

Company Number 5787972

HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION

Trustees' Report and Financial Statements

For the year ending 30 June 2021

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HFMA

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SENIOR EXECUTIVES AND BOARD OF TRUSTEES

Board of Trustees and Directors

PRESIDENT

2020/21: Caroline Clarke
2019/20: Caroline Clarke
2018/19: Bill Gregory

VICE PRESIDENTS

2020/21: Owen Harkin
2020/21: Lee Bond
2019/20: Owen Harkin
2019/20: Lee Bond
2018/19: Caroline Clarke
2018/19: Owen Harkin

IMMEDIATE PAST PRESIDENT

2018/19: Bill Gregory
2017/18: Alex Gild
2016/17: Mark Orchard

CHAIR OF AUDIT AND FINANCE COMMITTEE

James Rimmer (until 31 December 2020)
Simon Crowther (from 31 December 2020)

NON-OFFICER TRUSTEES AND DIRECTORS

Sanjay Agrawal
David Chandler (appointed 10 December 2020)
Simon Crowther
Sandra Easton
Maureen Edwards (appointed 10 December 2020)
Alex Gild
Kavita Gnanaolivu
Bill Gregory
Kim Li (appointed 10 December 2020)
Elizabeth O'Mahony
Lee Outhwaite
Carol Potter (resigned 10 December 2021)
Claire Wilson

HFMA Senior Executive Team

CHIEF EXECUTIVE / SECRETARY

Mark Knight

DEPUTY CHIEF EXECUTIVE & DIRECTOR OF FINANCE

Ian Turner

DIRECTOR OF EDUCATION

Alison Myles (until 31 December 2020)

DIRECTOR OF POLICY AND RESEARCH

Emma Knowles

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

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 PRESIDENT AND CHIEF EXECUTIVE FOR THE YEAR ENDED 30 JUNE 2021

President's and Chief Executive's Report

The business plan for the year to 30 June 2021 was set as a reset year for HFMA, having pivoted the organisation in the last quarter of the year to 30 June 2020 to cope with the impact of Covid-19. The focus of that business plan was to maintain our volume of activities to support our members as much as we could and at the same time to ensure the organisation was financially sustainable by making a small surplus.

We are delighted to be able to say that both objectives were achieved. The volume of activity and support to members was actually greater than ever in the last year. Financially the statutory accounts show a surplus of £348k for the year to 30 June 2021, compared to a deficit of £779k in the previous year to 30 June 2020. This is a most pleasing result and goes some way to rebuilding the reserves reduced in the previous year to a level of £3,954k at 30 June 2021.

The demand for outputs from our policy and technical team continued to be very high as did the requests for webinars and other on-line activities. Our free bitesize E learning modules, which are on the NHS ESR system, were accessed over 25,000 times. The number of people attending our virtual events was considerably higher than used to attend face to face events. The reach across the NHS, as result, was far greater than ever before.

If we did not know it already, we were reminded how resilient and supportive the NHS finance function is. We received numerous messages of support and useful suggestions as to how HFMA could assist and support the finance community across the NHS. As a result, the association was able to tailor its work programme accordingly. In 'normal times' this support has been the key to HFMA's success. In these extraordinary times the time and energy that HFMA's volunteers and membership have put into the association has ensured we have survived and have been able to move forward with confidence.

By the membership providing this support the association was also able to provide a significant increase in public benefit as evidenced by, for example, the levels of social media traffic and downloads of material over the last year.

When we develop our business plan each year, we set some key performance indicators which we measure ourselves against each year. These show that as at 30 June 2021 we had reached a record 17,396 members and supported them and others through:

- 336,900 hours of CPD provided during year
- 109 regional and national events including webinars
- 36 briefings and publications.

We ask attendees and users of all our activities to give feedback and over the last year we achieved an amazing 96% good or excellent on events and 96% from everyone who undertook our bitesize e-learning. We are very proud of this feedback.

During the year to 30 June 2021, we also continued to host, work alongside and support One NHS Finance with the delivery of their programme of work in England which has expanded considerably to encompass Future-Focused Finance, the National Finance Academy and the Finance Innovation Forum. We are proud to be a part of this exciting and developing set of programmes.

At the beginning of the year the trustees recognised that the future was very uncertain and therefore rather than set the new three-year strategy from 1 July 2020, it was decided to have two years of reset to 30 June 2022 with a recognition that there is a need to be nimble and flexible as we learn what the 'new normal' looks like in the Covid-19 world we now live in. We will use the second half of the next financial year to set a new three-year strategy for the three years from 1 July 2022 to 30 June 2025.

We would like to take this opportunity to thank our friends on the corporate partner programme who provide us with valuable resources without which we would not be able to run our central infrastructure. They, along with all our commercial supporters, continue to be very supportive in these challenging times for which we are very grateful.

Our theme for the period of the pandemic has been *Taking pride in our future*. We have never been prouder to be supporting our members working in the NHS through this hugely challenging time. They have demonstrated resilience, professionalism and sheer guts in keeping the NHS running over this last year.

There's always more to do but it is clear is that the future looks very different post-pandemic to what it was pre-pandemic. At HFMA we will continue to work hard to support our members as the NHS moves forward and we will work hard to help ensure that we keep the best of what we've learnt over the last year.

Thank you for reading this annual review. As always, please do not hesitate to contact us with any comments or thoughts and our best wishes to you all.

Caroline Clarke
President

Mark Knight
Chief Executive

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2021

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
- 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 as laid out in the 2020/21 strategy are summarised below:

Benefit: The number of individual members of HFMA at the end of the year totalled 17,396 (2019/20: 16,666).

The year was dominated by supporting our members as they dealt with the impact of Covid-19. The tangible result of this was more policy and technical output to support the NHS finance community.

As part of this work for much of the year our website featured a special section dealing with publications and papers supporting our members as they had to transform their own organisations to manage the impact of Covid-19. Numerous on-line events and outputs disseminating information and hosting webinars to help the NHS finance leadership communicate to each NHS organisation in England.

We were very pleased that our investments over the years in IT and digital mechanisms, such as Microsoft Teams, e-learning, webinars, social media, the website and our Members App have allowed us to continue delivering member benefits and indeed a wider public benefit to all in the NHS over the last year.

The impact of Covid-19 did however mean that we ran no face to face events in the year but did however run many highly successful virtual events. It should also be noted that for much of the year our conference centre, 110 Rochester Row was closed. We therefore took advantage of the governments Coronavirus Job Retention Scheme (CJRS) particularly in the first quarter of the year.

Our organisation facing offerings continue to be very popular and so we were delighted to be able to bring these

together and relaunch them as the new "Hub network". Virtually every NHS organisation is now a Hub member

Influence: There have been considerable developments in policy and technical work during the year and we have built on the many new activities that were initiated last year when the impact of Covid-19 was first felt.

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 and Social Care and NHS England and NHS Improvement. We are delighted to continue to be the prime partner for FFF; hosting, providing the administration and delivering a big part of OneNHSFinance's (ONF) 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 forward.

We continued developing our library of books, reports and briefings, producing 36 briefings and publications in the year.

Training and development: The year saw a continuing of HFMA's Qualifications; the HFMA Diploma (DHBF) and Higher Diploma in Healthcare and Business Finance (HDHBF) and the Diploma in Advanced Practice Management (DAPCM).

During the year to 30 June 2021 we had an average of 94 students studying for the DHBF, HDHBF and DAPCM qualification.

The Association continues to be the place most NHS finance staff go to satisfy their CPD requirements. Total CPD hours delivered in the year reached 336,900. 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, qualifications or e-learning. Just as importantly HFMA targets a 90% excellent/good score from user feedback. Over the year to 30 June 2021 the average over all events was 96% a statistic we are very proud of.

Over the year all of our events have been run virtually and this has proved a huge success with more attendees than ever and wider audiences being reached than when we ran face to face events. The most popular include our National Annual conference in December and our Pre-Accounts Planning event in February, which was well-attended.

HFMA also continue to manage the Skills Development and Financial Management Training scheme contracts for the South West, West Midlands and South Central contracts.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2021

E-learning - Bitesize: Our e-learning modules have proved very sought after by the NHS finance function over the year last year. Part of the offering now includes some modules that have been uploaded onto the NHS ESR system allowing nearly all employees in the NHS to access them free of charge. At the time of writing some 30,000 downloads had taken place.

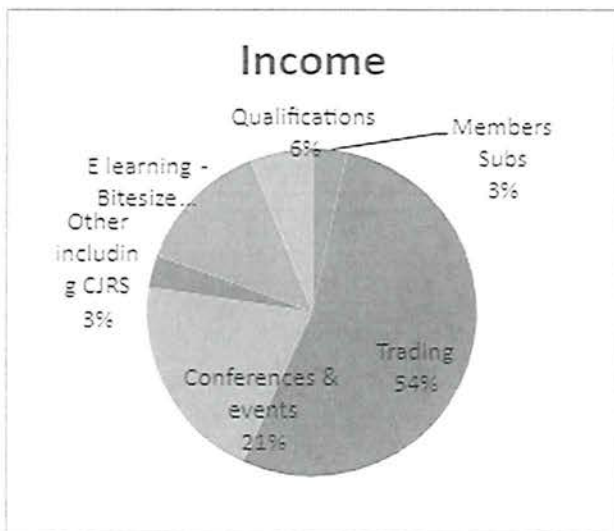
Once again, we are very proud to report that the target of achieving over 90% of users scoring each module excellent or good was achieved at 96%.

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

FINANCIAL REVIEW

As can be seen from above it has been another hugely challenging year as HFMA has faced the challenges that Covid-19 has brought to the NHS.

We are therefore delighted that the pivoting of the organisation and actions taken at the end of last year have stabilised the finances and meant that HFMA has made a small surplus for the year of £42k. When one adds in a small realised gain from selling investments of £49k and an unrealised gain on our remaining investments of £257k the surplus for the year in these statutory accounts is £348k (£779k deficit in 2019/20).



The total income of the Charity for 2020/21 was £5,453k (£6,668k in 2019/20).

The largest single source of income was from trading which stood at £2,922k in 2020/21 (£3,476k in 2019/20) down considerably year-on-year due to the impact of Covid-19 on sponsorship accruing from face to face events and the Conference Centre, 110 Rochester Row being closed for the bulk of the year.

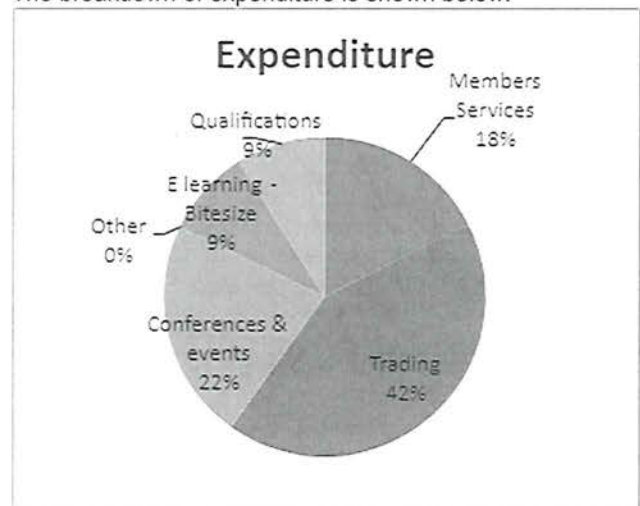
Conferences and training events income in 2020/21 totalled £1,118k (£1,501k in 2019/20). The reduction being again due to the impact of Covid-19 resulting in no higher income face to face events taking place in the year.

E-learning (Bitesize) income totalled £725k in 2020/21, (£827k in 2019/20) the decrease being due to less activity over the first quarter of the year as a result of Covid-19.

Qualifications income totalled £332k (£301k in 2019/20) a slight increase year on year as a result of the income to allow development of the Personal Healthcare Budgets module.

Other income includes Coronavirus Job Retention Scheme (CJRS) grant income of £99k in 2020/21 (£269k in 2019/20).

The breakdown of expenditure is shown below:



The costs of all the trading activity in the trading subsidiary, HFMA Ltd was £2,293k in 2020/21 (£3,213k in 2019/20). This resulted in surplus of £460k (£104k in 2019/20) which 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 income, other than the trading activities in the subsidiary companies noted above, is conferences and events. Expenditure totalled £1,207k in 2020/21 (£1,911k in 2019/20). The reduction reflects the fact that costs of running face to face events are considerably less than the costs of running virtual events.

The costs of e-learning, Bitesize, packages have increased year-on-year at £479k (£430k in 2019/20). With income down the result is a reduced contribution at £247k (£397k in 2019/20).

Members subscriptions totalled £181k in 2020/21 (£188k in 2019/20). The costs of member services reduced to £947k in 2020/21 (£1,055k in 2019/20) reflecting the focus on cost reduction over the last year. It is pleasing to note that the key activity statistics show that despite these cost savings the volume and quality of member services has not been affected. It is congruent with the objects and aims of the charity and the Charity Commission's guidance on Public

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2021

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 surplus of £348k in 2020/21 increases the net funds of HFMA at 30 June 2021, to £3,945k (£3,606k.2019/20)

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) – (Charities SORP (FRS 102)).

PUBLIC BENEFIT

To meet the objective of 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.

Following the impact of Covid-19 a special portal was set up on the HFMA website into which materials were placed to support all those in healthcare working to manage the impact of the pandemic on their job. This portal was free access to all.

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 100% owned trading subsidiary HFMA Ltd operates commercial activities to support the work of HFMA. The results are shown in Note 16 to the Accounts.

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

The activities and achievements of the charity in the year to 30 June 2021 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.

FUTURE PLANS

A business plan for 2021-22 has been produced which aims to consolidate the changes HFMA has made to the Charity in the last 18 months and to work in the new reality. This includes the exciting move into HFMA's new owned office in Bristol in early 2022.

The Trustees and Senior Management Team at HFMA are confident that the Association is in a good position to move forward into the new world as we come to terms with the changes that Covid-19 has made to our world and HFMA's place in it.

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 are also working closely with the other main supporters of finance professionals in the NHS on the ONF 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. A clear focus will be to support the NHS and the wider community in their understanding of the impact of Covid-19 and the overall NHS move towards more place-based structures. We aim to ensure our outputs provide the best support to our members and 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 as well as working closely with the new ICS's in the new NHS world.
- **Training and development:** the full conference and seminar programme, locally at branches and nationally, will be followed but, particularly in the first half of the year these will be on-line and virtually delivered. Extending our work assisting local Skills Development and FMTS groups will also continue to be a focus for 2020/21. 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. The HFMA Diploma and Higher Diploma and DAPC is currently to continue to have three intakes each year in September/October, January and May.
- **E-learning - Bitesize;** We will further develop our e-learning Bitesize products and programmes. Our usual programme of updating existing modules 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 keep the programme of refreshing and improving the website and mobile app 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 within a health system 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.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2021

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 total reserves which have been built up slowly over many years were severely reduced in the year to 30 June 2020 by £779k as a direct result of lost revenue due to the impact of Covid-19. The result for the year to 30 June 2021 of £348k has gone some way to rebuilding the Reserves of the Charity which now stand at £3,954k (2019/20 £3,606k).

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 below 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:

All funds are unrestricted income funds. These are split into the following: General fund, Branch fund and Bursary fund.

- The General fund should be built up to at least six months' worth of total annual costs of HFMA to cover short term falling off in demand for the services offered.
- The Branch fund is the sum of the reserves of each of the 13 branches.
- 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.

As a result of the impact of Covid-19 leading to a loss of £779k for the year to 30 June 2020 the General fund balance is below the level targeted. The surplus of £348k this year to 30 June 2021 has started the rebuilding of the General fund but the financial strategy over the coming years will be to build this fund back up to the levels set before the impact of Covid-19

This will be achieved through re-building revenues where and keeping a close control over the cost base.

The Trustees consider it is appropriate to treat the Charity as a going concern.

This is due to the Trustees and Senior Management team having a clear understanding of the risks facing the organisation and robust cash management plans.

The largest uncertainty facing the Charity is the ability to run events at the Conference Centre in London, 110 Rochester Row. However, stress testing the budget and resulting cash flow forecasts for this risk, alongside considering other downside risks, shows that HFMA has cash reserves available for the period to 30 June 2023.

To assist with cash requirements a Coronavirus Business Interruption Loan of £850k was received in February 2021. This will be repaid in February 2022. Future budgeted cash flows show HFMA will have sufficient cash to repay these monies.

It is also worth noting that if needed HFMA has fixed assets investments which could be sold if further cash was required. The value of these investments at 30 June 2021 was £2,233k (2019/20 £2,227k).

The investment approach is discussed and agreed annually and confirmed at Board meetings. It was agreed that a considerable amount of funds should be 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 if there was an opportunity to invest in assets that supported HFMA's strategic objectives to support the members and maintain the long-term future of the Charity.

This has proved a good strategic approach in recent years with £2,000k having been invested in Funds in 2017 that have seen a substantial increase in value.

In addition in the year to 30 June 2021 HFMA was able to move quickly to secure the purchase of a building in Bristol for £670k which will become HFMA's offices in Bristol, thereby satisfying a long term strategic objective of the Charity to purchase a premises in Bristol.

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

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2021

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 group 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; and
- 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.

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 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 capital investment over £75k 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.

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 2020/21, the Board of Trustees comprised the National President, two Vice-Presidents, Past Chair and Chair of the Audit and Finance Committee, 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 Board of Trustees. All the Trustees are directors of HFMA.

During the year the Board usually meets formally four times. When appropriate or necessary additional Board meetings are called. These meetings along with briefing papers for the Board ensured the Trustees were fully briefed on the risks and actions being taken and fully involved in decision making over this period.

Over the year, in addition to regular Board meetings, the Audit and Finance 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 Policy & Research and the Director of Education & Training. This involves a review of the marketplace to allow benchmarking to take place and consideration of the roles and responsibilities of each post.

The day to day running of HFMA is delegated by the Board to the CEO and Senior Management Team. Senior Management Team meetings take place monthly.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2021

Each week there is a whole-organisation meeting where the CEO leads a briefing with contributions from across the organisation

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

The year to 30 June 2020 was the last year of the 2017-20 strategy. Due to the impact of Covid-19 it was determined that the years to 30 June 2021 and 30 June 2022 would be years where the focus would be on survival and reset. The next three-year strategy will be developed in early 2022 and will cover the three years from 1 July 2022 to 30 June 2026.

Each strategy is 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 HFMA run 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, 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 due to the fact that, unlike most membership organisations, a very small amount of income is derived from membership subscriptions. Therefore, HFMA relies on other sources of income to fund its membership activities. In recent years these sources of non-membership income have diversified significantly, thus spreading the operational risk.

In the last quarter of the year to 30 June 2020 HFMA pivoted

the operations of the organisation to manage the impact of Covid-19. The management of this risk led to all HFMA's staff moving to working from home, all face to face events were cancelled or moved to being run as virtual events and the conference centre 110 Rochester Row was closed.

The Business Continuity planning ensured that the impact of Covid-19 was managed and HFMA was able to start the year from 1 July 2020 having fully pivoted the business model. This included mitigations around cost being put in place to bring the expenditure of the Charity down to match a prudent estimate of income going forward from 1 July 2020.

Although these mitigations give the Board comfort that the risk around the impact of Covid-19 is being managed appropriately, the risk of further negative impacts on income still exists notably at 110 Rochester Row and so this is still seen as the major risk that the Charity needs to manage at the time of writing this report.

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.

The Business Continuity Plan is kept up to date and is designed to ensure under any circumstance HFMA can maintain its operations.

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.

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.

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 2021.

The Trustees Report and the Strategic Report contained within it were approved by the Board on 2 November 2021 and signed on its behalf by;

Simon Crowther



Trustee and Chair of the Audit Committee

FINANCIALS – Statements of Financial Activities

Consolidated and charity statements of financial activities for year ended 30 June 2021 (including Income and Expenditure Accounts)

2019-20			2020-21		
Unrestricted funds			Unrestricted funds		
Association	Consolidation		Notes	Association	Consolidation
£'000	£'000			£'000	£'000
		INCOME	2		
		INCOME FROM RAISING FUNDS			
		Voluntary income			
459	459	Member Subscriptions and donations		280	280
		Activities for generating funds			
-	3,476	Trading Turnover: HFMA Ltd (excluding qualifications)	17	-	2,922
		Investment income			
181	72	Investment income and interest received		197	66
104	-	Gift Aid from subsidiary to Association		460	-
		INCOME FROM CHARITABLE ACTIVITIES			
1,501	1,501	Conferences and seminars		1,118	1,118
827	827	E-Learning (Bitesize)		725	725
5	5	Member services including publications and magazine		6	6
51	301	Qualifications		-	332
53	27	Other income		30	4
3,181	6,668	TOTAL INCOME		2,816	5,453
		EXPENDITURE	3		
		COST OF RAISING FUNDS			
(121)	(121)	Costs of generating voluntary income		(133)	(133)
		Costs of fundraising trading			
-	(3,213)	HFMA Ltd (excluding qualifications)	16	-	(2,293)
(51)	-	Management costs (depreciation)		(51)	-
		COST OF CHARITABLE ACTIVITIES			
(2,031)	(1,911)	Conferences and seminars		(1,297)	(1,207)
(430)	(430)	E-Learning (Bitesize)		(479)	(479)
(1,121)	(1,101)	Member services including publications and magazine		(814)	(814)
(170)	(635)	Qualifications		-	(485)
(2)	(2)	Bursaries		-	-
(3,926)	(7,413)	TOTAL EXPENDITURE		(2,774)	(5,411)
-	-	RECOGNISED GAINS ON INVESTMENTS		49	49
(34)	(34)	UNRECOGNISED GAINS/(LOSSES) ON INVESTMENTS		257	257
(779)	(779)	NET INCOME/(EXPENDITURE)		348	348
(779)	(779)	NET MOVEMENT IN FUNDS		348	348
4,385	4,385	BALANCE BROUGHT FORWARD AT 1 JULY		3,606	3,606
3,606	3,606	FUND BALANCE CARRIED FORWARD AT 30 JUNE	17	3,954	3,954

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

The notes on pages 14 to 27 form part of these accounts.

FINANCIALS – Balance Sheets

Consolidated and charity statements of financial position as at 30 June 2021

30 June 2020			30 June 2021		
Association £'000	Consolidation £'000		Notes	Association £'000	Consolidation £'000
		Fixed assets			
3,266	3,358	Tangible assets	7a	3,875	3,943
259	266	Intangible assets	7b	141	144
2,227	2,227	Investments	7c	2,233	2,233
5,752	5,851	Total fixed assets		6,249	6,320
		Current assets			
1	3	Stocks		1	3
748	1,851	Debtors	8	934	2,036
537	1,076	Cash at bank and in hand	9	953	1,652
1,286	2,930	Total current assets		1,888	3,691
(3,430)	(4,654)	Creditors: Amounts falling due within one year	10	(4,169)	(5,687)
(2,144)	(1,724)	Net current liabilities		(2,281)	(1,996)
		Total assets less current liabilities			
(2)	(521)	Creditors: Amounts falling due after more than one year	11	(14)	(370)
3,606	3,606	Net assets		3,954	3,954
		Unrestricted funds			
2,871	2,871	General fund		3,278	3,278
		Designated funds			
698	698	Branch fund		638	638
37	37	Bursary fund		38	38
3,606	3,606	Total unrestricted funds	17	3,954	3,954

The notes on pages 14 to 27 form part of these accounts.

The accounts were approved by the Board of Trustees on 2 November 2021

Caroline Clarke, President

FINANCIALS – Statement of Cash Flows

Consolidated Statement of Cash Flows for the year ended 30 June 2020

2019-20		Notes	2020-21
£'000			£'000
160	Net cash inflow/(outflow) from operating activities	15	30
	Cash flows from investing activities		
1	Interest received		-
71	Dividends received		66
(76)	Purchase of tangible fixed assets		(670)
(46)	Purchase of intangible fixed assets		-
-	Loans received		850
-	Sale of investments		300
(50)	Total inflow/(outflow) from investing activities		546
110	Increase/(Decrease) in cash		576

The notes on pages 14 to 28 form part of these accounts.

Reconciliation of net cash flow to movement in cash

	2020-21
	£'000
Cash at 1 July 2020	1,076
Increase/(Decrease) in cash in the year	576
Cash at 30 June 2021	1,652

Analysis of changes in net debt

	As at 30 June 2020	Cash flows	As at 30 June 2021
	£'000	£'000	£'000
Cash and cash equivalents			
Cash	1,076	576	1,652
Borrowings			
Debt due within one year	-	(850)	(850)
Total	1,076	(274)	802

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

1. Accounting Policies

a) GENERAL INFORMATION

HFMA is a limited company and charity incorporated in England and Wales. It is also a Charity in Scotland. The address of HFMA's registered office is 110 Rochester Row, Victoria, London, SW1P 1JP. The principal 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 Group's activities are detailed in the Trustees report on pages 4 to 10 of these accounts.

b) BASIS OF PREPARATION

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 2019) – (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.

c) GOING CONCERN

The accounts have been produced on the basis that the charity is a going concern. This is as a result of the trustees having a clear understanding of the risks facing the organisation and the existence of robust cash management plans. The Charity also has budgets and resulting cash flows which have been stress tested for the year ahead which support this view.

The largest uncertainty facing the Charity is the ability to run events at the Conference Centre in London, 110 Rochester Row. However, stress testing the budget and resulting cash flow forecasts for this risk, alongside considering other downside risks, shows that HFMA has cash reserves available at least through to 30 June 2023.

After taking into account the stress testing, there is still headroom over the period to 30 June 2023. If an unforeseen risk occurs or the risks considered in the stress testing are of a larger quantum than considered, HFMA has the ability to sell more of its fixed assets investments than planned if further cash was required. The value of these investments at 30 June 2021 was £2,233k. It is worth noting that these investments if realised and turned into cash would turn the net current liabilities position of the Charity into a net current assets position at 30 June 2021. It is also worth noting that included in current liabilities in the balance sheet is £3,393k of deferred income, which if added back would also turn the net current liabilities position into a net current assets position.

d) 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 Charity only 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.

e) FUNCTIONAL AND PRESENTATIONAL CURRENCY

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

f) 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.

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

1. Accounting Policies (continued)

f) FINANCIAL INSTRUMENTS (continued)

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.

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 the statement of financial activities.

Financial liabilities

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar instrument and subsequently measured at amortised cost.

Trade, group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

g) 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.

h) INCOME

Income is recognised when you meet the criteria of entitlement, measurement and probability. 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 and education (including publications, qualifications and e-learning packages) is recognised when invoiced.
- vi. Investment income is recognised on a receivable basis.
- vii. Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received

i) 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.

j) EXPENDITURE

Expenditure recognised when a liability is incurred and allocated to the appropriate heading in the accounts..

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

1. Accounting Policies (continued)

j) EXPENDITURE (continued)

- 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.
- v. Redundancy costs are recognised at the point when the Charity is committed to making the payment.
- vi. Any irrecoverable element of VAT is included with the item of expense to which it relates.

k) 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. In the case of one long lease in London the fixed asset is written off on a straight-line basis over 50 years down to a residual value that is based on cost and is deemed appropriate after considering the market value of the long lease.

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 FRS 102.

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.

l) TANGIBLE FIXED ASSETS

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

Depreciation on these assets is calculated as follows:

- Land and Buildings – over 50 years.
- 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. As noted in j above one long lease is being written down to a residual value.
- Furniture and equipment - over 5 to 10 years.

m) INTANGIBLE FIXED ASSETS

Software development costs and intellectual property are included in Intangible Fixed Assets at cost and are written off on a straight-line basis over the life of the asset which can vary from between 5 and 10 years.

n) 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.

o) STOCK

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

Notes forming part of the Financial Statements (continued)

For the year ended 30 June 2021

1. Accounting Policies (continued)

p) FUNDS STRUCTURE

All funds are unrestricted income funds. These are split into undesignated (the General and Branches funds) and designated funds (the Bursary and Deep Reserve funds). The General and Branches funds should be built up to at least six months' worth of total annual costs of HFMA to cover short-term falling off in demand for the services offered. 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.

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 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) PROVISIONS

Provisions are recognised when the Company has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar expenses.

t) SIGNIFICANT JUDGEMENT AND ESTIMATES

The only estimate of significance made by the trustees in the preparation of the financial statements is considered to be the period over which leasehold improvements are depreciated, which is as disclosed in Note 1 k).

The key judgment made by the trustees is the residual value of the long leasehold interest in Rochester Row which the trustees considered to be materially comparable to its cost.

Notes forming part of the Financial Statements (continued)
For the year ended 30 June 2021

2. Income

a) INCOME FROM RAISING FUNDS

VOLUNTARY INCOME

The voluntary income received consists of membership subscriptions and grants and donations. Monies received from the Coronavirus Job Retention Scheme (CJRS) are shown under Grants and Donations below.

2019-20			2020-21	
Association	Consolidation		Association	Consolidation
£'000	£'000		£'000	£'000
190	190	Subscriptions	181	181
269	269	Grants and Donations (CJRS payments)	99	99
459	459		280	280

ACTIVITIES FOR GENERATING FUNDS

For details of the trading turnover of HFMA Ltd, please see note 17a and HFMA Commercial Services Limited note 17b.

INVESTMENT INCOME AND INTEREST RECEIVED

2019-20			2020-21	
Association	Consolidation		Association	Consolidation
£'000	£'000		£'000	£'000
22	72	Investment Income	38	66
159	-	Rental income	159	-
181	72		197	66

b) INCOME FROM CHARITABLE ACTIVITIES

CONFERENCES AND SEMINARS

2019-20			2020-21	
Association	Consolidation		Association	Consolidation
£'000	£'000		£'000	£'000
1,234	1,234	National and regional events	1,047	1,047
267	267	Branch events	71	71
1,501	1,501		1,118	1,118

Notes forming part of the Financial Statements (continued)

For the year ended 30 June 2021

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 2020-21	Direct Costs	Support Costs	TOTAL	TOTAL
	£'000	£'000	2020-21 £'000	2019-20 £'000
Generating Voluntary Income	4	129	133	121
Conferences and Seminars	701	506	1,207	1,911
E-learning	32	447	479	430
Member Services including publications and magazine	33	781	814	1,101
Qualification	-	485	485	635
Bursary	-	-	-	2
Total Association	770	2,348	3,118	4,200
HFMA Ltd	1,638	655	2,293	3,213
Consolidated	2,408	3,003	5,411	7,413

a) COSTS OF GENERATING FUNDS

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

b) COSTS OF CHARITABLE ACTIVITIES

These consist of Conferences and Seminars, Publications and Training Packages, E-learning, Membership Services including Healthcare Finance magazine, the Qualifications and Bursary noted above. These are split out on the face of the Statement of Financial Activities.

A breakdown of Conference and seminar costs split between centre events and branch events are shown below:

2019-20			2020-21	
Association	Consolidation		Association	Consolidation
£'000	£'000		£'000	£'000
378	378	Branch events	110	110
1,653	1,533	Centre events	1,187	1,097
2,031	1,911		1,297	1,207

4. Audit Fees

The total external audit fees were:

2019-20			2020-21	
Association	Consolidation		Association	Consolidation
£'000	£'000		£'000	£'000
15	15	Charity	16	16
-	3	HFMA Ltd	-	4
15	18		20	20
-	2	Other services supplied by affiliates of RSM UK Audit LLP	-	3

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

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 respect of the performance of their duties as a Trustee in the year see note 5f.

a) STAFF COSTS

2019-20		2020-21
£'000		£'000
3,040	Staff salaries	2,503
301	Employers NI costs	273
368	Pension costs	350
151	Sundry (including Childcare Vouchers and Staff Training)	89
<u>3,860</u>		<u>3,216</u>

Staff costs are allocated according to the functions of each staff member: £1,540k (2019/20 £1,344k) is included in direct costs, £1,676k (2019/20 £2,516k) in support costs together they form part of trading costs, fundraising costs, and charitable expenditure, as appropriate (see note 3).

During the year redundancy costs of £83k (2019/20 £1k) were incurred and are included in the table above. The redundancy costs reflect amounts paid to re-align the Charity's staff structure to the group's future operating plan.

b) AVERAGE NUMBER OF STAFF DURING THE YEAR

The average employee headcount throughout the year:

2019-20		2020-21
44	Operations/Technical	40
9	Qualification	3
12	Business Development	7
19	Administration	17
<u>84</u>		<u>67</u>

c) EMOLUMENTS

The number of employees whose emoluments (including remuneration and benefits in kind but excluding pension contributions) that amounted to over £60k was:

2019-20		2020-21
2	Band £60,000 - £69,999	1
2	Band £70,000 - £79,999	1
1	Band £80,000 - £89,999	2
1	Band £100,000 - £109,999	1
-	Band £110,000 - £119,999	1
-	Band £170,000 - £179,999	1
1	Band £180,000 - £189,999	-

d) KEY MANAGEMENT

The key management of HFMA during the year were the Chief Executive, Deputy Chief Executive & Director of Finance, Director of Policy & Research and Director of Education & Development whose combined working weeks totalled to the equivalent of 3.3 full time equivalent (FTE) employees. Their employee benefits including remuneration, benefits in kind, employers pension costs and employers National Insurance total £526k for the year (2019/20 Chief Executive, Deputy Chief Executive & Director of Finance, Director of Policy & Research and Director of Education & Development, 3.8 FTE and total cost £525k).

e) PENSIONS

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

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

5. Staff Costs and Trustees' Remuneration (continued)

f) TRUSTEES

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

2019-20 £'000	Type of Expense	2020-21 £'000
3	Subsistence	-
7	Travel	-
6	Accommodation	-
16		-

6. Property and Operating Lease Commitments

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

2019-20			2020-21	
Association £'000	Consolidation £'000		Association £'000	Consolidation £'000
19	19	One year or less	19	19
46	46	Two to five year	27	27
-	-	Over 5 years		

Property and operating lease costs shown within the statements of financial activities within support costs were £44k (2019/20 £55k) for Association and £44k (2019/20 £55k) for the consolidated group.

7.a) Tangible Fixed Assets

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

	Freehold £'000	Long Leasehold £'000	Leasehold Improvements £'000	Equipment £'000	Total £'000
Cost as at 1 July 2020	-	2,030	1,456	490	3,976
Additions	670	-	-	-	670
Cost as at 30 June 2021	670	2,030	1,456	490	4,646
Cumulative depreciation as at 1 July 2020	-	29	272	317	618
Depreciation charge for the year	-	-	27	58	85
Cumulative depreciation as at 30 June 2021	-	29	299	375	703
Net book value as at 1 July 2020	670	2,001	1,184	173	3,358
Net book value as at 30 June 2021	670	2001	1,157	115	3,943

Notes forming part of the Financial Statements (continued)
For the year ended 30 June 2021

7. a) Tangible Fixed Assets (continued)

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

	Freehold	Long Leasehold	Leasehold Improvements	Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost as at 1 July 2020	-	2,030	1,445	293	3,768
Additions	670	-	-	-	670
Cost as at 30 June 2021	670	2,030	1,445	293	4,438
Cumulative depreciation as at 1 July 2020	-	29	260	213	502
Depreciation charge for the year	-	-	27	34	61
Cumulative depreciation as at 30 June 2021	-	29	287	247	563
Net book value as at 1 July 2020	670	2,001	1,185	80	3,266
Net book value as at 30 June 2021	670	2,001	1,158	46	3,875

7.b) Intangible Fixed Assets

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

	Intellectual Property	Software	Total
	£'000	£'000	£'000
Cost as at 1 July 2020	35	877	912
Additions	-	-	-
Cost as at 30 June 2021	35	877	912
Cumulative amortisation as at 1 July 2020	35	611	646
Amortisation charge for the year	-	122	122
Cumulative amortisation as at 30 June 2021	35	733	768
Net book value as at 1 July 2020	-	266	266
Net book value as at 30 June 2021	-	144	144

Notes forming part of the Financial Statements (continued)
For the year ended 30 June 2021

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 2020	858	858
Additions	-	-
Cost as at 30 June 2021	858	858
Cumulative amortisation as at 1 July 2020	599	599
Amortisation charge for the year	118	118
Cumulative amortisation as at 30 June 2021	717	717
Net book value as at 1 July 2020	259	259
Net book value as at 30 June 2021	141	141

7. c) Investments

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

	Market Value as at 30 June 2020 £'000	Disposal £'000	Market value as at 30 June 2021 £'000	Gain in year £'000
CCLA Funds	1,237	150	1,252	165
Barclays Funds	990	150	981	141
Total	2,227	300	2,233	306

The gain in the year was split between £49k of realised gain on the disposals and an unrealised gain of £257k.

8. Debtors

as at 30 June 2020			as at 30 June 2021		
Association £'000	Consolidation £'000		Association £'000	Consolidation £'000	
466	1,542	General debtors	744	1,858	
7	-	Amounts due from group companies	6	-	
275	309	Prepayments & accrued income	184	178	
748	1,851		934	2,036	

9. Cash at bank and in hand

The bank and cash accounts held are as follows:

as at 30 June 2020			as at 30 June 2021		
Association £'000	Consolidation £'000		Association £'000	Consolidation £'000	
537	1,076	Current accounts	953	1,652	
537	1,076	Total cash balance	953	1,652	

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

10. Creditors – Amounts falling due within one year

as at 30 June 2020			as at 30 June 2021		
Association	Consolidation		Association	Consolidation	
£'000	£'000		£'000	£'000	
-	-	Bank loans (CBIL's)	850	850	
118	503	Trade creditors	274	571	
1,312	-	Amounts due to group companies	1,144	-	
80	80	Social security creditors	116	116	
32	32	Pension creditors	56	56	
473	512	Other creditors	-	-	
319	500	Accruals	340	466	
1,096	3,027	Deferred income	1,389	3,628	
3,430	4,654		4,169	5,687	

The Coronavirus Business Interruption Loan (CBIL's) has nil% interest payable, has security taken over 110 Rochester Row in London and is repayable on 15 February 2022.

Deferred income as at 30 June 2021 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:

2019-20			2020-21		
Association	Consolidation		Association	Consolidation	
£'000	£'000		£'000	£'000	
1,418	3,398	Deferred Income falling due within one year as at 1 July	1,096	3,027	
(1,418)	(3,398)	Released during year	(1,096)	(3,027)	
1,096	3,027	Additional Deferred Income for year	1,389	3,628	
1,096	3,027	Deferred Income falling due within one year carried forward as at 30 June	1,389	3,628	

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

as at 30 June 2020			as at 30 June 2021		
Association	Consolidation		Association	Consolidation	
£'000	£'000		£'000	£'000	
2	521	Deferred Income	14	370	
2	521		14	370	

Deferred Income as at 30 June 2021 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:

2019-20			2020-21		
Association	Consolidation		Association	Consolidation	
£'000	£'000		£'000	£'000	
8	509	Deferred Income falling due after more than one year as at 1 July	2	521	
(8)	(127)	Released during year	(2)	(204)	
2	139	Additional Deferred Income for year	14	53	
2	521	Deferred Income falling due after more than one year carried forward as at 30 June	14	370	

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

12. Financial Instruments

The carrying amount of the Group's financial instruments were;

Financial assets

as at 30 June 2020			as at 30 June 2021	
Association	Consolidation		Association	Consolidation
£'000	£'000		£'000	£'000
466	1,542	General debtors	744	1,858
7	-	Amounts due from group companies	6	-
270	302	Accrued income	179	170

Financial liabilities

as at 30 June 2020			as at 30 June 2021	
Association	Consolidation		Association	Consolidation
£'000	£'000		£'000	£'000
-	-	Bank loans (CBIL's)	850	850
118	503	Trade creditors	274	571
1,312	-	Amounts due to group companies	1,144	-
319	500	Accruals; less than one year	340	466

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 2020 £'000	Branch	Net assets at 30th June 2021 £'000
49	East Midlands	42
22	Eastern	21
51	Kent, Sussex and Surrey	45
24	London	24
27	North West	36
70	Northern	72
62	Northern Ireland	56
12	Scotland	14
94	South West	96
18	South Central	16
75	Wales	68
162	West Midlands	127
32	Yorkshire and Humber	21
698		638

The overall deficit for the branches for the year was £60k (2020 a surplus of £48k).

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

14. Reconciliation of net expenditure to net cash flow from operating activities

Year to 30th June 2020 £'000		Year to 30th June 2021 £'000
(779)	Net income/(expenditure) for the year:	348
230	Depreciation and amortisation	207
-	Realised loss/(gain) on sale of investment	(49)
34	Unrealised loss/(gain) on investment	(257)
(72)	Interest and dividends receivable	(66)
(587)	EBITDA	183
889	(Increase)/decrease in debtors	(185)
(142)	Increase/(decrease) in creditors	32
160	Net cash inflow from operating activities	30

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 17a). 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.

Transactions with wholly owned group companies are detailed in notes 8, 10 and 16.

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 amount recharged in the year was £964k (2019/20 £1,274k).

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 17b). 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. The amount recharged in the year was £nil (2019/20 £nil).

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.

16. Subsidiaries

a) HFMA LTD

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 2020, as consolidated into the accounts for HFMA, were:

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

16. Subsidiaries (continued)

PROFIT AND LOSS ACCOUNT

Year to 30 June 2020 £'000		Year to 30 June 2021 £'000
3,879	Turnover	3,344
(1,866)	Cost of sales	(940)
2,013	Gross profit	2,404
49	Interest received	27
2,062		2,431
(684)	Administration	(1,007)
(1,274)	Association recharge	(964)
104	Net result	460

BALANCE SHEET

As at 30 June 2020 £'000		As at 30 June 2021 £'000
99	Fixed assets	71
2,963	Current assets	2,996
(2,543)	Creditors: Amounts falling due within one year	(2,476)
519	Total assets less current liabilities	591
(519)	Creditors: Amounts falling due after more than one year	(591)
-	Net assets	-

The turnover in HFMA Limited totalled £3,344k (2020 £3,879k) for the year of which £133k (2020 £153k) related to activities performed for HFMA which is removed on consolidation. Therefore, in the consolidated accounts turnover relating to HFMA Limited is shown as £3,211k (2020 £3,726k).

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 2021 or in the year ending 30 June 2020. The Financial Statements of HCS Ltd for the year to 30 June 2021, as consolidated into the accounts of HFMA had £nil net assets (30 June 2020 £nil).

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 2020	Surplus/ (Deficit)	Transfers	Unrecognised gains/(losses)	at 30 June 2021
	£'000	£'000	£'000	£'000	£'000
General funds					
Trading funds	-	460	(460)	-	-
General fund	2,871	(297)	460	244	3,278
Designated funds					
Branch fund	698	(73)	-	13	638
Bursary fund	37	1	-	-	38
Consolidated	3,606	91	-	257	3,954

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

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

18. Analysis of net assets between funds

HFMA Group Analysis of net assets between funds as at 30 June 2021

	General fund	Branch fund	Bursary fund	Total funds
	£'000	£'000	£'000	£'000
Fixed and intangible assets	6,237	83	-	6,320
Cash at bank and in hand	1,601	13	38	1,652
Other current assets	1,107	932	-	2,039
Current liabilities	(5,297)	(390)	-	(5,687)
Liabilities due after more than 1 year	(370)	-	-	(370)
	3,278	638	38	3,954

HFMA Company Analysis of net assets between funds as at 30 June 2021

	General fund	Branch fund	Bursary fund	Total funds
	£'000	£'000	£'000	£'000
Fixed and intangible assets	6,166	83	-	6,249
Cash at bank and in hand	902	13	38	953
Other current assets	10	925	-	935
Current liabilities	(3,786)	(383)	-	(4,169)
Liabilities due after more than 1 year	(14)	-	-	(14)
	3,278	638	38	3,954

19. Capital commitments

At 30 June 2021, there were £364k (2020 £nil) capital commitments for activities contracted for but not provided in the financial statements.

20. Contingent asset

At 30 June 2021, there was a contingent asset relating to an insurance claim for business interruption due to the impact of Coronavirus on HFMA's trading activities. The insurance policy caps the claim at £100k but at the time of signing the accounts HFMA are unable to determine what value, if any, may be paid by the insurance company

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

Opinion

We have audited the financial statements of Healthcare Financial Management Association (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 30 June 2021 which comprise the Consolidated and Charity Statement of Financial Activities (including the Summary Income and Expenditure Account) the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 2021; 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).

Basis for opinion

We have been appointed auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 section 151 of the Charities Act 2011 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Trustees Report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Trustees Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report and the strategic report, prepared for the purposes of company law and included within the Trustees Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report and the strategic report, included within the trustees' annual report, have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report or the strategic report, included within the Trustees Report.

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) require us to report to you if, in our opinion:

- sufficient, adequate and proper accounting records have not been kept by the parent charitable company, 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out on pages 7-8 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 and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the group and parent charitable company operate in and how the group and parent charitable company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, Charities and Trustee Investment (Scotland) Act 2005, the parent charitable company's governing document and tax legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating advice received from internal/external advisors.

INDEPENDENT AUDITOR'S REPORT (continued)

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to the UK General Data Protection Regulation (UK GDPR). We performed audit procedures to inquire of management whether the group is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The audit engagement team identified the risk of management override of controls and the existence and valuation of income as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates, and performing substantive test of details over a sample of income streams.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

Kerry Gallagher

KERRY GALLAGHER (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

Hartwell House

55-61 Victoria Street

Bristol

BS1 6AD

Date 8 November 2021

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