

Company Number 5787972

HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION

Trustees' Report and Financial Statements

For the year ending 30th June 2017

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HFMA

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NATIONAL EXECUTIVE AND BOARD OF TRUSTEES

Board of Trustees and Directors

HFMA Senior Executive Team

PRESIDENT

2016/2017: Mark Orchard
2015/2016: Shahana Khan
2014/2015: Sue Lorimer

CHIEF EXECUTIVE / SECRETARY

Mark Knight

VICE PRESIDENTS

2016/2017: Alex Gild
2016/2017: Bill Gregory
2015/2016: Mark Orchard
2015/2016: Alex Gild
2014/2015: Shahana Khan
2014/2015: Mark Orchard

DEPUTY CHIEF EXECUTIVE & DIRECTOR OF FINANCE

Ian Turner

DIRECTOR OF EDUCATION & DEVELOPMENT

Alison Myles

IMMEDIATE PAST CHAIRMAN/ PRESIDENT

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

DIRECTOR OF POLICY & TECHNICAL

Paul Briddock (until 15 May 2017)

CHAIR OF AUDIT AND FINANCE COMMITTEE

James Rimmer (from 9 December 2016)
Keely Firth (until 9 December 2016)

NON-OFFICER TRUSTEES AND DIRECTORS

Sanjay Agrawal (appointed 9 December 2016)
Caroline Clarke (appointed 9 December 2016)
Keely Firth
Ros Preen
Susan Goldsmith
Andy Hardy (resigned 9 December 2016)
Owen Harkin (appointed 9 December 2016)
Chris Hurst
Susan Jacques
Shahana Khan
Sue Lorimer (resigned 9 December 2016)
Stephen McNally (resigned 9 December 2016)
Elizabeth O'Mahony (appointed 13 July 2017)
Lee Outhwaite (appointed 9 December 2016)
Huw Thomas
Tony Whitfield

Registered Charity Name and Registered Office

Advisors

Healthcare Financial Management Association (HFMA) is a registered charity in England and Wales, no 1114463 and Scotland, no SC041994. HFMA is also a limited company registered in England and Wales, no 5787972.

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

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

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 2017

President and Chief Executive's Report

The year to 30 June 2017 has been one of investment for HFMA. Not only increasing our services to members but also setting up an Awarding Organisation and the HFMA Academy. This has allowed us to launch our Diploma and Higher Diploma in Healthcare Finance with the first intake of 16 students in May 2017.

Developing a Qualification has been a long-term objective of the Association and so it is very exciting to be able to say in this report that this is being achieved. There is much work to be done to further develop our Awarding Organisation and the HFMA Academy but the first steps have been successfully taken.

HFMA only exists because of its members and the Trustees who are entrusted with the stewardship of the organisation recognise that it is important to maintain the level of current services to support the membership in these particularly challenging times. Therefore, despite the investment in the Diploma and Higher Diploma we have retained and sometimes expanded the member offering.

The financial impact of these decisions in the year to 30 June 2017 is a deficit for the year of £222k compared to a surplus of £225k in the previous year. Adding back the investment of £277k in the Qualification this year then the Association would have made a small surplus of £55k.

The year to 30 June 2017 was the last year of the 2014-17 strategy. The new strategy has been worked on over the year with full involvement from the membership, staff and wider stakeholders. Whereas the strategy over recent years has been to build reserves to ensure the Association is financially sustainable and able to navigate any unforeseen issues, with reserves of £4,455k it is now felt that this has been achieved. Therefore, the new strategy for 2017-20 recognises the importance of continuing to pump all the Association's resources into supporting the membership and financially, the focus will be on maintaining the current levels of reserves rather than building them further.

Clearly the highpoint of the year has been the launch of the Diploma and Higher Diploma. However, our other activities all continue to go from strength to strength. Our conference facility, 110 Rochester Row, continues to be busy and provide a focal point in the centre of London and continues to contribute financially with a surplus in the year to 30 June 2017 of £234k.

We continue to work closely with the private sector and would like to thank our friends on the corporate partner programme – all 25 of them – who provide us with valuable resources without which we would not be able to run our central infrastructure. We would also like to thank all of our commercial supporters whether they be national or local businesses.

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 set in the strategy was

well beaten, the total at 30 June 2017 reaching 13,094 members.

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:

- 120,402 hours of CPD provided during year
- 190 local and national events
- 19 webinars
- 43 briefings and publications

We are also very proud of the fact that we ask attendees and users of all our activities to give feedback which over the last year was an amazing 99% good or excellent.

During 2016-17 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 blessed to not only have a very professional and dedicated team of staff but also a magnificent and growing group of volunteers. These individuals work so hard in their free time whether they be committee or branch members or Chairs or as Trustees. We are truly blessed to have such busy senior people in the NHS working so hard to make HFMA the success it is.

Shahana Khan was the President for the first half of the year whose theme "Step Up" was very relevant and embraced by the branches in particular. We thank Shahana for her commitment over the year and wish her all the best in the future as she steps down from her Trustee role at this year's AGM.

One of the HFMA Directors, Paul Briddock left this year. The association has benefited enormously from his experience and hard work and wish him well in his future endeavours.

The theme for the second half of the year, launched at the annual conference in December 2016, is "Everyone Counts". The essence of the theme is to place members at the heart of everything we do, a key objective in these difficult times.

Thank you for reading this annual review. If this inspires you to take part please do not hesitate to contact us.

Mark Orchard
President

Mark Knight
Chief Executive


REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2017

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 year to 30 June 2017 was the last of the three-year 2014-17 strategy. During the year the 2017-20 strategy was developed and agreed and is discussed in more detail later in this report.

The activities and achievements in the year against each of our strategic objectives as laid out in the 2014-17 strategy are summarised below:

Benefit: The number of individual members of HFMA at the end of the year totalled 13,094 (2015/16: 11,675).

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, social media and via the website, our face to face activities also continue to be in constant demand with events taking place throughout the year across the UK.

We continue to invest in our staff with more staff year on year which will reap more rewards in future years in terms of the growing volume of benefits to members.

Our organisation faced offerings continue to be very popular with 1,116 organisation members of our partner or faculty programmes. This includes the Healthcare Costing for Value Institute and the Provider, 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 2016/17.

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 NHS Improvement. HFMA has been central in the development of the Future Focused Finance ("FFF") initiative with HFMA 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 43 briefings and publications in the year.

Training and development: The year saw the setting up of the HFMA Awarding Organisation (which Awards HFMA's new Qualifications) and our own Centre in HFMA Ltd, the HFMA Academy (which delivers the training for Qualifications). This has led to the launch of the HFMA Diploma and Higher Diploma in Healthcare and Business Finance in December 2016 with the first intake of 16 students in May 2017.

This is one of the most exciting projects HFMA has undertaken and fulfils a long-term goal of the Association and key strategic objective. Going forward there will be three intakes of students each year in September, January and May and work continues to develop a strong partnership arrangement with a University to allow our students to use the Diploma and Higher Diploma to complete an MBA.

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 108,917 (2015/16: 105,402). This a considerable increase year on year and 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 2017 the average over all events was 99%. A fantastic achievement.

Our suite of HFMA board games is now complete and generating great interest across the NHS. We now have the "Operating Game" which simulates the running of a hospital, the "Operating Game - Mental Health" for Mental Health Trusts and the "Whole Health System Game" for integrated health systems. These games are proving to be of great value to users and demand is high.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2017

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.

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.

HFMA has also been working with Future Focussed Finance on the programme to develop future finance leaders and in particular Directors of Finance and Chief Finance Officers. This is rightly considered one of the most important initiatives for the future sustainability of the NHS finance function.

E-learning: Our e-learning modules continue to be a cornerstone of our offerings although uptake has been down year on year. Once again, the target of achieving over 90% of users scoring each module excellent or good was achieved at 91%.

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.

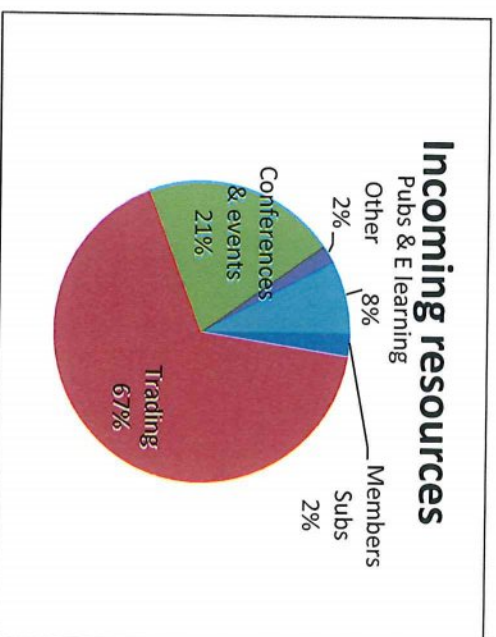
➔ FINANCIAL REVIEW

Results for the year ended 30 June 2017 are given in the attached financial statements. A summary is shown in the table below:

	2014/15	2015/16	2016/17
Turnover	£'000	£'000	£'000
Expenditure	7,592	8,516	7,266
Surplus pre Qualification	(7,289)	(8,108)	(7,211)
Development of Qualification	303	408	55
Net result	303	(183)	(277)
Funds at start of year	4,149	4,452	4,677
Funds at end of year	4,452	4,677	4,455

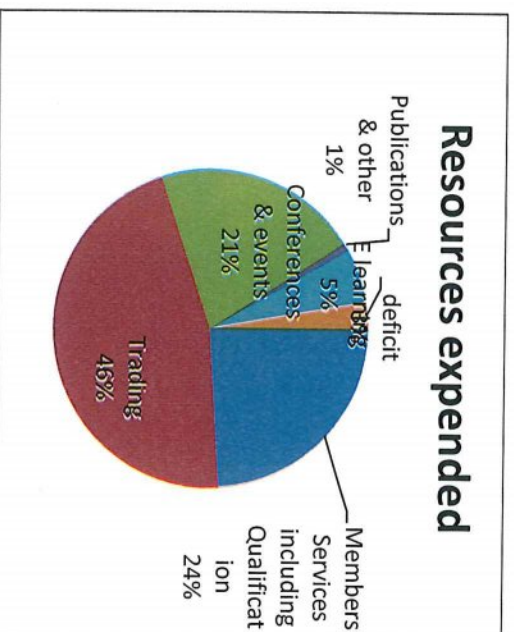
As a result of the investment in the Qualification in the year and a reduction in income from other activities resulting in the income base reducing and the decision not to reduce services to members, the result for the year is a deficit of £0.22m (2016 £0.23m surplus). The result before the costs of the development of the Qualification is £0.06m.

A chart demonstrating the make-up of incoming resources during the year to 30 June 2017 is shown below:



The total incoming resources of the Group for 2016/17 were £7.3m (£8.5m 2015/16). The largest single source of income was from trading which stood at £4.9m in 2016/17 (£5.6m 2015/16). Conferences and training events income in 2016/17 totalled £1.5m (£1.9m 2015/16). e-learning income totalled £0.6m in 2015/16, (£0.8m in 2015/16).

The use of these incoming resources is shown below:



The costs of all the trading activity in the two subsidiaries was £3.5m in 2016/17 resulting in a surplus of £1.3m (£1.7 in 2015/16). 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 £0.1m (£0.5m in 2015/16) the level of subsidisation provided to members when running events.

As noted above the sale of e-learning packages was down year-on-year. Costs have also decreased from £0.46m in

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2017

2015/16 to £0.42m in 2016/17 resulting in a margin in year of £0.15m (2015/16 £0.34m).

Members subscriptions totalled £0.18m in 2016/17 (2015/16 £0.16m). This represents an increase in membership year on year. The costs of member services increased to £1.7m in 2016/17 (£1.3m 2015/16). 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 deficit of £0.22m in 2016/17 (£0.23m surplus in 2015/16) decreases the net funds of HFMA at 30 June 2017, although they are still at a healthy level at £4.5m.

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)).

➤ FUTURE PLANS AND PUBLIC BENEFIT

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

The 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 2017 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 year to 30 June 2017 was the last year of the 2014-17 strategy. The new strategy has been worked on over the year with full involvement from the membership, staff and wider stakeholders. Whereas the strategy over recent years has been to build reserves to ensure the Association is

financial sustainable and able to navigate any unforeseen issues, with reserves of £4.5m it is now felt that this has been achieved. Therefore, the new strategy for 2017-20 recognises the importance of continuing to pump all the Association's resources into supporting the membership and financially the focus will be on maintaining the current levels of reserves rather than building them further.

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 Commissioning 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 2017/18. 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. Following the launch, the HFMA Diploma and Higher Diploma in 2017 the plan is to have three intakes in the following year in September, January and May.

- **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 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

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2017

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 £4.5m. All reserves are held in funds whose use is at the discretion of the Trustees as long as they are used as laid out in the objects and aims of the charity. The reserves policy 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. 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 18.

Despite the fact that the charity achieved a deficit in year the Trustees consider it is appropriate to treat the charity as a going concern due to reserves being £4.5m, cash balances at £4.6m and the strategy for 2017-20 incorporating a plan to breakeven over the three years. 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. 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.

Indeed, following a significant process during the year it was agreed that £2m of the cash reserves would be invested in long term investment funds to increase the level of returns.

✚ 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

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2017

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;

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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 2016/17, 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 an independent panel of branch representatives. All the Trustees are directors of HFMA.

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 and the Director of Education & Training. 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.

This year was the last year of the 2014-17 strategy. During the year work was undertaken on the new strategy for 2017 to 2020. Which will take effect in the year ahead. The strategy has been communicated to every member of HFMA and further details can be found on HFMA's website www.hfma.org.uk. As usual the annual business plan for the year ahead was also agreed as were individual business plans for each branch.

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

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

Company Number: 5787972

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2017

✚ 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 2017. The Trustees Report and the Strategic Report contained within it were approved by the Board on 31 October 2017 and signed on its behalf by:



James Rimmer

Trustee and Chair of the Audit & Finance Committee

FINANCIALS – Statement of Cash Flows

Consolidated Statement of Cash Flows for the year ended 30 June 2017

	2015-16 £'000	Notes	2016-17 £'000
	445	15	(158)
Net cash inflow/(outflow) from operating activities			
Cash flows from investing activities			
Interest received	24		16
Dividends received	5		4
Net cash inflow from investing activities	29		20
Capital expenditure			
Purchase of tangible fixed assets	(32)		(21)
Purchase of intangible fixed assets	(200)		(100)
Total outflow for capital expenditure	(232)		(121)
Increase/(decrease) in cash	242		(259)

The notes on pages 13 to 28 form part of these accounts.

Reconciliation of net cash flow to movement in cash

	2016-17 £'000
Cash at 1 July 2016	4,818
Decrease in cash in the year	(259)
Cash at 30 June 2017	4,559

Notes forming part of the Financial Statements

For the year ended 30 June 2017

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 9 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 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.

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 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.

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 2017

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.
- v. Redundancy costs are recognised at the point when the Charity is committed to making the payment.

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 2017

1. Accounting Policies (continued)

j) LEASED BUILDINGS AND EQUIPMENT

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

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

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

k) TANGIBLE FIXED ASSETS

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

Depreciation on these assets is calculated as follows:

- Lease and leasehold improvements - over the period to the first break clause in the lease, subject to a maximum of 50 years or reduced for the expected life of the asset.
- Furniture and equipment - over 5 to 10 years.

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.

l) INTANGIBLE FIXED ASSETS

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

m) 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.

n) STOCK

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

o) CONTINUING OPERATIONS

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

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 three 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.

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

Notes forming part of the Financial Statements (continued) For the year ended 30 June 2017

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 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.

t) 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.

Notes forming part of the Financial Statements (continued)
For the year ended 30 June 2017

2. Income

a) INCOME FROM RAISING FUNDS

VOLUNTARY INCOME

The voluntary income received consists of membership subscriptions and donations.

2015-16		2016-17	
Association £'000	Consolidation £'000	Association £'000	Consolidation £'000
163	163	182	182
-	-	55	55
163	163	237	237

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

2015-16		2016-17	
Association £'000	Consolidation £'000	Association £'000	Consolidation £'000
4	5	4	4
5	24	5	16
159	-	159	-
168	29	168	20

b) INCOME FROM CHARITABLE ACTIVITIES

CONFERENCES, SEMINARS AND FUTURE FOCUSED FINANCE

2015-16		2016-17	
Association £'000	Consolidation £'000	Association £'000	Consolidation £'000
1,487	1,487	1,174	1,174
353	353	350	350
1,840	1,840	1,524	1,524

Notes forming part of the Financial Statements (continued)

For the year ended 30 June 2017

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 2016-17	Direct Costs	Support Costs	TOTAL	
			2016-17	2015-16
	£'000	£'000	£'000	£'000
Generating Voluntary Income				
Conferences and Seminars	1,148	142	1,620	126
Publications and Training Packages	10	72	82	2,366
E-learning	62	362	424	101
Member Services, Magazine, Diploma and Higher Diploma	50	1,657	1,707	462
Bursary			-	1,321
Total Association	1,270	2,705	3,975	4,378
HFMA Ltd	1,686	1,848	3,534	3,918
Consolidated	2,956	4,553	7,509	8,296

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, 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:

2015-16		2016-17	
Association	Consolidation	Association	Consolidation
£'000	£'000	£'000	£'000
564	564	536	536
1,873	1,802	1,365	1,084
2,437	2,366	1,901	1,620

4. Audit Fees

The total external audit fees were:

2015-16		2016-17	
Association	Consolidation	Association	Consolidation
£'000	£'000	£'000	£'000
12	12	12	12
-	4	-	4
12	16	12	16
2	3	24	29
	Audit LLP		Other services supplied by affiliates of RSM UK

Notes forming part of the Financial Statements (continued)

For the year ended 30 June 2017

5. Staff Costs and Trustees' Remuneration

All staff are employed by HFMA and therefore the figures below are for both the charity and group accounts. Trustees give their service voluntarily and received no remuneration or benefits in kind in the year (2016: £nil).

a) STAFF COSTS

2015-16	2016-17
£'000	£'000
2,424	2,579
260	284
293	318
-	76
111	221
	Training)
3,088	3,478

Staff costs are allocated according to the functions of each staff member: £760,000 is included in direct costs, £2,718,000 in support costs together they form part of trading costs, fundraising costs, and charitable expenditure, as appropriate (see note 3). The redundancy cost above reflects amounts paid in the year to re-align the Charity's staff structure in the group's future operating plan.

b) AVERAGE NUMBER OF STAFF DURING THE YEAR

The average employee headcount throughout the year:

2015-16	2016-17
40	45
0	7
11	13
20	19
71	84

c) EMOLUMENTS

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

2015-16	2016-17
2	2
1	1
1	1
1	1
1	1
1	-
1	1
0	1

d) KEY MANAGEMENT

The key management of HFMA during the year were the Chief Executive, Deputy Chief Executive & Director of Finance, Director of Policy & Technical and Director of Education & Development whose employee benefits total £683,237 (2015/16 £636,099).

e) PENSIONS

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

Notes forming part of the Financial Statements (continued)
For the year ended 30 June 2017

7. a) Tangible Fixed Assets (continued)

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

	Long Leasehold	Leasehold Improvements	Equipment	Total
	£'000	£'000	£'000	£'000
Cost as at 1 July 2016	2,030	1,463	275	3,768
Additions	-	20	1	21
Cost as at 30 June 2017	2,030	1,483	276	3,789
Cumulative depreciation as at 1 July 2016	29	95	106	230
Depreciation charge for the year	-	63	27	90
Cumulative depreciation as at 30 June 2017	29	158	133	320
Net book value as at 1 July 2016	2,001	1,368	169	3,538
Net book value as at 30 June 2017	2,001	1,325	143	3,469

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	Software	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000
Cost as at 1 July 2016	35	429	33	497
Additions	-	79	22	101
Transfer	-	33	(33)	-
Cost as at 30 June 2017	35	541	22	598
Cumulative depreciation as at 1 July 2016	35	68	-	103
Depreciation charge for the year	-	95	-	95
Cumulative depreciation as at 30 June 2017	35	163	-	198
Net book value as at 1 July 2016	-	394	-	394
Net book value as at 30 June 2017	-	378	22	400

Notes forming part of the Financial Statements (continued)
For the year ended 30 June 2017

7. b) Intangible Fixed Assets (continued)

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

	Software	Assets in the course of construction	Total
	£'000	£'000	£'000
Cost as at 1 July 2016	429	33	462
Additions	60	22	82
Transfers	33	(33)	-
Cost as at 30 June 2017	522	22	544
Cumulative depreciation as at 1 July 2016	68	-	68
Depreciation charge for the year	94	-	94
Cumulative depreciation as at 30 June 2017	162	-	162
Net book value as at 1 July 2016	361	33	394
Net book value as at 30 June 2017	360	22	382

7. c) Investments

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

	Cost	Market Value as at 30 June 2017	Disposal	Market value as at 30 June 2016	Gain in Year
	£'000	£'000	£'000	£'000	£'000
£100,000 Charities Official Investment Fund	100	171	-	151	20
Total	100	171	-	151	20

8. Debtors

	as at 30 June 2016		as at 30 June 2017
Association	Consolidation		Association Consolidation
	£'000		£'000
	778	General debtors	600
	17	Amounts due from group companies	28
	3	Other debtors (VAT)	2
	129	Prepayments & accrued income	102
	33	Deferred costs	29
	960		761
	2,066		2,261

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

Notes forming part of the Financial Statements (continued)
For the year ended 30 June 2017

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

as at 30 June 2016		as at 30 June 2017	
Association	Consolidation	Association	Consolidation
£'000	£'000	£'000	£'000
7	678	-	667
7	<u>678</u>	-	<u>667</u>

Deferred Income as at 30 June 2017 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:

2015-16		2016-17	
Association	Consolidation	Association	Consolidation
£'000	£'000	£'000	£'000
33	805	7	678
(33)	(618)	(7)	(517)
7	491	-	506
7	<u>678</u>	-	<u>667</u>

Deferred Income falling due after more than one year as at 1 July
 Released during year
 Additional Deferred Income for year
 Deferred Income falling due after more than one year carried forward as at 30 June

12. Provisions

as at 30 June 2016		as at 30 June 2017	
Association	Consolidation	Association	Consolidation
£'000	£'000	£'000	£'000
20	20	40	40
20	<u>20</u>	40	<u>40</u>

Provisions

Provisions relate to the rectification costs that will be incurred on leaving a building which HFMA lease. Movements on the provision are shown below:

2015-16		2016-17	
Association	Consolidation	Association	Consolidation
£'000	£'000	£'000	£'000
20	20	20	20
-	-	-	-
-	-	20	20
20	<u>20</u>	40	<u>40</u>

Provisions as at 1 July
 Released during year
 Additional Provisions for year
 Provisions as at 30 June

13. Financial Instruments

The carrying amount of the Groups financial instruments were;

Financial assets

as at 30 June 2016		as at 30 June 2017	
Association	Consolidation	Association	Consolidation
£'000	£'000	£'000	£'000
778	1,859	600	1,908
17	-	28	-
33	53	30	62

General debtors
 Amounts due from group companies
 Deferred costs

Notes forming part of the Financial Statements (continued)
For the year ended 30 June 2017

13. Financial Instruments (continued)

Financial liabilities		as at 30 June 2016		as at 30 June 2017	
Association	Consolidation	Association	Consolidation	Association	Consolidation
£'000	£'000	£'000	£'000	£'000	£'000
470	694	341	556		
2,495	-	1,290	-		
326	429	275	360		
	Trade creditors				
	Amounts due from group companies				
	Accruals; less than one year				

14. 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 2016	Branch	Net assets at 30th June 2017
£'000		£'000
36	East Midlands	34
23	Eastern	19
46	Kent, Sussex and Surrey	49
19	London	23
(1)	North West	5
33	Northern	42
44	Northern Ireland	43
5	Scotland	9
88	South West	82
31	South Central	20
114	Wales	78
161	West Midlands	152
39	Yorkshire and Humber	34
638		590

The overall deficit for the branches for the year was £47,482 (2016 a deficit of £31,314).

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

Year to 30th June 2016	Year to 30th June 2017
£'000	£'000
225	(222)
163	212
(5)	(20)
(29)	(20)
5	(6)
239	(196)
(153)	94
445	(158)
Net income for the year:	
Depreciation	
Unrealised gain on investment	
Interest and dividends receivable	
Decrease/(increase) in stock	
(Increase)/(decrease) in debtors	
Increase/(decrease) in creditors	
Net cash inflow/(outflow) from operating activities	

16. 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.

Notes forming part of the Financial Statements (continued)
For the year ended 30 June 2017

16. Related Party Transactions (continued)

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. 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. This along with direct costs recharged by HFMA to HFMA Ltd leads to total income of £1,473,000 for HFMA. HFMA Ltd also performs activities for HFMA which leads to a total expenditure figure of £325,000 for HFMA. Intercompany balances between HFMA and HFMA Ltd are disclosed in notes 8 and 10

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.

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 work in the NHS 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 £nil (2015/16 £11,000) for services provided to the charity and subsidiaries. There were no amounts outstanding at the year end.

17. 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 2017, as consolidated into the accounts for HFMA, were:

	Year to 30 June 2016 £'000	Year to 30 June 2017 £'000
Turnover	5,697	5,173
Cost of sales	(2,411)	(1,848)
Gross profit	3,286	3,325
Interest received	19	11
3,305	3,336	3,336
(487) Administration	(574)	(574)
(1,143) Association recharge	(1,274)	(1,274)
1,675	1,488	1,488
Net result	1,675	1,488

BALANCE SHEET

	As at 30 June 2016 £'000	As at 30 June 2017 £'000
69 Fixed assets	69	60
3,697 Current assets	3,697	3,957
(3,095) Creditors: Amounts falling due within one year	(3,095)	(3,350)
671 Total assets less current liabilities	671	667
(671) Creditors: Amounts falling due after more than one year	(671)	(667)
-	-	-
Net assets	-	-

Notes forming part of the Financial Statements (continued)
For the year ended 30 June 2017

17. Subsidiaries (continued)

Turnover in HFMA Limited was £5,173,000 for the year of which £325,000 related to activities performed for HFMA which is removed on consolidation. In the consolidated accounts turnover relating to HFMA Limited is shown as £4,848,000.

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 2017 or in the year ending 30 June 2016. The Financial Statements of HCS Ltd for the year to 30 June 2017, as consolidated into the accounts of HFMA, were:

PROFIT AND LOSS ACCOUNT

	Year to 30 June 2016 £'000	Year to 30 June 2017 £'000
-	Turnover	-
-	Cost of sales	-
-	Gross profit	-
-	Interest payable	-
-	Administration	-
-	Association recharge	-
-	Net (loss)/profit before gift aid, tax and group relief	-
-	Tax and group relief adjustment	-
-	Net result	-

BALANCE SHEET

	As at 30 June 2016 £'000	As at 30 June 2017 £'000
-	Current assets	-
-	Creditors: amounts falling due within one year	-
-	Net assets	-

18. 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 2016	Surplus/(Deficit)	Transfers	Unrecognised gains	at 30 June 2017
	£'000	£'000	£'000	£'000	£'000	£'000
General funds						
Trading funds		-	1,488	(1,488)	-	-
General fund		1,242	(1,676)	1,740	13	1,319
Branch general fund		638	(56)	-	8	590
Designated funds						
Bursary fund		42	1	-	-	43
Deep Reserve fund		2,755	-	(252)	-	2,503
Consolidated		4,677	(243)	-	21	4,455

The transfers between funds relate to the total Gift Aid to the Association Centre from the trading subsidiaries and transfers between the deep reserve and the general fund.

19. Analysis of net assets between funds

Notes forming part of the Financial Statements (continued)

For the year ended 30 June 2017

HFMA Group Analysis of net assets between funds as at 30 June 2017

	General funds		Designated funds			Total funds
	General fund	Branch general fund	Bursary fund	Deep reserve fund	Deep fund	
Fixed and intangible assets	£'000	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	1,525	54	-	2,503	4,082	4,082
Other current assets	3,793	723	43	-	-	4,559
Current liabilities	2,153	120	-	-	-	2,273
Liabilities due after more than 1 year	(5,445)	(307)	-	-	-	(5,752)
	(707)	-	-	-	-	(707)
	1,319	590	43	2,503	4,455	4,455

HFMA Company Analysis of net assets between funds as at 30 June 2017

	General funds		Designated funds			Total funds
	General fund	Branch general fund	Bursary fund	Deep reserve fund	Deep fund	
Fixed and intangible assets	£'000	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	1,465	54	-	2,503	4,022	4,022
Other current assets	2,660	723	43	-	-	3,426
Current liabilities	650	120	-	-	-	770
Liabilities due after more than 1 year	(3,416)	(307)	-	-	-	(3,723)
	(40)	-	-	-	-	(40)
	1,319	590	43	2,503	4,455	4,455

20. Capital commitments

At 30 June 2017, there were £nil (2016 £nil) capital commitments for activities contracted for but not provided in the financial statements.

INDEPENDENT AUDITOR'S REPORT

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

Opinion on financial statements

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 2017 which comprise the Consolidated and Charity Statement of Financial Activities, the Group Summary Income and Expenditure Account, the Group and Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of 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 2017 and of the group's incoming resources and application of resources, including its 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 Act 2011, 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial

statements any identified material uncertainties that may cast significant doubt about the group's or parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion on other matter 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 Trustees' Report, and the incorporated Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report, and the incorporated Strategic Report, have been prepared in accordance with applicable legal requirements.

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 its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report, and the incorporated Strategic Report.

We have nothing to report in respect of the following matters where the Companies Act 2006, the Charities Act 2011, and the Charities Accounts (Scotland) Regulations 2006 (as amended) require 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.

INDEPENDENT AUDITOR'S REPORT (continued)

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' responsibilities set out on page 7 and 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.

RSM UK Audit LLP

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

Date: **16 November 2017**

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

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.

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.

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) and the Charities Act 2011. 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.