	<b>6,890</b>
(4,946)	(5,711)	Creditors: Amounts falling due within one year	10	(5,088)	(5,667)
<b>528</b>	<b>1,181</b>	<b>Net current assets</b>		<b>621</b>	<b>1,223</b>
<b>4,505</b>	<b>5,277</b>	<b>Total assets less current liabilities</b>		<b>4,704</b>	<b>5,375</b>
(53)	(825)	Creditors: Amounts falling due after more than one year	11	(27)	(698)
<b>4,452</b>	<b>4,452</b>	<b>Net assets</b>		<b>4,677</b>	<b>4,677</b>
		<b>Unrestricted funds</b>			
1,331	1,331	General fund		1,242	1,242
669	669	Branch general fund		638	638
		<b>Designated funds</b>			
44	44	Bursary fund		42	42
2,408	2,408	Deep Reserve fund		2,755	2,755
<b>4,452</b>	<b>4,452</b>	<b>Total unrestricted funds</b>	17	<b>4,677</b>	<b>4,677</b>

The notes on pages 12 to 27 form part of these accounts.

The accounts were approved by the Board of Trustees on 27 October 2016



Shanana Khan, President

# FINANCIALS – Statement of Cash Flows

## Statement of Cash Flows for the year ended 30 June 2016

<b>2014-15</b>		Notes	<b>2015-16</b>
<b>£'000</b>			<b>£'000</b>
642	Net cash inflow from operating activities (note 14)	14	445
<b>Cash flows from investing activities</b>			
42	Interest received		24
4	Dividends received		5
(335)	Purchase of tangible fixed assets		(32)
(35)	Purchase of intangible fixed assets		(200)
<u>(324)</u>	<b>Net cash flow from investing activities</b>		<u>(203)</u>
<u>318</u>	<b>Increase in cash</b>		<u>242</u>

The notes on pages 12 to 27 form part of these accounts.

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## Reconciliation of net cash flow to movement in cash

	<b>2015-16</b>
	<b>£'000</b>
Cash at 1 July 2015	4,576
Increase in cash in the year	242
Cash at 30 June 2016	<u>4,818</u>

# Notes forming part of the Financial Statements For the year ended 30 June 2016

## 1. Accounting Policies

### a) GENERAL INFORMATION

HFMA is a limited company and charity domiciled and incorporated in England. The address of HFMA's registered office is 110 Rochester Row, Victoria, London, SW1P 1JP. The principle places of business of HFMA are 110 Rochester Row, Victoria, London, SW1P 1JP and 1 Temple Way, Bristol, BS2 0BU.

The HFMA Group consists of HFMA and all of its subsidiaries. The nature of HFMA Groups activities are detailed in the Trustees report on pages 4 to 8 of these accounts.

### b) BASIS OF PREPARATION AND FIRST YEAR OF FRS 102

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)). The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

HFMA meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

In preparing the accounts the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required. It was concluded that no changes were required that had an impact on the surplus shown in the current or prior year accounts. However, capitalised costs of software development previously shown as equipment in tangible fixed assets have been moved into intangible fixed assets. The net book value of these assets at 30 June 2015 was £246,000 and at 30 June 2016 £394,000 (note 7b).

### c) REDUCED DISCLOSURES

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements;

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in comprehensive income.

### d) FUNCTIONAL AND PRESENTATIONAL CURRENCY

The consolidated financial statements are presented in sterling which is also the functional currency of the Company.

### e) FINANCIAL INSTRUMENTS

HFMA has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### Financial assets

Trade, group and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument and subsequently measured at amortised cost.

# Notes forming part of the Financial Statements (continued)

## For the year ended 30 June 2016

### 1. Accounting Policies (continued)

#### e) FINANCIAL INSTRUMENTS (continued)

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are immediately recognised in profit or loss.

#### f) 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.

#### g) 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.

#### h) 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.

#### i) 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 2016

### 1. Accounting Policies (continued)

#### e) FINANCIAL INSTRUMENTS (continued)

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are immediately recognised in profit or loss.

#### f) 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.

#### g) INCOME

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.

#### h) 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.

#### i) EXPENDITURE

Expenditure 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 2016

### 1. Accounting Policies (continued)

#### q) PENSIONS

All staff are employed solely by the Association. Two Group Personal Pension Schemes are provided for staff joining the Association:

- All employees are automatically enrolled into a defined contribution scheme whereby the Association contributes 5% of the employee's salary and the employee contributes a minimum of 3%. Employees can opt out of this scheme if they wish. These funds are the property of the individual employees.
- All employees can choose to enrol into a further Group 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.

#### r) 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.

#### s) 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 2016

### 1. Accounting Policies (continued)

#### q) PENSIONS

All staff are employed solely by the Association. Two Group Personal Pension Schemes are provided for staff joining the Association:

- All employees are automatically enrolled into a defined contribution scheme whereby the Association contributes 5% of the employee's salary and the employee contributes a minimum of 3%. Employees can opt out of this scheme if they wish. These funds are the property of the individual employees.
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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 FRS 102.

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

#### r) 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.

#### s) 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 2016

### 2. Income

#### a) INCOME FROM RAISING FUNDS

##### VOLUNTARY INCOME

The voluntary income received consists of membership subscriptions and donations.

2014-15			2015-16	
Association	Consolidation		Association	Consolidation
£'000	£'000		£'000	£'000
168	168	Subscriptions	163	163
40	40	Donations	-	-
<u>208</u>	<u>208</u>		<u>163</u>	<u>163</u>

##### ACTIVITIES FOR GENERATING FUNDS

For details of the trading turnover of HFMA Ltd, please see note 16a and HFMA Commercial Services Limited note 16b.

##### INVESTMENT INCOME AND INTEREST RECEIVED

2014-15			2015-16	
Association	Consolidation		Association	Consolidation
£'000	£'000		£'000	£'000
4	4	Investment Income	4	5
15	43	Interest Received	5	24
159	-	Rental income	159	-
<u>178</u>	<u>47</u>		<u>168</u>	<u>29</u>

#### b) INCOME FROM CHARITABLE ACTIVITIES

##### CONFERENCES, SEMINARS AND FUTURE FOCUSED FINANCE

2014-15			2015-16	
Association	Consolidation		Association	Consolidation
£'000	£'000		£'000	£'000
1,519	1,519	National events and Future Focused Finance	1,487	1,487
427	427	Branch events	353	353
<u>1,946</u>	<u>1,946</u>		<u>1,840</u>	<u>1,840</u>

##### PUBLICATIONS

2014-15			2015-16	
Association	Consolidation		Association	Consolidation
£'000	£'000		£'000	£'000
31	31	Publications	18	18
<u>31</u>	<u>31</u>		<u>18</u>	<u>18</u>

## Notes forming part of the Financial Statements (continued)

### For the year ended 30 June 2016

### 3. Expenditure

Salary and support costs (including governance 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 2015-16	Direct Costs	Support Costs	TOTAL	TOTAL
	£'000	£'000	2015-16	2014-15
Generating Voluntary Income	-	126	126	218
Conferences and Seminars	1,899	467	2,366	2,400
Publications and Training Packages	6	95	101	83
E-learning	57	405	462	606
Membership Services including HCF magazine	75	1,246	1,321	1,053
Bursary	2	-	2	1
<b>Total Association</b>	<b>2,039</b>	<b>2,339</b>	<b>4,378</b>	<b>4,361</b>
HFMA Ltd	2,898	1,020	3,918	2,919
HFMA Commercial Services Limited	-	-	-	20
<b>Consolidated</b>	<b>4,937</b>	<b>3,359</b>	<b>8,296</b>	<b>7,300</b>

#### 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 split between centre events and branch events are shown below:

2014-15			2015-16	
Association	Consolidation		Association	Consolidation
£'000	£'000		£'000	£'000
612	612	Branch Events	564	564
1,866	1,788	Centre Events	1,873	1,802
<b>2,478</b>	<b>2,400</b>		<b>2,437</b>	<b>2,366</b>

### 4. Audit Fees

The total external audit fees were:

2014-15			2015-16	
Association	Consolidation		Association	Consolidation
£'000	£'000		£'000	£'000
10	10	Charity	12	12
-	3	HFMA Ltd	-	4
-	3	HFMA Commercial Services Limited	-	-
<b>10</b>	<b>16</b>		<b>12</b>	<b>16</b>
-	3	Other services supplied by affiliates of RSM UK Audit LLP	2	3

## Notes forming part of the Financial Statements (continued) For the year ended 30 June 2016

### 5. Staff Costs and Trustees' Remuneration (continued)

#### f) 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:

2014-15 £'000	Type of Expense	2015-16 £'000
2	Subsistence	2
8	Travel	8
7	Accommodation	17
<u>17</u>		<u>27</u>

### 6. Property and Operating Lease Commitment

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

2014-15			2015-16	
Association £'000	Consolidation £'000		Association £'000	Consolidation £'000
92	92	One year or less	92	92
227	227	Two to five year	133	133
-	-	Over 5 years	-	-

Property and operating lease costs shown within the statements of financial activities within support costs were £101k (2014/15 £100k) for Association and £101k (2014/15 £99k) 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 2015	2,030	1,442	385	3,857
Additions	-	32	-	32
Cost as at 30 June 2016	<u>2,030</u>	<u>1,472</u>	<u>385</u>	<u>3,889</u>
Cumulative depreciation as at 1 July 2015	29	49	109	187
Depreciation charge for the year	-	52	43	95
Cumulative depreciation as at 30 June 2016	<u>29</u>	<u>101</u>	<u>152</u>	<u>282</u>
Net book value as at 1 July 2015	<u>2,001</u>	<u>1,394</u>	<u>276</u>	<u>3,671</u>
Net book value as at 30 June 2016	<u>2,001</u>	<u>1,373</u>	<u>233</u>	<u>3,607</u>

The long leasehold is classified as an investment property for the charity under FRS 102, but the Trustees have taken the 'undue cost and effort' exemption and continue to hold this asset at amortised cost rather than market value.

## Notes forming part of the Financial Statements (continued) For the year ended 30 June 2016

### 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 2015	2,030	1,431	275	3,736
Additions	-	32	-	32
Disposals	-	-	-	-
Cost as at 30 June 2016	2,030	1,463	275	3,768
Cumulative depreciation as at 1 July 2015	29	44	79	152
Depreciation charge for the year	-	51	27	78
Cumulative depreciation as at 30 June 2016	29	95	106	230
Net book value as at 1 July 2015	2,001	1,387	196	3,584
Net book value as at 30 June 2016	2,001	1,368	169	3,538

The long leasehold is classified as an investment property for the charity under FRS 102, but the Trustees have taken the 'undue cost and effort' exemption and continue to hold this asset at amortised cost rather than market value.

### 7.b) Intangible Fixed Assets

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

	Intellectual Property £'000	Software £'000	Total £'000
Cost as at 1 July 2015	35	262	297
Additions	-	200	200
Cost as at 30 June 2016	35	462	497
Cumulative depreciation as at 1 July 2015	2	16	18
Depreciation charge for the year	33	52	85
Cumulative depreciation as at 30 June 2016	35	68	103
Net book value as at 1 July 2015	33	246	279
Net book value as at 30 June 2016	-	394	394

## Notes forming part of the Financial Statements (continued) For the year ended 30 June 2016

### 7.b) Intangible Fixed Assets (continued)

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

	Software £'000	Total £'000
Cost as at 1 July 2015	262	262
Additions	200	200
Cost as at 30 June 2016	<u>462</u>	<u>462</u>
Cumulative depreciation as at 1 July 2015	16	16
Depreciation charge for the year	52	52
Cumulative depreciation as at 30 June 2016	<u>68</u>	<u>68</u>
Net book value as at 1 July 2015	<u>246</u>	<u>246</u>
Net book value as at 30 June 2016	<u>394</u>	<u>394</u>

### 7. c) 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 2016 £'000	Disposal £'000	Market value as at 30 June 2015 £'000	Gain in year £'000
£100,000 Charities Official Investment Fund	100	151	-	146	5
Total	<u>100</u>	<u>151</u>	<u>-</u>	<u>146</u>	<u>5</u>

### 8. Debtors

as at 30 June 2015			as at 30 June 2016		
Association	Consolidation		Association	Consolidation	
£'000	£'000		£'000	£'000	
974	2,063	General debtors	778	1,859	
154	-	Amounts due from group companies	17	-	
45	-	Other debtors (VAT)	3	-	
129	175	Prepayments & accrued income	129	154	
47	67	Deferred costs	33	53	
<u>1,349</u>	<u>2,305</u>		<u>960</u>	<u>2,066</u>	

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

Deferred costs brought forward were released as follows:

2014-15			2015-16		
Association	Consolidation		Association	Consolidation	
£'000	£'000		£'000	£'000	
26	59	Deferred Costs brought forward as at 1 July	26	67	
(26)	(59)	Released during year	(26)	(67)	
47	67	Additional Deferred Costs for year	33	53	
<u>47</u>	<u>67</u>	Deferred Costs carried forward as at 30 June	<u>33</u>	<u>53</u>	

## Notes forming part of the Financial Statements (continued)

### For the year ended 30 June 2016

#### 9. Cash at bank and in hand

The bank and cash accounts held are as follows:

as at 30 June 2015			as at 30 June 2016		
Association	Consolidation		Association	Consolidation	
£'000	£'000		£'000	£'000	
1,050	1,508	Current accounts	1,597	1,669	
3,068	3,068	Fixed rate deposits	2,330	3,149	
<u>4,118</u>	<u>4,576</u>	TOTAL CASH BALANCE	<u>3,927</u>	<u>4,818</u>	

#### 10. Creditors – Amounts falling due within one year

as at 30 June 2015			as at 30 June 2016		
Association	Consolidation		Association	Consolidation	
£'000	£'000		£'000	£'000	
340	484	Trade creditors	470	694	
2,219	-	Amounts due from group companies	2,495	-	
72	72	Social security creditors	65	65	
24	24	Pension creditors	28	28	
2	37	Other creditors (VAT)	190	270	
445	530	Accruals	326	429	
1,844	4,564	Deferred income	1,514	4,182	
<u>4,946</u>	<u>5,711</u>		<u>5,088</u>	<u>5,668</u>	

Deferred income as at 30 June 2016 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:

2014-15		2015-16	
Association	Consolidation	Association	Consolidation
£'000	£'000	£'000	£'000
1,225	3,330	1,844	4,564
(1,225)	(3,328)	(1,844)	(4,561)
<u>1,844</u>	<u>4,562</u>	<u>1,514</u>	<u>4,179</u>
1,844	4,564	1,514	4,182

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

as at 30 June 2015			as at 30 June 2016		
Association	Consolidation		Association	Consolidation	
£'000	£'000		£'000	£'000	
33	805	Deferred Income	7	678	
20	20	Accruals	20	20	
<u>53</u>	<u>825</u>		<u>27</u>	<u>698</u>	

Deferred Income as at 30 June 2016 consists of the income for events and service delivery that takes place in more than one year.

## Notes forming part of the Financial Statements (continued) For the year ended 30 June 2016

### 9. Cash at bank and in hand

The bank and cash accounts held are as follows:

as at 30 June 2015			as at 30 June 2016		
Association	Consolidation		Association	Consolidation	
£'000	£'000		£'000	£'000	
1,050	1,508	Current accounts	1,597	1,669	
3,068	3,068	Fixed rate deposits	3,149	3,149	
<u>4,118</u>	<u>4,576</u>	TOTAL CASH BALANCE	<u>4,746</u>	<u>4,818</u>	

### 10. Creditors – Amounts falling due within one year

as at 30 June 2015			as at 30 June 2016		
Association	Consolidation		Association	Consolidation	
£'000	£'000		£'000	£'000	
340	484	Trade creditors	470	694	
2,219	-	Amounts due from group companies	2,495	-	
72	72	Social security creditors	65	65	
24	24	Pension creditors	28	28	
2	37	Other creditors (VAT)	190	269	
445	530	Accruals	326	429	
1,844	4,564	Deferred income	1,514	4,182	
<u>4,946</u>	<u>5,711</u>		<u>5,088</u>	<u>5,667</u>	

Deferred income as at 30 June 2016 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:

2014-15			2015-16		
Association	Consolidation		Association	Consolidation	
£'000	£'000		£'000	£'000	
1,225	3,330	Deferred Income falling due within one year as at 1 July	1,844	4,564	
(1,225)	(3,328)	Released during year	(1,844)	(4,561)	
1,844	4,562	Additional Deferred Income for year	1,514	4,179	
<u>1,844</u>	<u>4,564</u>	Deferred Income falling due within one year carried forward as at 30 June	<u>1,514</u>	<u>4,182</u>	

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

as at 30 June 2015			as at 30 June 2016		
Association	Consolidation		Association	Consolidation	
£'000	£'000		£'000	£'000	
33	805	Deferred Income	7	678	
20	20	Accruals	20	20	
<u>53</u>	<u>825</u>		<u>27</u>	<u>698</u>	

Deferred Income as at 30 June 2016 consists of the income for events and service delivery that takes place in more than one year.



## Notes forming part of the Financial Statements (continued) For the year ended 30 June 2016

### 13. 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 2015 £'000	Branch	Net assets at 30th June 2016 £'000
35	East Midlands	36
23	Eastern	23
38	Kent, Sussex and Surrey	46
17	London	19
10	North West	(1)
38	Northern	33
33	Northern Ireland	44
12	Scotland	5
80	South West	88
28	South Central	31
166	Wales	114
152	West Midlands	161
37	Yorkshire and Humber	39
<u>669</u>		<u>638</u>

The overall deficit for the branches for the year was £31,314 (2015 a surplus of £14,098).

### 14. Reconciliation of operating profit to net cash flow from operating activities

Year to 30th June 2015 £'000		Year to 30th June 2016 £'000
303	Net incoming resources for the year:	225
110	Depreciation	163
(11)	Unrealised gain on investment	(5)
(46)	Interest and dividends receivable	(29)
4	Decrease in stock	5
(1,083)	(Increase)/decrease in debtors	239
1,365	Increase/(decrease) in creditors	(153)
<u>642</u>	<b>Net cash inflow from operating activities</b>	<u>445</u>

### 15. 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.

The Association has taken advantage of the exemptions available under FRS 102 in not disclosing transactions with wholly owned group entities.

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

## Notes forming part of the Financial Statements (continued) For the year ended 30 June 2016

### 15. Related Party Transactions (continued)

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 £11,000 (2014/15 £5,000) for services provided to the charity and subsidiaries. There were no amounts outstanding at the year end.

### 16. Subsidiaries

#### a) HFMA LTD COMPANY NUMBER 4815434

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

The Financial Statements of HFMA Ltd for the year to 30 June 2016, as consolidated into the accounts for HFMA, were:

#### PROFIT AND LOSS ACCOUNT

Year to 30 June 2015 £'000		Year to 30 June 2016 £'000
4,476	Turnover	5,697
(1,510)	Cost of sales	(2,411)
<b>2,966</b>	<b>Gross profit</b>	<b>3,286</b>
27	Interest received	19
<b>2,993</b>		<b>3,305</b>
(469)	Administration	(487)
(1,076)	Association recharge	(1,143)
<b>1,448</b>	<b>Net result</b>	<b>1,675</b>

#### BALANCE SHEET

Year to 30 June 2015 £'000		Year to 30 June 2016 £'000
119	Fixed assets	69
3,826	Current assets	3,697
(3,173)	Creditors: Amounts falling due within one year	(3,095)
772	Total assets less current liabilities	671
(772)	Creditors: Amounts falling due after more than one year	(671)
<b>-</b>	<b>Net assets</b>	<b>-</b>

The turnover in HFMA Limited totalled £5,697,000 for the year which £106,000 related to activities performed for HFMA which is removed on consolidation. Therefore in the consolidated accounts turnover relating to HFMA Limited is shown as £5,591,000.

## Notes forming part of the Financial Statements (continued) For the year ended 30 June 2016

### 16. Subsidiaries (continued)

#### b) HFMA COMMERCIAL SERVICES LIMITED (HCS LTD) COMPANY NUMBER 6384842

The principal activity of the company was providing consultancy services to the healthcare industry. There was no trading in this subsidiary in the year to 30 June 2016.

The Financial Statements of HCS Ltd for the year to 30 June 2016, as consolidated into the accounts of HFMA, were:

#### PROFIT AND LOSS ACCOUNT

Year to 30 June 2015 £'000		Year to 30 June 2016 £'000
36	Turnover	-
(3)	Cost of sales	-
<b>33</b>	<b>Gross profit</b>	-
(2)	Interest payable	-
<b>31</b>		-
(4)	Administration	-
(11)	Association recharge	-
<b>16</b>	<b>Net (loss)/profit before gift aid, tax and group relief</b>	-
-	Tax and group relief adjustment	-
<b>16</b>	<b>Net result</b>	-

#### BALANCE SHEET

As at 30 June 2015 £'000		As at 30 June 2016 £'000
139	Current assets	-
(139)	Creditors: amounts falling due within one year	-
-	<b>Net assets</b>	-

## Notes forming part of the Financial Statements (continued)

### For the year ended 30 June 2016

#### 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 2015	Surplus/(Deficit)	Transfers	Unrecognised gains	at 30 June 2016
	£'000	£'000	£'000	£'000	£'000
<b>General funds</b>					
Trading funds	-	1,675	(1,675)	-	-
General fund	1,331	(1,419)	1,328	2	1,242
Branch general fund	669	(34)	-	3	638
<b>Designated funds</b>					
Bursary fund	44	(2)	-	-	42
Deep Reserve fund	2,408	-	347	-	2,755
<b>Consolidated</b>	<b>4,452</b>	<b>220</b>	<b>-</b>	<b>5</b>	<b>4,677</b>

The transfers between funds relate to the total Gift Aid to the Association Centre.

#### 18. Analysis of net assets between funds

##### HFMA Group

##### Analysis of net assets between funds as at 30 June 2016

	General funds		Designated funds		Total funds
	General fund	Branch general fund	Bursary fund	Deep reserve fund	
	£'000	£'000	£'000	£'000	
Fixed and intangible assets	1,397	-	-	2,755	4,152
Cash at bank and in hand	4,000	776	42	-	4,818
Other current assets	1,949	123	-	-	2,072
Current liabilities	(5,406)	(261)	-	-	(5,667)
Liabilities due after more than 1 year	(698)	-	-	-	(698)
	<b>1,242</b>	<b>638</b>	<b>42</b>	<b>2,755</b>	<b>4,677</b>

##### HFMA Company

##### Analysis of net assets between funds as at 30 June 2016

	General funds		Designated funds		Total funds
	General fund	Branch general fund	Bursary fund	Deep reserve fund	
	£'000	£'000	£'000	£'000	
Fixed and intangible assets	1,328	-	-	2,755	4,083
Cash at bank and in hand	3,970	776	-	-	4,746
Other current assets	798	123	42	-	963
Current liabilities	(4,827)	(261)	-	-	(5,088)
Liabilities due after more than 1 year	(27)	-	-	-	(27)
	<b>1,242</b>	<b>638</b>	<b>42</b>	<b>2,755</b>	<b>4,677</b>

#### 19. Capital commitments

At 30 June 2016, there were no capital commitments. At 30 June 2015 there was £87,594 contracted for but not provided in the financial statements for website development costs.

# 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 2016 on page 10 to 27. 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 7 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 2016; 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, Statutory Auditor  
Hartwell House  
55 – 61 Victoria Street  
Bristol BS1 6AD

Date: 5 December 2016

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