

Company Number 5787972

HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION

Trustees' Report and Financial Statements

For the year ending 30th June 2018

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HFMA

Report 2017 – 2018

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SENIOR EXECUTIVES AND BOARD OF TRUSTEES

Board of Trustees and Directors

PRESIDENT

2017/2018: Alex Gild
2016/2017: Mark Orchard
2015/2016: Shahana Khan

VICE PRESIDENTS

2017/2018: Bill Gregory
2017/2018: Caroline Clark
2016/2017: Alex Gild
2016/2017: Bill Gregory
2015/2016: Mark Orchard
2015/2016: Alex Gild

IMMEDIATE PAST PRESIDENT

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

CHAIR OF AUDIT AND FINANCE COMMITTEE

James Rimmer

NON-OFFICER TRUSTEES AND DIRECTORS

Sanjay Agrawal
Keely Firth
Ros Preen
Susan Goldsmith (resigned 7 December 2017)
Owen Harkin
Chris Hurst (resigned 7 December 2017)
Susan Jacques
Shahana Khan (resigned 7 December 2017)
Elizabeth O'Mahony (appointed 13 July 2017)
Lee Outhwaite
Carol Potter (appointed 7 December 2017)
Huw Thomas
Tony Whitfield

Registered Charity Name and Registered Office

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

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

HFMA Senior Executive Team

CHIEF EXECUTIVE / SECRETARY

Mark Knight

DEPUTY CHIEF EXECUTIVE & DIRECTOR OF FINANCE

Ian Turner

DIRECTOR OF EDUCATION & DEVELOPMENT

Alison Myles

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 2018

President's and Chief Executive's Report

During this the first year of our new three-year strategy to 30 June 2020 we have made great strides towards achieving the objectives we set for ourselves over the three years.

As well as maintaining the quality of the more traditional activities in the year to 30 June 2018 we have also started to deliver on some of the new activities we identified in our strategy. One of these is the continuing digitalisation of our members offering which took a great leap forward with the launch of our members App in December 2017. Another, which is arguably the most ambitious development we have ever undertaken, was the first full year of running the HFMA Academy and the HFMA Awarding Organisation which deliver the HFMA Diploma and Higher Diploma in Healthcare and Business Finance and the formalising of arrangements with BPP University meaning our students can complete a third year of study to achieve an MBA in Business and Healthcare Management.

Having our own HFMA qualifications and providing them through our HFMA Academy and awarding them through our HFMA Awarding Organisation has been a long-term desire. We are delighted that following the launch of the HFMA Diploma and Higher Diploma in Healthcare and Business Finance last year, the first full year of running these qualifications has been a huge success with 78 students enrolled on modules at 30 June 2018.

The HFMA Academy has also developed, launched and now runs a Higher Diploma in Practice Management for the National Association of Practice Managers ("NAPC"). At the end of June 2018 there were 105 students enrolled on this qualification.

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 at £4,418k it was agreed that the strategy for 2018-20 recognises the importance of continuing to invest 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.

As a result, the financial target over the three years to 30 June 2020 is to break-even. For the year to 30 June 2018 the result was a small deficit of £37k, however, after £94k of one-off exceptional reorganisation costs a small surplus of £57k was achieved.

Although the development of the HFMA Academy and HFMA Awarding Organisation have been a major focus of the year, our other activities also 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 2018 of £217k.

We continue to work closely with the private sector and would like to thank our friends on the corporate partner

programme – all 20 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 at the end of 30 June 2018 we have reached a record 14,342 members.

We recognise that our members continue to be under huge pressure at work as they help manage a health system which is itself under significant pressure. Over the past year HFMA has been able to fulfil its charitable aims and support members and others in the NHS through:

- 133,710 hours of CPD provided during year
- 163 local and national events
- 44 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 96% good or excellent.

During 2017-18 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.

As an association HFMA is blessed to not only have a very professional and dedicated team of staff but also a magnificent 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 people in the NHS working so hard to make HFMA the success it is.

Mark Orchard was the President for the first half of the year whose theme "Everyone Counts" was articulated very effectively and struck a nerve across the service but particularly at the branches. We would like to thank Mark for the energy, positivity and commitment he brought to the role over the year.

The theme for the second half of the year, launched at the annual conference in December 2017, is "Our NHS, Your HFMA, Brighter Together", which focusses on the importance of working across boundaries both within the NHS and the wider public sector (geographically and organisationally) and also the private sector, with the common aim of improving patient care and experience.

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

Alex Gild
President

Mark Knight
Chief Executive

25 October 2018

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2018

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 2018 was the first of the three-year 2018-20 strategy.

The activities and achievements in the year against each of our strategic objectives as laid out in the 2018-20 strategy are summarised below:

Benefit: The number of individual members of HFMA at the end of the year totalled 14,342 (2016/17: 13,094).

Our member benefits continue to grow particularly in terms of delivering content through digital mechanisms, such as e-learning, webinars, social media, the website and our Members App which was launched in December 2017. Our face to face activities also continue to be in constant demand with events taking place throughout the year across the UK. Many of these events are free to members and those that are not are subsidised.

We continue to invest in our staff through training which is vital to the success of HFMA ensuring we maintain the high quality of service we are known for.

Our organisation faced offerings continue to be very popular with 1,068 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 the year.

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, 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 founder members of the Finance Leadership Council. We are delighted to continue to be the Prime Partner for FFF; hosting, providing the administration and delivering a big part of 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 44 briefings and publications in the year.

Training and development: The year saw the further development of the HFMA Awarding Organisation (which Awards HFMA's new Qualifications) and our own Training Centre in HFMA Ltd, the HFMA Academy (which delivers the training for Qualifications).

This year we also developed, hosted and launched the Higher Diploma of Practice Managers for the National Association of Primary Care ("NAPC") which sits alongside the HFMA Diploma and Higher Diploma in Healthcare and Business Finance. At 30 June 2018 there were 78 students studying the HFMA qualifications and 105 for NAPC. We were also delighted to formally sign an agreement with BPP University that allows our students to complete their level 7 studies with an MBA in Healthcare and Business Finance with BPP University.

The development of the HFMA Academy and Awarding Organisation together form 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 continue be three intakes of students each year in September/October, January and May.

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 133,710 (2016/17: 108,917). This is well above the target we set ourselves in our strategy of 110,000 but is a fall year on year which is as a direct result of the challenges facing the Service. 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 2018 the average over all events was 96%. A fantastic achievement.

Our suite of HFMA board games is now complete and generating great interest across the NHS. We now have the

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2018

“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.

National conferences and events continued to attract healthy numbers. The most popular include; our Convergence Conference in July, our National Annual Conference in December and our Pre-Accounts Planning event in February, which continue to run annually and are always well-attended.

As well as continuing to manage the 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 and the Procurement Skills Development contracts.

HFMA also continues to work with FFF on the programme to develop future finance leaders and in particular Directors of Finance and Chief Finance Officers and Deputy Directors of Finance. This is rightly considered one of the most important initiatives for the future sustainability of the NHS finance function.

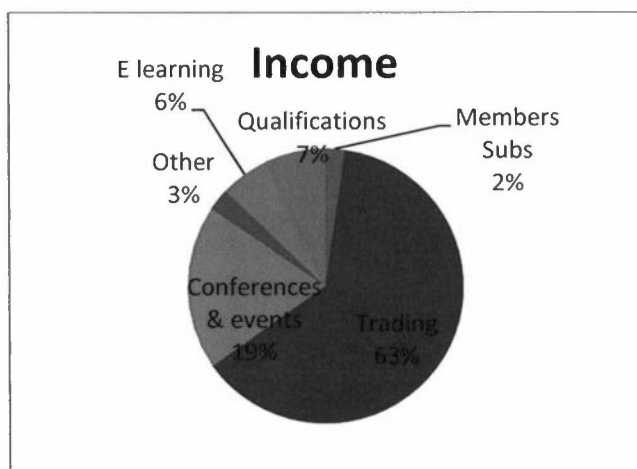
E-learning: Our e-learning modules continue to be a cornerstone of our offerings although uptake has been down year on year. Once again, the target of achieving over 90% of users scoring each module excellent or good was achieved at 94%.

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

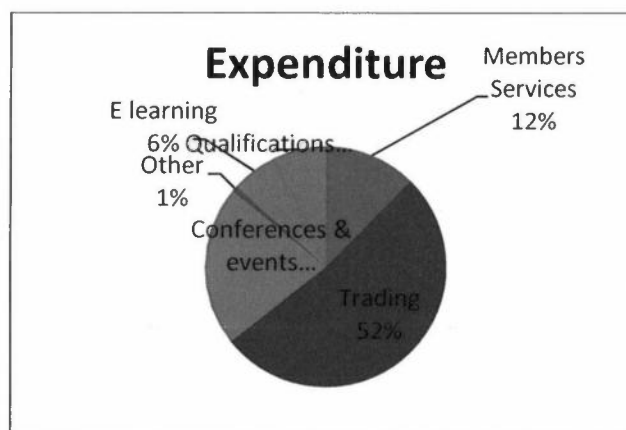
The result for the year is a deficit of £37k. Included in costs were £94k of one-off exceptional reorganisation costs. If these had not occurred a small surplus of £57k would have been achieved.

A breakdown of income is shown below:



The total incoming resources of the Group for 2017/18 were £7,651k (£7,266k 2016/17). The largest single source of income was from trading which stood at £4,871k in 2017/18 (£4,848k 2016/17). Conferences and training events income in 2017/18 totalled £1,504k (£1,524k 2016/17). e-learning income totalled £457k in 2017/18, (£569k in 2016/17). The first full year of the Qualifications delivered through the HFMA Academy and HFMA Awarding Organisation from which income totalled £537k. Costs were a little ahead of income with a small deficit of £21k being the end of year position.

The breakdown of expenditure is shown below:



The costs of all the trading activity in the two subsidiaries excluding the Qualification was £4,024k in 2017/18 resulting in a surplus of £847k (£1,314k in 2016/17). 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 exceeds income in 2017/18 by £166k (£96k in 2016/17) 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 increased slightly from £424k in 2016/17 to £474k in 2017/18 resulting in a negative margin in year of £17k (2016/17 a small positive margin of £145k).

Members subscriptions totalled £181k in 2017/18 (2016/17 £180k). There has been a small increase in membership year on year. The costs of member services decreased to £843k in 2017/18 (£1,192k in 2016/17). 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 £27k in 2017/18 (£220k 2016/17) decreases the net funds of HFMA at 30 June 2018,

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2018

although they are still at a healthy level at £4,418k.

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 2018 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 2018 was the first year of the 2018-20 strategy. Whereas the previous three-year strategy has been to build reserves to ensure the Association is financial sustainable and able to navigate any unforeseen issues, with reserves of £4,419k it is now felt that this has been achieved. Therefore, the new strategy for 2018-20 recognises the importance of continuing to invest 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 are also 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 Skills Development and FMTS groups will also continue to be a focus for 2018/19. 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 plan for the HFMA Diploma and Higher Diploma is to continue to have three intakes each year in September/October, January and May. A similar timetable is planned for the intakes for the NAPC Higher Diploma in Practice Management which is run by HFMA. In addition, work is ongoing on a new level 4 qualification, potential Ofqual accreditation and an apprenticeship
- **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 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

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2018

guidance.

✚ RESERVES AND GOING CONCERN

HFMA's total reserves which have been built up slowly over many years, now stand at £4,418k. 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, Branch fund, Bursary fund and Deep Reserve fund.
- 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 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.
- 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.

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 total reserves being £4,418k, cash balances standing at £2,264k and the strategy for 2018-20 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 capital investment over £75,000 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 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 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 2018

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; 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.

✚ 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 2017/18, 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.

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 first year of the 2018-20 strategy. 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 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. 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 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

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2018

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 2018.

The Trustees Report and the Strategic Report contained within it were approved by the Board on 25 October 2018 and signed on its behalf by:



James Rimmer
Trustee and Chair of the Audit & Finance Committee

25 October 2018

FINANCIALS – Statements Of Financial Activities

Consolidated and charity statements of financial activities for year ended 30 June 2018 (including Income and Expenditure Accounts)

2016-17			2017-18		
Association	Consolidation		Notes	Association	Consolidation
£'000	£'000			£'000	£'000
		INCOME	2		
		INCOME FROM RAISING FUNDS			
		Voluntary income			
237	237	Member Subscriptions and donations		181	181
		Activities for generating funds			
-	4,848	Trading Turnover: HFMA Ltd (excluding qualifications)	17	-	4,871
-	-	Trading Turnover: HFMA Commercial Services Limited	17	-	-
		Investment income			
168	20	Investment income and interest received		208	53
1,488	-	Gift Aid from subsidiaries to Association		1,292	-
		INCOME FROM CHARITABLE ACTIVITIES			
1,524	1,524	Conferences, seminars and Future Focused Finance		1,504	1,504
21	21	Publications and training packages		18	18
569	569	E-Learning		457	457
-	-	Member services		-	-
26	26	Qualifications		130	537
61	21	Other incoming resources		55	30
4,094	7,266	TOTAL INCOME		3,845	7,651
		EXPENDITURE	3		
		COST OF RAISING FUNDS			
(142)	(142)	Costs of generating voluntary income		(111)	(111)
		Costs of fundraising trading			
-	(3,534)	HFMA Ltd (excluding qualifications)	16	-	(4,024)
-	-	HFMA Commercial Services Limited	16	-	-
(56)	-	Management costs (depreciation)		(55)	-
		COST OF CHARITABLE ACTIVITIES			
(1,901)	(1,620)	Conferences, seminars and Future Focused Finance		(2,143)	(1,670)
(82)	(82)	Publications		(67)	(67)
(424)	(424)	E-Learning		(474)	(474)
(1,192)	(1,192)	Member Services		(870)	(843)
(540)	(515)	Qualifications		(221)	(558)
-	-	Bursaries		(4)	(4)
(4,337)	(7,509)	TOTAL EXPENDITURE		(3,945)	(7,751)
21	21	GAINS ON INVESTMENT ASSETS		63	63
(222)	(222)	NET EXPENDITURE		(37)	(37)
-	-	OTHER GAINS/(LOSSES)		-	-
(222)	(222)	NET MOVEMENT IN FUNDS		(37)	(37)
4,677	4,677	BALANCE BROUGHT FORWARD AT 1 JULY		4,455	4,455
4,455	4,455	FUND BALANCE CARRIED FORWARD AT 30 JUNE	18	4,418	4,418

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

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

FINANCIALS – Balance Sheets

Consolidated and charity balance sheets as at 30 June 2018

30 June 2017			30 June 2018	
Association £'000	Consolidation £'000	Notes	Association £'000	Consolidation £'000
3,469	3,511		3,392	3,426
382	400	7a	437	451
171	171	7b	2,134	2,134
4,022	4,082	7c	5,963	6,011
9	12		4	7
761	2,261	8	947	2,119
3,426	4,559	9	1,632	2,264
4,196	6,832		2,583	4,390
(3,723)	(5,752)	10	(4,082)	(5,399)
473	1,080		(1,499)	(1,009)
4,495	5,162		4,464	5,002
-	(667)		(6)	(544)
(40)	(40)		(40)	(40)
4,455	4,455		4,418	4,418
1,319	1,319		1,202	1,202
590	590		593	593
43	43		39	39
2,503	2,503		2,584	2,584
4,455	4,455	18	4,418	4,418

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

The accounts were approved by the Board of Trustees on



Alex Gild, President

25 October 2018

FINANCIALS – Statement of Cash Flows

Consolidated Statement of Cash Flows for the year ended 30 June 2018

2016-17		Notes	2017-18
£'000			£'000
<u>(158)</u>	Net cash inflow/(outflow) from operating activities	15	<u>(253)</u>
	Cash flows from investing activities		
16	Interest received		27
4	Dividends received		26
(21)	Purchase of tangible fixed assets		(6)
(100)	Purchase of intangible fixed assets		(188)
-	Purchase of investments		(1,901)
<u>(101)</u>	Total outflow from investing activities		<u>(2,042)</u>
<u>(259)</u>	Increase/(decrease) in cash		<u>(2,295)</u>

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

Reconciliation of net cash flow to movement in cash

	2017-18
	£'000
Cash at 1 July 2017	4,559
Decrease in cash in the year	<u>(2,295)</u>
Cash at 30 June 2018	<u>2,264</u>

Notes forming part of the Financial Statements

For the year ended 30 June 2018

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 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 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 2018

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 and education (including publications, qualifications and e-learning packages) is recognised when invoiced.
- vi. 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 2018

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 2018

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 2018

2. Income

a) INCOME FROM RAISING FUNDS

VOLUNTARY INCOME

The voluntary income received consists of membership subscriptions and donations.

2016-17			2017-18	
Association	Consolidation		Association	Consolidation
£'000	£'000		£'000	£'000
182	182	Subscriptions	181	181
55	55	Donations	-	-
237	237		181	181

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

2016-17			2017-18	
Association	Consolidation		Association	Consolidation
£'000	£'000		£'000	£'000
4	4	Investment Income	27	27
5	16	Interest received	22	26
159	-	Rental income	159	-
168	20		208	53

b) INCOME FROM CHARITABLE ACTIVITIES

CONFERENCES, SEMINARS AND FUTURE FOCUSED FINANCE

2016-17			2017-18	
Association	Consolidation		Association	Consolidation
£'000	£'000		£'000	£'000
1,174	1,174	National events and Future Focused Finance	1,193	1,193
350	350	Branch events	311	311
1,524	1,524		1,504	1,504

Notes forming part of the Financial Statements (continued)

For the year ended 30 June 2018

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 2017-18	Direct Costs	Support Costs	TOTAL	TOTAL
	2017-18	2017-18	2017-18	2016-17
	£'000	£'000	£'000	£'000
Generating Voluntary Income	1	110	111	142
Conferences and Seminars	958	712	1,670	1,620
Publications and Training Packages	7	60	67	82
E-learning	67	407	474	424
Member Services, Magazine, Diploma and Higher Diploma	118	725	843	1,192
Qualification	375	183	558	515
Bursary	4	-	4	-
Total Association	1,530	2,197	3,727	3,975
HFMA Ltd	2,513	1,511	4,024	3,534
Consolidated	4,043	3,708	7,751	7,509

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:

2016-17			2017-18	
Association	Consolidation		Association	Consolidation
£'000	£'000		£'000	£'000
536	536	Branch events	485	485
1,365	1,084	Centre events	1,185	1,185
1,901	1,620		1,670	1,670

4. Audit Fees

The total external audit fees were:

2016-17			2017-18	
Association	Consolidation		Association	Consolidation
£'000	£'000		£'000	£'000
12	12	Charity	14	14
-	4	HFMA Ltd	-	3
12	16		14	17
24	29	Other services supplied by affiliates of RSM UK Audit LLP	1	2

Notes forming part of the Financial Statements (continued)

For the year ended 30 June 2018

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

2016-17		2017-18
£'000		£'000
2,579	Staff salaries	2,712
284	Employers NI costs	307
318	Pension costs	333
76	Redundancy	94
221	Sundry (including Childcare Vouchers and Staff Training)	264
3,478		3,710

Staff costs are allocated according to the functions of each staff member: £973,000 is included in direct costs, £2,737 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:

2016-17		2017-18
45	Operations/Technical	48
7	Qualification	8
13	Business Development	14
19	Administration	18
84		88

c) EMOLUMENTS

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

2016-17		2017-18
2	Band £60,000 - £69,999	3
1	Band £80,000 - £89,999	1
1	Band £90,000 - £99,999	-
-	Band £100,000 - £109,999	1
1	Band £120,000 - £129,999	1
1	Band £190,000 - £199,999	1
1	Band £200,000 - £209,999	-

d) KEY MANAGEMENT

The key management of HFMA during the year were the Chief Executive, Deputy Chief Executive & Director of Finance, and Director of Education & Development 2.9 full time equivalent (FTE) whose employee benefits including remuneration, employers and employees pension costs and benefits in kind and employers National Insurtotal £468,086 (2016/17 additionally Director of Policy and Technical 3.7 FTE total £683,237).

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 2018

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:

2016-17 £'000	Type of Expense	2017-18 £'000
-	Fee for delivery of HFMA fund-raising activity	1
2	Subsistence	2
3	Travel	9
10	Accommodation	9
15		21

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.

2016-17			2017-18	
Association £'000	Consolidation £'000		Association £'000	Consolidation £'000
101	101	One year or less	85	85
83	83	Two to five year	11	11
1	1	Over 5 years	-	-

Property and operating lease costs shown within the statements of financial activities within support costs were £104k (2016/17 £105k) for Association and £104k (2016/17 £105k) for the consolidated group.

7.a) Tangible Fixed Assets

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

	Long Leasehold £'000	Leasehold Improvements £'000	Equipment £'000	Total £'000
Cost as at 1 July 2017	2,030	1,494	386	3,910
Additions	-	2	4	6
Cost as at 30 June 2018	2,030	1,496	390	3,916
Cumulative depreciation as at 1 July 2017	29	164	206	399
Depreciation charge for the year	-	56	35	91
Cumulative depreciation as at 30 June 2018	29	220	241	490
Net book value as at 1 July 2017	2,001	1,330	180	3,511
Net book value as at 30 June 2018	2,001	1,276	149	3,426

Notes forming part of the Financial Statements (continued)
For the year ended 30 June 2018

7. a) Tangible Fixed Assets (continued)

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

	Long Leasehold £'000	Leasehold Improvements £'000	Equipment £'000	Total £'000
Cost as at 1 July 2017	2,030	1,483	276	3,789
Additions	-	2	4	6
Cost as at 30 June 2018	2,030	1,485	280	3,795
Cumulative depreciation as at 1 July 2017	29	158	133	320
Depreciation charge for the year	-	56	27	83
Cumulative depreciation as at 30 June 2018	29	214	160	403
Net book value as at 1 July 2017	2,001	1,325	143	3,469
Net book value as at 30 June 2018	2,001	1,271	120	3,392

7.b) Intangible Fixed Assets

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

	Intellectual Property £'000	Software £'000	Assets in the course of construction £'000	Total £'000
Cost as at 1 July 2017	35	541	22	598
Additions	-	188	-	188
Transfer	-	22	(22)	-
Cost as at 30 June 2018	35	751	-	786
Cumulative depreciation as at 1 July 2017	35	163	-	198
Depreciation charge for the year	-	137	-	137
Cumulative depreciation as at 30 June 2018	35	300	-	335
Net book value as at 1 July 2017	-	378	22	400
Net book value as at 30 June 2018	-	451	-	451

Notes forming part of the Financial Statements (continued)
For the year ended 30 June 2018

7. b) Intangible Fixed Assets (continued)

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

	Software £'000	Assets in the course of construction £'000	Total £'000
Cost as at 1 July 2017	522	22	544
Additions	188	-	188
Transfers	22	(22)	-
Cost as at 30 June 2018	732	-	732
Cumulative depreciation as at 1 July 2017	162	-	162
Depreciation charge for the year	133	-	133
Cumulative depreciation as at 30 June 2018	295	-	295
Net book value as at 1 July 2017	360	22	382
Net book value as at 30 June 2018	437	-	437

7. c) Investment

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

	Cost £'000	Market Value as at 30 June 2017 £'000	Purchases £'000	Market value as at 30 June 2018 £'000	Gain in year £'000
CCLA Funds	1,000	171	900	1,098	27
Barclays Funds	1,000	-	1,000	1,036	36
Total	2,000	171	1,900	2,134	63

8. Debtors

as at 30 June 2017			as at 30 June 2018	
Association £'000	Consolidation £'000		Association £'000	Consolidation £'000
600	1,908	General debtors	784	1,680
28	-	Amounts due from group companies	23	-
2	-	Other debtors (VAT)	7	-
102	292	Prepayments & accrued income	117	398
29	61	Deferred costs	16	41
761	2,261		947	2,119

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 2018

8. Debtors (continued)

Deferred costs brought forward were released as follows:

2016-17			2017-18	
Association	Consolidation		Association	Consolidation
£'000	£'000		£'000	£'000
33	53	Deferred Costs brought forward as at 1 July	30	62
(33)	(53)	Released during year	(30)	(62)
30	62	Additional Deferred Costs for year	16	41
30	62	Deferred Costs carried forward as at 30 June	16	41

9. Cash at bank and in hand

The bank and cash accounts held are as follows:

as at 30 June 2017			as at 30 June 2018	
Association	Consolidation		Association	Consolidation
£'000	£'000		£'000	£'000
2,209	3,342	Current accounts	1,036	1,668
1,217	1,217	Fixed rate deposits	596	596
3,426	4,559	Total cash balance	1,632	2,264

10. Creditors – Amounts falling due within one year

as at 30 June 2017			as at 30 June 2018	
Association	Consolidation		Association	Consolidation
£'000	£'000		£'000	£'000
341	556	Trade creditors	355	494
1,290	-	Amounts due from group companies	1,495	-
78	78	Social security creditors	97	97
29	29	Pension creditors	37	37
58	164	Other creditors (VAT)	84	216
275	360	Accruals	261	478
1,652	4,565	Deferred income	1,753	4,077
3,723	5,752		4,082	5,399

Deferred income as at 30 June 2018 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:

2016-17			2017-18	
Association	Consolidation		Association	Consolidation
£'000	£'000		£'000	£'000
1,514	4,182	Deferred Income falling due within one year as at 1 July	1,652	4,565
(1,514)	(4,180)	Released during year	(1,652)	(4,565)
1,652	4,563	Additional Deferred Income for year	1,753	4,077
1,652	4,565	Deferred Income falling due within one year carried forward as at 30 June	1,753	4,077

Notes forming part of the Financial Statements (continued)
For the year ended 30 June 2018

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

as at 30 June 2017			as at 30 June 2018		
Association	Consolidation		Association	Consolidation	
£'000	£'000		£'000	£'000	
-	667	Deferred Income	6	544	
-	667		6	544	

Deferred Income as at 30 June 2018 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:

2016-17			2017-18		
Association	Consolidation		Association	Consolidation	
£'000	£'000		£'000	£'000	
7	678	Deferred Income falling due after more than one year as at 1 July	-	667	
(7)	(517)	Released during year	-	(513)	
-	506	Additional Deferred Income for year	6	390	
-	667	Deferred Income falling due after more than one year carried forward as at 30 June	6	544	

12. Provisions

as at 30 June 2017			as at 30 June 2018		
Association	Consolidation		Association	Consolidation	
£'000	£'000		£'000	£'000	
40	40	Provisions	40	40	
40	40		40	40	

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

2016-17			2017-18		
Association	Consolidation		Association	Consolidation	
£'000	£'000		£'000	£'000	
20	20	Provisions as at 1 July	40	40	
-	-	Released during year	-	-	
20	20	Additional provisions for year	-	-	
40	40	Provisions as at 30 June	40	40	

13. Financial Instruments

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

Financial assets

as at 30 June 2017			as at 30 June 2018		
Association	Consolidation		Association	Consolidation	
£'000	£'000		£'000	£'000	
600	1,908	General debtors	784	1,680	
28	-	Amounts due from group companies	23	-	
102	292	Accrued income	117	398	

Notes forming part of the Financial Statements (continued)
For the year ended 30 June 2018

13. Financial Instruments (continued)

Financial liabilities

as at 30 June 2017			as at 30 June 2018	
Association	Consolidation		Association	Consolidation
£'000	£'000		£'000	£'000
341	556	Trade creditors	355	494
1,290	-	Amounts due from group companies	1,495	-
275	360	Accruals; less than one year	261	478

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 2017 £'000	Branch	Net assets at 30th June 2018 £'000
34	East Midlands	40
19	Eastern	19
49	Kent, Sussex and Surrey	52
23	London	32
5	North West	8
42	Northern	49
43	Northern Ireland	45
9	Scotland	8
82	South West	84
20	South Central	27
78	Wales	62
152	West Midlands	143
34	Yorkshire and Humber	24
590		593

The overall surplus for the branches for the year was £2,809 (2017 a deficit of £47,482).

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

Year to 30th June 2017 £'000		Year to 30th June 2018 £'000
(222)	Net income for the year:	(37)
212	Depreciation	229
(20)	Unrealised gain on investment	(63)
(20)	Interest and dividends receivable	(54)
(6)	Decrease/(increase) in stock	6
(196)	(Increase)/decrease in debtors	143
94	Increase/(decrease) in creditors	(477)
(158)	Net cash outflow from operating activities	(253)

Notes forming part of the Financial Statements (continued)

For the year ended 30 June 2018

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 16a). This represents the entire voting capital of HFMA Ltd. HFMA Ltd undertakes to remit all profits from HFMA Ltd to HFMA under the gift aid scheme.

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

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

The Association holds the entire issued share capital of 1 x £1 Ordinary Shares in HFMA Commercial Services Limited (HCS Ltd), a private limited company incorporated in England and Wales (see note 16b). This represents the entire voting capital of HCS Ltd. HCS Ltd undertakes to remit all profits from HCS Ltd to HFMA under the gift aid scheme.

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

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

Most of the Charity Trustees are NHS senior managers whose organisations purchase services from HFMA and its subsidiaries in the normal course of activities. During the year one Trustee, Keely Firth, received remuneration of £750 (2016/17 £nil) for services provided to the charity and subsidiaries.

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 2018, as consolidated into the accounts for HFMA, were:

PROFIT AND LOSS ACCOUNT

Year to 30 June 2017 £'000		Year to 30 June 2018 £'000
5,173	Turnover	5,793
(1,848)	Cost of sales	(2,069)
3,325	Gross profit	3,724
11	Interest received	4
3,336		3,728
(574)	Administration	(706)
(1,274)	Association recharge	(1,730)
1,488	Net result	1,292

BALANCE SHEET

As at 30 June 2017 £'000		As at 30 June 2018 £'000
60	Fixed assets	48
3,957	Current assets	3,324
(3,350)	Creditors: Amounts falling due within one year	(2,834)
667	Total assets less current liabilities	538
(667)	Creditors: Amounts falling due after more than one year	(538)
-	Net assets	-

Notes forming part of the Financial Statements (continued)

For the year ended 30 June 2018

17. Subsidiaries (continued)

The turnover in HFMA Limited totalled £5,793,000 (2017 £5,173,000) for the year of which £515,000 (2017 £325,000) related to activities performed for HFMA which is removed on consolidation. Therefore, in the consolidated accounts turnover relating to HFMA Limited is shown as £5,278,000 (2017 £4,848,000). The turnover of £5,278,000 includes £407,000 of qualification income which is shown as a separate line on the Statement of Financial Activities.

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 2018 or in the year ending 30 June 2017. The Financial Statements of HCS Ltd for the year to 30 June 2018, as consolidated into the accounts of HFMA had £nil net assets (30 June 2017 £nil).

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 2017	Surplus/ (Deficit)	Transfers	Unrecognised gains	at 30 June 2018
	£'000	£'000	£'000	£'000	£'000
General funds					
Trading funds	-	1,292	(1,292)	-	-
General fund	1,319	(1,386)	1,211	58	1,202
Designated funds					
Branch fund	590	(2)	-	5	593
Bursary fund	43	(4)	-	-	39
Deep Reserve fund	2,503	-	81	-	2,584
Consolidated	4,455	(100)	-	63	4,418

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

HFMA Group Analysis of net assets between funds as at 30 June 2018

	General fund	Branch fund	Bursary fund	Deep reserve fund	Total funds
	£'000	£'000	£'000	£'000	£'000
Fixed and intangible assets	3,368	59	-	2,584	6,011
Cash at bank and in hand	1,479	746	39	-	2,264
Other current assets	2,009	117	-	-	2,126
Current liabilities	(5,070)	(329)	-	-	(5,399)
Liabilities due after more than 1 year	(584)	-	-	-	(584)
	1,202	593	39	2,584	4,418

Notes forming part of the Financial Statements (continued)
For the year ended 30 June 2018

19. Analysis of net assets between funds (continued)

HFMA Company
Analysis of net assets between funds
as at 30 June 2018

	General fund	Branch fund	Bursary fund	Deep reserve fund	Total funds
	£'000	£'000	£'000	£'000	£'000
Fixed and intangible assets	3,320	59	-	2,584	5,963
Cash at bank and in hand	847	746	39	-	1,632
Other current assets	834	117	-	-	951
Current liabilities	(3,753)	(329)	-	-	(4,082)
Liabilities due after more than 1 year	(46)	-	-	-	(46)
	<u>1,202</u>	<u>593</u>	<u>39</u>	<u>2,584</u>	<u>4,418</u>

20. Capital commitments

At 30 June 2018, there were £nil (2017 £nil) capital commitments for activities contracted for but not provided in the financial statements.

Notes forming part of the Financial Statements

For the year ended 30 June 2018

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 2018 which comprise the Consolidated and Charity Statement of Financial Activities (including the Summary Income and Expenditure Account) including the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows 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 2018 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

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.

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.

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) 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.

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: 6 November 2018.

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