

Company Number 5787972

HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION

Trustees' Report and Financial Statements

For the year ending 30 June 2023

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HFMA

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SENIOR EXECUTIVES AND BOARD OF TRUSTEES

Board of Trustees and Directors

PRESIDENT

2022/23: Lee Bond
2021/22: Owen Harkin
2020/21: Caroline Clarke

VICE PRESIDENTS

2022/23: Claire Wilson
2022/23: Lee Outhwaite
2021/22: Lee Bond
2021/22: Claire Wilson
2020/21: Owen Harkin
2020/21: Lee Bond

IMMEDIATE PAST PRESIDENT

2022/23: Owen Harkin
2021/22: Caroline Clarke
2020/21: Caroline Clarke

CHAIR OF AUDIT AND FINANCE COMMITTEE

Simon Crowther

ALL TRUSTEES AND DIRECTORS

Sanjay Agrawal
Lee Bond
Nicci Briggs (appointed 8 December 2022)
David Chandler
Simon Crowther
Caroline Clarke
Maureen Edwards (resigned 8 December 2022)
Alex Gild (resigned 8 December 2022)
Kavita Gnanaolivu
Bill Gregory
Owen Harkin
Kim Li
Richard McCallum
Lee Outhwaite
Peter Ridley
Dawn Scrafield
Wendy Thompson (appointed 8 December 2022)
Claire Wilson

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 POLICY AND RESEARCH

Emma Knowles

Advisors

BANKER

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

SOLICITOR

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

AUDITOR

RSM UK Audit LLP Chartered Accountants
Second Floor, 1 The Square, Temple Quay, Bristol, BS1 6DG

REPORT OF THE PRESIDENT AND CHIEF EXECUTIVE FOR THE YEAR ENDED 30 JUNE 2023

President's and Chief Executive's Report

The business plan for the year was clear that the focus for the year should be one of maintaining and, where possible, increasing the volume of activities provided by the association to support the membership. At the same time, it was important to ensure the organisation was financially sustainable by making a surplus to bring reserves further back to the level they were at pre-pandemic.

We are delighted to be able to say that both objectives were achieved. The volume of activity and support to members has been greater than ever, while, financially, the statutory accounts show a surplus of £416,000 for the year to 30 June 2023. This financial result brings the financial reserves of the HFMA up to a level of £4,660,000, which is slightly ahead of the pre-pandemic position.

The year also saw major investment in the information technology and digital infrastructure at HFMA, one of the key strands of our strategy.

The first of these projects to be completed was a total revamp of the audio-visual system and supporting software at our conference centre in London, 110 Rochester Row. This puts this facility in the top quartile of London venues in terms of in-house technology.

The other two projects started in the year are a totally new website and content management system, which is planned to be completed by December 2023, and the development of a new and streamlined learning management system (LMS). The LMS project is due for completion in mid-2024 and will enhance the functionality and simplify the systems we use to deliver our hugely successful on-line training.

This investment in information technology and digital infrastructure ensures a better and more personalised service to our members, which is what our membership has asked for.

When we develop our business plan, we set key performance indicators in addition to financial targets, which we measure ourselves against each year. These show that, as at 30 June 2023, we had reached a record 22,420 members (full and associate) and supported them and others with, for example: 239,669 hours of continuing professional development and the production of 37 policy briefings and publications. We also had an average of 87 students studying for our qualifications over the year.

We ask attendees and users of all our activities to give feedback. Over the last year we achieved an amazing 98% 'good' or 'excellent' on events and the same result from everyone undertaking our bitesize e-learning. We are very proud of this feedback.

During the year to 30 June 2023, we also continued to host, work alongside and support One NHS Finance with the delivery of its programme of work in England. This encompasses Future-Focused Finance, the National

Finance Academy and the Finance Innovation Forum. We are proud to be a part of this exciting set of programmes.

We have also enjoyed working with and continuing to host the Healthcare Project and Change Management Association (HPCA) and to assist it in further developing its support for members at the same time as building a back-office function.

With support from members, the association was also able to significantly increase the public benefit of its activities. This was evidenced by the levels of social media traffic and the downloads of free material from the website.

Our theme for the year has been *Strength in numbers*. This encouraged members to reassert the influence of the finance function on discussions throughout the NHS to deliver effective and sustainable patient services. It also reflected aims to strengthen the HFMA network through a diverse and inclusive membership, fully representing the healthcare finance community at all agenda for change band levels.

The highlight of the year linked to the theme has been the development of the bands 2 to 6 and apprenticeship offer and the full rolling out of free membership to this group. This has been a huge success with 3,356 full members in this group at 30 June 2023.

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

At HFMA, we will continue to work hard to support our members as the NHS beds in the new system way of working and integrated care. There is still much to do to ensure the new, more collaborative approach delivers the best possible care for patients. But along with our members, we will work hard to help provide the right infrastructure for this to be a success.

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

Lee Bond
president



Mark Knight
chief executive



REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2023

Trustees' Report

The Trustees' report also contains the Directors' report as required by company law. The Trustees are also directors of Healthcare Financial Management Association for the purposes of company law.

OBJECTS AND AIMS

THE OBJECTS AND AIMS OF HFMA

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

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

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE IN THE YEAR

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

To provide excellent members networks and services: The number of individual members of HFMA at the end of the year totalled 22,420 (2021/22: 10,653).

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

Our website had 216,798 visits over the year, we had 4,853 twitter followers and 9,101 LinkedIn members.

Our organisation facing offerings continue to be very popular. Virtually every NHS organisation is now a Hub member.

We also ensure all our membership offerings are now focussed to support the new place-based structures in place for our members organisations.

To become the voice of healthcare finance through the development of leading-edge policy and technical work: There have been considerable developments in policy and technical work during the year and we have built on the many new activities that were initiated when the impact of Covid-19 was first felt.

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

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

In England, we continued to work with key players in the healthcare sector such as the Department of Health and Social Care and NHS England and NHS Improvement. We are delighted to continue to be the prime partner for One NHS Finance ONF continuing to provide the administration and delivering a big part of the programme.

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

We continued developing our library of books, reports and briefings, producing 32 briefings and publications in the year.

To create relevant and affordable development and qualification opportunities: We continue to deliver the HFMA Diploma (DHBF) and Higher Diploma in Healthcare and Business Finance (HDHBF).

During the year to 30 June 2023, we had an average of 87 students studying for our qualifications.

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 239,669. This continues one of the key statistics that demonstrates the continuing interest our membership and the wider finance community in health has for HFMA's training; be it events, webinars, qualifications or e-learning. Just as importantly HFMA targets a 90% excellent/good score from user feedback. Over the year to 30 June 2023 the average over all events was 98% a statistic we are very proud of.

Over the year we ran a vast array of face-to-face events but also continued to use the virtual platforms we put in place during the pandemic. We have been constantly talking to our members to get the mix right. The most popular events include our National Annual conference in December and our Pre-Accounts Planning event in February, which was well-attended.

Our e-learning "bitesize" modules have proven to be very sought after by the NHS finance function over the year last year. Part of the offering now includes some modules that have been uploaded onto the NHS ESR system allowing nearly all employees in the NHS to access them free of charge. At the time of writing some 52,000 downloads had taken place.

Once again, we are very proud to report that the target of achieving over 90% of users scoring each module excellent or good was achieved at 98%.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2023

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

During the year we worked closely with the NHS finance function and ONF in developing the Regional Finance Academies. These incorporate all training and development activities in each region and include the Skills Development Networks (SDN's) and Finance and Management Training Schemes (FMTS). The FMTS scheme now also incorporates apprenticeship schemes. HFMA continues to run many of these networks and schemes across the country.

Managing ourselves effectively as a business: This is the fourth and final objective and covers the enabling functions of the business.

The financial element of this objective is covered separately below.

After moving into the new owned premises in Bristol last financial year the focus in terms of capital projects has been working on the information technology and digital infrastructure of HFMA with three projects.

The first of these was an upgrade of the audio-visual system and supporting technology at the conference centre, 110 Rochester Row in London. This project involved spend of just under £200,000 but has put the conference centre in the top quartile of venues in London in terms of technology and is already proving to be paying for itself in terms of an increasing client base.

The second of these is a total re-build of the website and content management system at the HFMA. The approved business case involves spend of £300,000 and the project is expected to be completed by December 2023.

Finally, the trustees approved a business case during the year for a new learning management system to be built to hold all on-line learning activities. This project will bring the software up to date and allow for a streamlining of existing processes and systems. Total spend of £400,000 has been approved and the new system is expected to "go-live" in mid-2024.

The base IT systems are all up-to-date and we are now in a position where almost all systems are cloud based and each member of staff is fully mobile and has an up-to-date laptop.

The Human Resources function has been very busy over the year. The move into HFMA House allowed new working practices to be put into place so that all staff are now able to work from home or from the office. This has been a great step forward and has allowed the positives from the pandemic to be fully integrated into the way of working at the association.

Our staff continue to be our most valuable resource and a full review continues to take place each year to ensure

terms and conditions, remuneration and benefits for staff are appropriate and at least match the market.

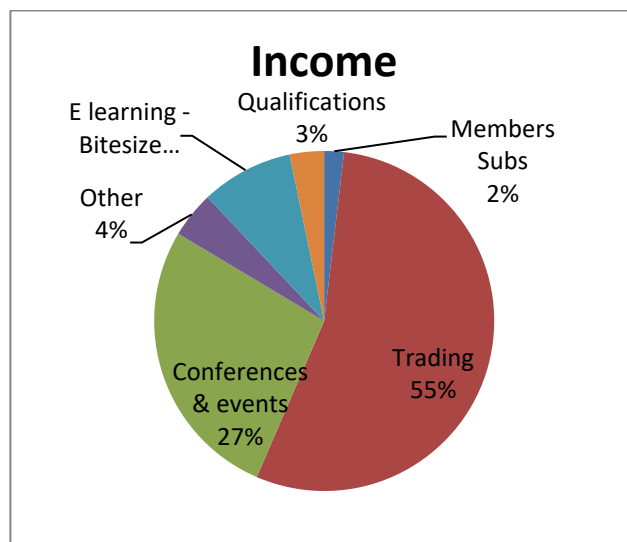
FINANCIAL REVIEW

The result for the year is a surplus of £416,000 (2021/22 a surplus of £290,000).

This means reserves are now at £4,660,000 which means reserves are back to being just above the level they were pre-pandemic. A summary of the financial results for the last four years is shown below:

	2019/20	2020/21	2021/22	2022/23
	£	£	£	£
Turnover	6,668,000	5,453,000	7,170,000	8,686,000
Net result	(779,000)	348,000	290,000	416,000
Net assets	3,606,000	3,954,000	4,244,000	4,660,000

The increase in income between 2020/21 and 2022/23 reflects in the main the move back to more face-to-face events during the last two years and more activity on education programmes commissioned by the NHS. It does also reflect that fact that almost everything that HFMA does is now back to pre-pandemic levels other than the conference centre, 110 Rochester Row, which in the early part of the year was impacted by strikes which has held back its recovery.



Conferences and training events income in 2022/23 totalled £2,353,000 (£1,961,000 in 2021/22). Which reflects the increase in face-to-face events year on year and more NHS commissioned activities.

E-learning (Bitesize) income totalled £761,000 in 2022/23, (£826,000 in 2021/22) a small decrease year on year but still very popular within the NHS and increasingly the private sector.

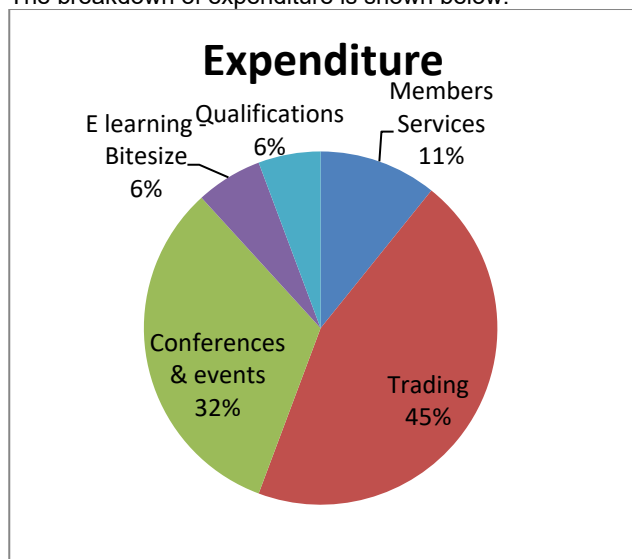
Qualifications income totalled £284,000 in 2022/23

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2023

(£267,000 in 2021/22) a slight increase year-on-year reflecting a small increase in development income rather than an increase in student income which is static year on year.

The income from the trading subsidiary HFMA Ltd is considerably above the previous year at £4,745,000 for 2022/23 (£3,878,000 in 2021/22). This is as a result of more activities taking place than in the previous year and sponsorship income being back to pre-pandemic levels.

The breakdown of expenditure is shown below:



By far the greatest activity in terms of income, other than the trading activities in the subsidiary companies noted above, is conferences and events. Expenditure totalled £2,702,000 in 2022/23 (£2,216,000 in 2021/22). The increase reflects the fact that costs of running face to face events are considerably higher than the costs of running virtual events. It is also the case that conferences and events run at a planned loss and are subsidised by other activities.

Members subscriptions totalled £163,000 in 2022/23 (£174,000 in 2021/22). The costs of member services are a little below the previous year at £896,000 in 2022/23 (£955,000 in 2021/22). The reduction in members subscriptions is mainly due to the decision being taken to provide membership free to all NHS staff on bands 2-6 and apprentices. This has led to a small reduction in membership income but a huge increase in membership and so has been a great success.

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 trading surpluses are also used to subsidise conferences and events which also run at a planned loss as noted above.

The costs of e-learning, Bitesize, packages are up year-on-

year at £505,000 in 2022/23 (£480,000 in 2021/22). With income slightly down the result is a decreased contribution at £256,000 in 2022/23 (£346,000 in 2021/22). This line of activity provides an important contribution to cover the costs of the association's activities.

It should be noted that the surplus in the trading subsidiary HFMA Ltd of £819,000 in 2022/23 (£1,016,000 in 2021/22). This is a good result although lower year on year. This is due to a number of lower margin activities taking place in terms of events which were run face-to-face rather than on-line and so gives a lower margin.

This surplus is passed by gift aid to HFMA and was used by the charity to subsidise the cost of activities and services provided to the members of HFMA as noted above.

The financial statements have been prepared in accordance with relevant law and current accounting conventions and in particular the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (Charities SORP (FRS 102)).

PUBLIC BENEFIT

To meet the objective of providing Public Benefit, HFMA offers training courses through branch and national events in the form of conferences and seminars, webinars, training publications and materials and online through our e-learning service.

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

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

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

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

The activities and achievements of the charity in the year to 30 June 2023 are detailed in the President and Chief Executive's report with commentary as to how the objectives set were met. These achievements demonstrate how successful HFMA has been in fulfilling its objectives and providing a Public Benefit.

FUTURE PLANS

The new strategy for the three years to 30 June 2026 was launched in September 2022.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2023

The business plan for the second year of this strategy for the year to 30 June 2024 has been produced.

The plans for the year ahead for each main objective in the strategy and business plan for the year are detailed below:

- **To provide excellent member networks and services:** 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 and grow it if we can particularly in the band 2-6 and apprenticeship category. We will also continue working closely with the other main supporters of finance professionals in the NHS particularly ONF.
- **To continue to be the influential voice of healthcare finance, facilitating change through leading edge policy and technical work:** HFMA provides material that is relevant and timely for members and those in healthcare and particularly the NHS who are interested in NHS Finance. It is planned to keep up with demand for specific publications and training packages during the following year. A clear focus will be to support the NHS and the wider community in their understanding of the impact the overall NHS move towards more place-based structures. We aim to ensure our outputs provide the best support to our members and the organisations they work for. We will continue to work closely with the NHS leadership teams in developing and influencing policy and we will be continuing to foster relationships with other organisations, such as the accounting bodies and medical.
- **To create relevant and accessible development and qualification opportunities;** the full conference and seminar programme, locally at branches and nationally, will be followed and the balance between delivery as face to face and virtually will be constantly monitored and advice taken from members. We will continue assisting the new Regional Academies incorporating local SDN and FMTS groups. Each branch will run a minimum of four events of which at least one will be fee free. We will also be looking to further develop our faculty programme. We will further develop our e-learning Bitesize products and programmes and maintain our existing qualifications. Our usual programme of updating existing material will also take place to ensure that the training we deliver is up to date and of the highest quality.

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

Most training activities are open to non-members as well as

members, often free of charge, ensuring that all members within a health system can benefit from HFMA's expertise. A bursary fund also exists to support members or potential members who are unable to access the services provided by HFMA due to financial constraints.

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

RESERVES AND GOING CONCERN

HFMA's total reserves which have been built up slowly over many years were severely reduced in the year to 30 June 2020 by £779,000 as a direct result of lost revenue due to the impact of Covid-19. The results for the years to 30 June 2021, 2022 and 2023 have achieved that goal with reserves now standing at £4,660,000 (2021/22 £4,244,000).

All reserves are held in funds whose use is at the discretion of the Trustees as long as they are used as laid out in the objects and aims of the charity. The reserves policy below is set by the Trustees.

The Association's policy is to secure its viability beyond the immediate future. This requires some income to be put aside, when this can be afforded, as a reserve against future uncertainties and opportunities:

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

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

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

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

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

The largest uncertainty facing the Charity is the ability to run events at the Conference Centre in London, 110 Rochester Row. However, stress testing the budget and resulting cash flow forecasts for this risk, alongside considering other downside risks, shows that HFMA has cash reserves available for the period to 30 June 2025.

It is also worth noting that if needed HFMA has fixed assets investments which could be sold if further cash was required. The value of these investments at 30 June 2023

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2023

was £1,944,000.

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.

TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

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

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

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

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In so far as the Trustees are aware:

- There is no relevant audit information of which the Charitable Company's auditor is unaware; and

- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

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

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

INVESTMENT POLICY

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

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

Any major capital investment over £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.

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.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2023

The registered name and registered office of the Charity and names of the Trustees, 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 2022/23, the Board of Trustees comprised the National President, two Vice-Presidents, Past Chair and Chair of the Audit and Finance Committee, who are nominated by the membership as a whole, and a representative from each of the three devolved nations who are elected by their branches and seven Trustees who are appointed by Board of Trustees. All the Trustees are directors of HFMA.

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

Over the year, in addition to regular Board meetings, the Audit and Finance Committee and the Appointments and Remuneration Committee met four times. These two committees have delegated powers and responsibilities that are documented and approved by the Board.

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

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

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

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

The year to 30 June 2023 was the first year of the 2023-26 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. Each year staff are involved in delivering and updating progress against the strategy. 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 which is reviewed by the Trustees each year. Each activity

undertaken by HFMA 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 and cost 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.

HFMA is committed to recruiting Trustees with appropriate skills and talents. Vacancies for Trustee and other committee posts are advertised widely to the membership.

The Appointments and Remuneration Committee consider the applications and they select Trustees on the basis of established criteria. New Trustees receive full induction from the Chief Executive and regularly attend HFMA run CPD (Continuing Professional Development) sessions throughout the year.

RISK MANAGEMENT

The Association regards the management of risk as a key issue within its overall operating framework. A risk register is maintained and is considered regularly throughout the year by management, by the Audit and Finance Committee at each of its four meetings during the year and is annually presented and reviewed by the Board of Trustees.

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

The Group's key business risks are around its income due to the fact that, unlike most membership organisations, a very small amount of income is derived from membership subscriptions. Therefore, HFMA relies on other sources of income to fund its membership activities. In recent years these sources of non-membership income have diversified significantly, thus spreading the operational risk.

In the last quarter of the year to 30 June 2020 HFMA pivoted the operations of the organisation to manage the impact of Covid-19. The management of this risk led to all HFMA's staff moving to working from home, all face-to-face events were cancelled or moved to being run as virtual events and the conference centre 110 Rochester Row was closed.

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

Although these mitigations give the Board comfort that the risk around the impact of Covid-19 is being managed appropriately, the risk of further negative impacts on income still exists notably at 110 Rochester Row and so this is still

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2023

seen as the major risk that the Charity needs to manage at the time of writing this report.

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

SERVICES PROVIDED BY OTHER BODIES

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

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

BRANCHES

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

AUDITOR

A resolution proposing that RSM UK Audit LLP be reappointed as statutory auditor of the Charity will be put to the Annual General Meeting on 7 December 2023.

The Trustees Report and the Strategic Report contained within it were approved by the Board on 7 November 2023 and signed on its behalf by;



Simon Crowther

Trustee and Chair of the Audit Committee.

FINANCIALS – Statements of Financial Activities

Consolidated and charity statements of financial activities for year ended 30 June 2023 (including Income and Expenditure Accounts)

2021-22			2022-23		
Unrestricted funds			Unrestricted funds		
Association	Consolidation		Notes	Association	Consolidation
£'000	£'000			£'000	£'000
		INCOME	2		
		INCOME FROM RAISING FUNDS			
		Voluntary income			
174	174	Member Subscriptions and donations		163	163
		Activities for generating funds			
-	3,878	Trading Turnover: HFMA Ltd (excluding qualifications)	16	-	4,745
		Investment income			
154	56	Investment income and interest received		205	80
1,016	-	Gift Aid from subsidiary to Association		819	-
		INCOME FROM CHARITABLE ACTIVITIES			
1,963	1,961	Conferences and seminars		2,353	2,353
826	826	E-Learning (Bitesize)		761	761
2	2	Member services including publications and magazine		2	2
-	267	Qualifications		-	284
32	6	Other income		325	299
4,167	7,170	TOTAL INCOME		4,628	8,687
		EXPENDITURE	3		
		COST OF RAISING FUNDS			
(159)	(159)	Costs of generating voluntary income		(170)	(170)
		Costs of fundraising trading			
-	(2,546)	HFMA Ltd (excluding qualifications)	16	-	(3,712)
(51)	-	Management costs (depreciation)		(41)	-
		COST OF CHARITABLE ACTIVITIES			
(2,264)	(2,216)	Conferences and seminars		(2,808)	(2,702)
(480)	(480)	E-Learning (Bitesize)		(505)	(505)
(796)	(796)	Member services including publications and magazine		(726)	(726)
-	(556)	Qualifications		-	(494)
(3,750)	(6,753)	TOTAL EXPENDITURE		(4,250)	(8,309)
36	36	RECOGNISED GAINS ON INVESTMENTS		-	-
(163)	(163)	UNRECOGNISED (LOSSES)/GAINS ON INVESTMENTS		38	38
290	290	NET INCOME		416	416
290	290	NET MOVEMENT IN FUNDS		416	416
3,954	3,954	BALANCE BROUGHT FORWARD AT 1 JULY		4,244	4,244
4,244	4,244	FUND BALANCE CARRIED FORWARD AT 30 JUNE	17	4,660	4,660

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

The notes on pages 14 to 29 form part of these accounts.

FINANCIALS – Statement of financial position

Consolidated and charity statements of financial position as at 30 June 2023

30 June 2022			30 June 2023		
Association £'000	Consolidation £'000		Notes	Association £'000	Consolidation £'000
		Fixed assets			
4,276	4,320	Tangible assets	7a	4,197	4,400
35	35	Intangible assets	7b	234	234
1,906	1,906	Investments	7c	1,944	1,944
6,217	6,261	Total fixed assets		6,375	6,578
		Current assets			
-	2	Stocks		-	-
745	1,952	Debtors	8	1,914	4,301
979	3,969	Cash at bank and in hand	9	1,467	2,904
1,724	5,923	Total current assets		3,381	7,205
(3,685)	(6,546)	Creditors: Amounts falling due within one year	10	(5,088)	(7,949)
(1,961)	(623)	Net current liabilities		(1,707)	(744)
		Total assets less current liabilities			
(12)	(1,394)	Creditors: Amounts falling due after more than one year	11	(8)	(1,174)
4,244	4,244	Net assets		4,660	4,660
		Unrestricted funds			
3,580	3,580	General fund		3,972	3,972
		Designated funds			
626	626	Branch fund		649	649
38	38	Bursary fund		39	39
4,244	4,244	Total unrestricted funds	17	4,660	4,660

The notes on pages 14 to 29 form part of these accounts.

The accounts were approved by the Board of Trustees on 7 November 2023



Lee Bond, President

FINANCIALS – Statement of Cash Flows

Consolidated Statement of Cash Flows for the year ended 30 June 2023

2021-22		Notes	2022-23
£'000			£'000
<u>3,375</u>	Net cash inflow/(outflow) from operating activities	14	<u>(694)</u>
	Cash flows from investing activities		
-	Interest received		22
56	Dividends received		57
(464)	Purchase of tangible fixed assets		(450)
(850)	Loans received(paid)		-
200	Sale of investments		-
<u>(1,058)</u>	Total (outflow) from investing activities		<u>(371)</u>
<u>2,317</u>	Increase/(Decrease) in cash		<u>(1,065)</u>

The notes on pages 14 to 29 form part of these accounts.

Reconciliation of net cash flow to movement in cash

2021-22		2022-23
£'000		£'000
1,652	Cash at the beginning of the year	3,969
<u>2,317</u>	Increase/(Decrease) in cash in the year	<u>(1,065)</u>
<u>3,969</u>	Cash at the end of the year	<u>2,904</u>

Analysis of changes in net debt

	As at 30 June 2022	Cash flows	As at 30 June 2023
	£'000	£'000	£'000
Cash and cash equivalents			
Cash	3,969	(1,065)	2,904
Borrowings			
Debt due within one year	-		-
Total	<u>3,969</u>	<u>(1,065)</u>	<u>2,904</u>

	As at 30 June 2021	Cash flows	As at 30 June 2022
	£'000	£'000	£'000
Cash and cash equivalents			
Cash	1,652	2,317	3,969
Borrowings			
Debt due within one year	(850)	850	-
Total	<u>802</u>	<u>3,167</u>	<u>3,969</u>

Notes forming part of the Financial Statements (continued)

For the year ended 30 June 2023

1. Accounting Policies

a) GENERAL INFORMATION

HFMA is a limited company and charity incorporated in England and Wales. It is also a Charity in Scotland. The address of HFMA's registered office is 110 Rochester Row, Victoria, London, SW1P 1JP. The principal places of business of HFMA are 110 Rochester Row, Victoria, London, SW1P 1JP and HFMA House, 4 Broad Plain, Bristol, BS2 0JB.

The HFMA Group consists of HFMA and all of its subsidiaries. The nature of HFMA Group's activities are detailed in the Trustees report on pages 4 to 10 of these accounts.

b) BASIS OF PREPARATION

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – (Charities SORP (FRS 102)). The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

c) GOING CONCERN

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

The largest uncertainty facing the Charity is the ability to run events at the Conference Centre in London, 110 Rochester Row. However, stress testing the budget and resulting cash flow forecasts for this risk, alongside considering other downside risks, shows that HFMA has cash reserves available at least through to 30 June 2025.

After taking into account the stress testing, there is still headroom over the period to 30 June 2025. If an unforeseen risk occurs or the risks considered in the stress testing are of a larger quantum than considered, HFMA has the ability to sell some or all of its fixed assets investments if further cash was required. The value of these investments at 30 June 2023 was £1,944k. It is worth noting that these investments if realised and turned into cash would turn the net current liabilities position of the Charity into a net current assets position at 30 June 2023. It is also worth noting that included in current liabilities in the balance sheet is £5,549k of deferred income, which if added back would also turn the net current liabilities position into a net current assets position.

d) REDUCED DISCLOSURES

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

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

e) FUNCTIONAL AND PRESENTATIONAL CURRENCY

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

f) FINANCIAL INSTRUMENTS

HFMA has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments. Financial assets and financial liabilities are recognised when the Group becomes a party to contractual provisions of the instrument and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Notes forming part of the Financial Statements (continued)

For the year ended 30 June 2023

1. Accounting Policies (continued)

f) FINANCIAL INSTRUMENTS (continued)

Financial assets

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

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

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

Financial liabilities

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

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

g) GROUP FINANCIAL STATEMENTS

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

h) INCOME

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

- i. Membership income is treated as voluntary income and are deferred over the period that services are provided.
- ii. Association and Branch event income received is deferred if in advance of the date of the event, this income is recognised in the period which the event is held.
- iii. Partner programs membership fees are deferred over the period that services are provided.
- iv. Grant income is recognised on receipt unless the donor imposes conditions which must be met before the charity has unconditional entitlement.
- v. Income from training and education (including publications, qualifications and e-learning packages) is recognised when invoiced.
- vi. Investment income is recognised on a receivable basis.
- vii. Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

i) VOLUNTEERS

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

j) EXPENDITURE

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

Notes forming part of the Financial Statements (continued)

For the year ended 30 June 2023

1. Accounting Policies (continued)

j) EXPENDITURE (continued)

- i. Costs of generating funds include the cost of membership administration, generating HFMA Ltd and HCS Ltd trading income and fees to manage investments.
- ii. Costs of charitable activities are the costs of activities run to support the objects of the Charity.
- iii. Governance costs are the costs associated with the governance arrangements of the Charity which are primarily associated with constitutional and statutory requirements. These costs include external audit and trustees board and committee meetings.
- iv. Support costs include central functions which have been allocated to activity cost categories on a basis consistent with the use of those resources e.g., using staff time as basis of apportionment.
- v. Redundancy costs are recognised at the point when the Charity is committed to making the payment.
- vi. Any irrecoverable element of VAT is included with the item of expense to which it relates.

k) LEASED BUILDINGS AND EQUIPMENT

The Association rents an office and a Conference Centre on a long lease. Long lease property is included in fixed assets and written off on a straight-line basis over 50 years from the point of first use. In the case of one long lease in London the fixed asset is written off on a straight-line basis over 50 years down to a residual value that is based on cost and is deemed appropriate after considering the market value of the long lease.

The costs of lease improvements and benefit of introductory rent and service charge free periods are allocated on a straight-line basis over the period to the commencement of full rent in accordance with FRS 102.

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

l) TANGIBLE FIXED ASSETS

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

Depreciation on these assets is calculated as follows:

- Land and Buildings – over 50 years.
- Lease and leasehold improvements - over the period to the first break clause in the lease, subject to a maximum of 50 years or reduced for the expected life of the asset. As noted in k above one long lease is being written down to a residual value.
- Furniture and equipment - over 5 to 10 years.

m) INTANGIBLE FIXED ASSETS

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

n) INVESTMENTS

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

o) STOCK

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

Notes forming part of the Financial Statements (continued)

For the year ended 30 June 2023

1. Accounting Policies (continued)

p) FUNDS STRUCTURE

All funds are unrestricted income funds. These are split into undesignated (the General and Branches funds) and designated funds (the Bursary and Deep Reserve funds). The General and Branches funds should be built up to at least six months' worth of total annual costs of HFMA to cover short-term falling off in demand for the services offered. The Bursary fund is to support those with low incomes accessing the services of HFMA or assisting members in activities that benefit healthcare in the UK that they would not be able to perform without support.

q) PENSIONS

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

- All employees are automatically enrolled into a defined contribution scheme whereby the Association contributes 6% 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 11% of the employee's salary and the employee contributes a minimum of 6%. These funds are the property of the individual employees.

Some members of staff are members of the NHS Pension Scheme as designated under a direction agreement granted by the Secretary of State. The scheme is a multi-employer defined benefit scheme where the share of the assets and liabilities applicable to each employer is not identified. Accordingly, these financial statements include pension costs payable on a defined contribution basis in accordance with FRS 102.

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

r) FOREIGN CURRENCIES

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

s) PROVISIONS

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

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

t) SIGNIFICANT JUDGEMENT AND ESTIMATES

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Estimates and assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates.

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

The trustees consider there to be two key judgments made in the preparation of these financial statements. Firstly, the residual value of the long leasehold interest in Rochester Row which the trustees considered to be materially comparable to its cost. Secondly, the existence and valuation of deferred income for contracts. Revenue is recognised on contracts in line with the delivery of key milestones, costs incurred to date, or if these cannot be measured reliably, evenly over the life of the contract. These methods involve management making assumptions and judgements in relation to future delivery of these contracts, and as a result the value of deferred income is dependent on such judgements.

Notes forming part of the Financial Statements (continued)

For the year ended 30 June 2023

2. Income

a) INCOME FROM RAISING FUNDS

VOLUNTARY INCOME

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

2021-22			2022-23	
Association	Consolidation		Association	Consolidation
£'000	£'000		£'000	£'000
171	171	Subscriptions	163	163
3	3	Grants and Donations (CJRS payments)	-	-
174	174		163	163

ACTIVITIES FOR GENERATING FUNDS

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

INVESTMENT INCOME AND INTEREST RECEIVED

2021-22			2022-23	
Association	Consolidation		Association	Consolidation
£'000	£'000		£'000	£'000
(5)	56	Investment Income	46	80
159	-	Rental income	159	-
154	56		205	80

b) INCOME FROM CHARITABLE ACTIVITIES

CONFERENCES AND SEMINARS

2021-22			2022-23	
Association	Association		Association	Consolidation
£'000	£'000		£'000	£'000
1,691	1,691	National and regional events	2,027	2,027
270	270	Branch events	326	326
1,961	1,961		2,353	2,353

Notes forming part of the Financial Statements (continued)

For the year ended 30 June 2023

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 2022-23	Direct Costs	Support Costs	TOTAL	TOTAL
	2022-23	2022-23	2022-23	2021-22
	£'000	£'000	£'000	£'000
Generating Voluntary Income	7	163	170	159
Conferences and Seminars	1,683	1,019	2,702	2,216
E-learning	50	455	505	480
Member Services including publications and magazine	48	678	726	796
Qualification	96	398	494	556
Total Association	1,884	2,713	4,597	4,207
HFMA Ltd	1,417	2,295	3,712	2,546
Consolidated	3,301	5,008	8,309	6,753

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:

2021-22			2022-23	
Association	Consolidation		Association	Consolidation
£'000	£'000		£'000	£'000
404	404	Branch events	459	459
1,812	1,812	Centre events	2,243	2,243
2,216	2,216		2,702	2,702

4. Audit Fees

The total external audit fees were:

2021-22			2022-23	
Association	Consolidation		Association	Consolidation
£'000	£'000		£'000	£'000
18	18	Charity	21	21
-	4	HFMA Ltd	-	4
18	22		21	25
-	3	Other services supplied by affiliates of RSM UK Audit LLP	-	3

Notes forming part of the Financial Statements (continued) For the year ended 30 June 2023

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

2021-22		2022-23
£'000		£'000
2,700	Staff salaries	3,302
289	Employers NI costs	345
315	Pension costs	401
115	Sundry (including Childcare Vouchers and Staff Training)	203
3,419		4,251

Staff costs are allocated according to the functions of each staff member: £1,866,000 in 2022/23 (2021/22 £1,603,000) is included in direct costs, £2,385,000 in 2022/23 (2021/22 £1,679,000) in support costs together they form part of trading costs, fundraising costs, and charitable expenditure, as appropriate (see note 3).

b) AVERAGE NUMBER OF STAFF DURING THE YEAR

The average employee headcount throughout the year:

2021-22		2022-23
43	Operations/Technical	52
4	Qualification	5
7	Business Development	6
17	Administration	17
71		79

c) EMOLUMENTS

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

2021-22		2022-23
5	Band £60,000 - £70,000	5
1	Band £70,001 - £80,000	2
2	Band £80,001 - £90,000	-
0	Band £90,001 - £100,000	1
-	Band £100,001 - £110,000	1
1	Band £110,001 - £120,000	-
-	Band £120,001 - £130,000	1
1	Band £180,001 - £190,000	-
-	Band £200,001 - £210,000	1

d) KEY MANAGEMENT

The key management of HFMA during the year were the Chief Executive, Deputy Chief Executive & Director of Finance and the Director of Policy whose combined working weeks totalled to the equivalent of 2.8 full time equivalent (FTE) employees. Their employee benefits including remuneration, benefits in kind, employers pension costs and employers National Insurance total £533,000 for 2022/23 (2021/22 Chief Executive, Deputy Chief Executive & Director of Finance, Director of Policy & Research and Director of Education & Development, 2.8 FTE and total cost £478,000).

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 2023

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:

2021-22 £'000	Type of Expense	2022-23 £'000
1	Subsistence	-
3	Travel	18
3	Accommodation	-
3	Training	1
10		19

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.

2021-22			2022-23	
Association £'000	Consolidation £'000		Association £'000	Consolidation £'000
27	27	One year or less	63	63
40	40	Two to five year	56	56
-	-	Over 5 years	4	4

Property and operating lease costs shown within the statements of financial activities within support costs were £38,000 in 2022/23 (2021/22 £5,000) for Association and £38,000 in 2022/23 (2021/22 £5,000) for the consolidated group.

7.a) Tangible Fixed Assets

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

	Freehold £'000	Long Leasehold £'000	Leasehold Improvements £'000	Equipment £'000	Total £'000
Cost as at 1 July 2022	1,104	2,030	1,345	456	4,935
Additions	1	-	-	215	216
Cost of assets written off	(4)	-	-	(319)	(323)
Cost as at 30 June 2023	1,101	2,030	1,345	352	4,828
Cumulative depreciation as at 1 July 2022	11	29	216	359	615
Depreciation charge for the year	22	-	27	46	95
Depreciation on assets written off	-	-	-	(282)	(282)
Cumulative depreciation as at 30 June 2023	33	29	243	123	428
Net book value as at 1 July 2022	1,093	2,001	1,129	97	4,320
Net book value as at 30 June 2023	1,068	2,001	1,102	229	4,400

Notes forming part of the Financial Statements (continued)
For the year ended 30 June 2023

7. a) Tangible Fixed Assets (continued)

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

	Freehold	Long Leasehold	Leasehold Improvements	Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost as at 1 July 2022	1,104	2,030	1,344	304	4,782
Additions	1	-	-	1	2
Cost of assets written off	(4)	-	-	(229)	(233)
Cost as at 30 June 2023	1,101	2,030	1,344	76	4,551
Cumulative depreciation as at 1 July 2022	11	29	213	253	506
Depreciation charge for the year	22	-	27	19	68
Depreciation on assets written off	-	-	-	(220)	(220)
Cumulative depreciation as at 30 June 2023	33	29	240	52	354
Net book value as at 1 July 2022	1,093	2,001	1,131	51	4,276
Net book value as at 30 June 2023	1,068	2,001	1,104	24	4,197

7.b) Intangible Fixed Assets

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

	Software	Total
	£'000	£'000
Cost as at 1 July 2022	209	209
Additions	234	234
Cost of assets written off	(100)	(100)
Cost as at 30 June 2023	343	343
Cumulative amortisation as at 1 July 2022	174	174
Amortisation charge for the year	10	10
Amortisation of assets written off	(75)	(75)
Cumulative amortisation as at 30 June 2023	109	109
Net book value as at 1 July 2022	35	35
Net book value as at 30 June 2023	234	234

Notes forming part of the Financial Statements (continued)

For the year ended 30 June 2023

7.b) Intangible Fixed Assets (continued)

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

	Software	Total
	£'000	£'000
Cost as at 1 July 2022	189	189
Additions	234	234
Cost of assets written off	(100)	(100)
Cost as at 30 June 2023	323	323
Cumulative amortisation as at 1 July 2022	154	154
Amortisation charge for the year	10	10
Amortisation of assets written off	(35)	(35)
Cumulative amortisation as at 30 June 2023	89	89
Net book value as at 1 July 2022	35	35
Net book value as at 30 June 2023	234	234

7. c) Investments

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

	Market Value as at 30 June 2022	Disposal	Market value as at 30 June 2023	Gain in year
	£'000	£'000	£'000	£'000
CCLA Funds	1,091	-	1,120	29
Barclays Funds	815	-	824	9
Total	1,906	-	1,944	38

The gain in the year was all unrealised.

8. Debtors

as at 30 June 2022			as at 30 June 2023		
Association	Consolidation		Association	Consolidation	
£'000	£'000		£'000	£'000	
541	1,697	General debtors	1,616	3,906	
26	-	Amounts due from group companies	61	-	
178	255	Prepayments & accrued income	237	395	
745	1,952		1,914	4,301	

9. Cash at bank and in hand

The bank and cash accounts held are as follows:

as at 30 June 2022			as at 30 June 2023		
Association	Consolidation		Association	Consolidation	
£'000	£'000		£'000	£'000	
979	3,969	Current accounts	147	1,584	
-	-	Deposit accounts	1,320	1,320	
979	3,969	Total cash balance	1,467	2,904	

Notes forming part of the Financial Statements (continued)
For the year ended 30 June 2023

10. Creditors – Amounts falling due within one year

as at 30 June 2022			as at 30 June 2023		
Association	Consolidation		Association	Consolidation	
£'000	£'000		£'000	£'000	
422	733	Trade creditors	622	1,013	
1,249	-	Amounts due to group companies	1,922	-	
89	89	Social security creditors	95	96	
30	30	Pension creditors	40	40	
-	27	Other creditors	14	122	
593	776	Accruals	754	1,129	
1,302	4,891	Deferred income	1,641	5,549	
3,685	6,546		5,088	7,949	

Deferred income as at 30 June 2023 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:

2021-22			2022-23		
Association	Consolidation		Association	Consolidation	
£'000	£'000		£'000	£'000	
1,389	3,628	Deferred Income falling due within one year as at 1 July	1,302	4,891	
(1,389)	(3,628)	Released during year	(1,302)	(4,891)	
1,302	4,891	Additional Deferred Income for year	1,641	5,549	
1,302	4,891	Deferred Income falling due within one year carried forward as at 30 June	1,641	5,549	

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

as at 30 June 2022			as at 30 June 2023		
Association	Consolidation		Association	Consolidation	
£'000	£'000		£'000	£'000	
12	1,394	Deferred Income	8	1,174	
12	1,394		8	1,174	

Deferred Income as at 30 June 2023 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:

2021-22			2022-23		
Association	Consolidation		Association	Consolidation	
£'000	£'000		£'000	£'000	
14	370	Deferred Income falling due after more than one year as at 1 July	12	1,394	
(14)	(370)	Released during year	(12)	(714)	
12	1,394	Additional Deferred Income for year	8	494	
12	1,394	Deferred Income falling due after more than one year carried forward as at 30 June	8	1,174	

Notes forming part of the Financial Statements (continued)
For the year ended 30 June 2023

12. Financial Instruments

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

Financial assets

as at 30 June 2022			as at 30 June 2023	
Association	Consolidation		Association	Consolidation
£'000	£'000		£'000	£'000
541	1,697	General debtors	1,616	3,906
26	-	Amounts due from group companies	61	-
144	149	Accrued income	163	278

13. Analysis of Net Assets of Branches

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

Net assets at 30th June 2022 £'000	Branch	Net assets at 30th June 2023 £'000
39	East Midlands	30
25	Eastern	25
37	Kent, Sussex and Surrey	27
25	London	31
39	North-West	33
60	Northern	87
45	Northern Ireland	46
19	Scotland	22
105	South-West	97
18	South Central	13
62	Wales	65
137	West Midlands	147
15	Yorkshire and Humber	26
626		649

The overall surplus for the branches for the year was £23k (2022 a deficit of £12k).

Notes forming part of the Financial Statements (continued)

For the year ended 30 June 2023

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

Year to 30th June 2022 £'000		Year to 30th June 2023 £'000
290	Net income/(expenditure) for the year:	416
144	Depreciation and amortisation	105
(36)	Realised loss/(gain) on sale of investment	-
163	Unrealised loss/(gain) on investment	(38)
51	Loss on assets written off	66
(56)	Interest and dividends receivable	(79)
556	EBITDA	470
1	(Increase)/decrease in stocks held	2
83	(Increase)/decrease in debtors	(2,349)
2,735	Increase/(decrease) in creditors	1,183
3,375	Net cash inflow/(outflow) from operating activities	(694)

15. Related Party Transactions

The Association holds the entire issued share capital of 1 x £1 Ordinary Shares in HFMA Ltd, a private limited company incorporated in England and Wales (see note 17a). This represents the entire voting capital of HFMA Ltd. HFMA Ltd undertakes to remit all profits from HFMA Ltd to HFMA under the gift aid scheme.

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

HFMA charges a percentage of its staff and overhead costs to HFMA Ltd based on the proportion of staff and management activity committed to the Company. The amount recharged in the year was £1,139,000 (2021/22 £1,024,000).

The Association holds the entire issued share capital of 1 x £1 Ordinary Shares in HFMA Commercial Services Limited (HCS Ltd), a private limited company incorporated in England and Wales (see note 17b). This represents the entire voting capital of HCS Ltd. HCS Ltd undertakes to remit all profits from HCS Ltd to HFMA under the gift aid scheme.

HFMA charges a percentage of its staff and overhead costs to HCS Ltd based on the proportion of staff and management activity committed to the Company. The amount recharged in the year was £nil (2021/22 £nil).

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

Most of the Charity Trustees are NHS senior managers whose organisations purchase services from HFMA and its subsidiaries in the normal course of activities.

16. Subsidiaries

a) HFMA LTD

The principal activities of the company are providing marketing services, arranging sponsorship and advertising, running a conference centre and running general and tailored events for the healthcare community. The Financial Statements of HFMA Ltd for the year to 30 June 2023, as consolidated into the accounts for HFMA, were:

Notes forming part of the Financial Statements (continued)
For the year ended 30 June 2023

16. Subsidiaries (continued)

PROFIT AND LOSS ACCOUNT

Year to 30 June 2022		Year to 30 June 2023
£'000		£'000
4,191	Turnover	5,135
(1,067)	Cost of sales	(1,513)
3,124	Gross profit	3,622
60	Interest received	33
3,184		3,655
(1,144)	Administration	(1,697)
(1,024)	Association recharge	(1,139)
1,016	Net result	819

BALANCE SHEET

As at 30 June 2022		As at 30 June 2023
£'000		£'000
44	Fixed assets	203
5,516	Current assets	5,808
(4,178)	Creditors: Amounts falling due within one year	(4,845)
1,382	Total assets less current liabilities	1,166
(1,382)	Creditors: Amounts falling due after more than one year	(1,166)
-	Net assets	-

The turnover in HFMA Limited totalled £5,135,000 (2022 £4,191,000) for the year of which £106,000 (2022 £46,000) related to activities performed for HFMA which is removed on consolidation. Therefore, in the consolidated accounts turnover relating to HFMA Limited is shown as £5,029,000 (2022 £4,145,000).

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 2023 or 30 June 2022. The Financial Statements of HCS Ltd for the year to 30 June 2023, as consolidated into the accounts of HFMA had £nil net assets (30 June 2022 £nil).

17. Statement of funds

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

Unrestricted funds	at 1 July 2022	Surplus/ (Deficit)	Transfers	Unrecognised gains/(losses)	at 30 June 2023
	£'000	£'000	£'000	£'000	£'000
General funds					
Trading funds	-	819	(819)	-	-
General fund	3,580	(460)	819	33	3,972
Designated funds					
Branch fund	626	19	(1)	5	649
Bursary fund	38	-	1	-	39
Consolidated	4,244	378	-	38	4,660

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

Notes forming part of the Financial Statements (continued)
For the year ended 30 June 2023

18. Analysis of net assets between funds

HFMA Group
Analysis of net assets between funds
as at 30 June 2023

	General fund	Branch fund	Bursary fund	Total funds
	£'000	£'000	£'000	£'000
Fixed and intangible assets	6,492	86	-	6,578
Cash at bank and in hand	2,852	13	39	2,904
Other current assets	2,900	1,401	-	4,301
Current liabilities	(7,098)	(851)	-	(7,949)
Liabilities due after more than 1 year	(1,174)	-	-	(1,174)
	3,972	649	39	4,660

Analysis of net assets between funds
as at 30 June 2022

	General fund	Branch fund	Bursary fund	Total funds
	£'000	£'000	£'000	£'000
Fixed and intangible assets	6,180	81	-	6,261
Cash at bank and in hand	3,918	13	38	3,969
Other current assets	929	1,025	-	1,954
Current liabilities	(6,053)	(493)	-	(6,546)
Liabilities due after more than 1 year	(1,394)	-	-	(1,394)
	3,580	626	38	4,244

HFMA Company
Analysis of net assets between funds
as at 30 June 2023

	General fund	Branch fund	Bursary fund	Total funds
	£'000	£'000	£'000	£'000
Fixed and intangible assets	6,289	86	-	6,375
Cash at bank and in hand	1,415	13	39	1,467
Other current assets	513	1,401	-	1,914
Current liabilities	(4,237)	(851)	-	(5,088)
Liabilities due after more than 1 year	(8)	-	-	(8)
	3,972	649	39	4,660

Notes forming part of the Financial Statements (continued) For the year ended 30 June 2023

Analysis of net assets between funds as at 30 June 2022

	General fund	Branch fund	Bursary fund	Total funds
	£'000	£'000	£'000	£'000
Fixed and intangible assets	6,136	81	-	6,217
Cash at bank and in hand	928	13	38	979
Other current assets	(280)	1,025	-	745
Current liabilities	(3,192)	(493)	-	(3,685)
Liabilities due after more than 1 year	(12)	-	-	(12)
	3,580	626	38	4,244

19. Capital commitments

At 30 June 2023, there were £71,000 (2022 £242,000) capital commitments for activities contracted for but not provided in the financial statements.

Notes forming part of the Financial Statements (continued)

For the year ended 30 June 2023

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

Opinion

We have audited the financial statements of Healthcare Financial Management Association (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 30 June 2023 which comprise Group and Parent Charitable Company Statement of Financial Activities, the Group and Parent Charitable Company Statements of Financial Position, the Group Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 30 June 2023; and of the group's and the parent charitable company's incoming resources and application of resources, including their income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities 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 and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the

UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report and the strategic report, prepared for the

INDEPENDENT AUDITOR'S REPORT (continued)

purposes of company law and included within the trustees' annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the directors' report and the strategic report, included within the trustees' annual report, have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out on page 8 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charitable company or to

cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the group and parent

INDEPENDENT AUDITOR'S REPORT (continued)

charitable company operate in and how the group and parent charitable company are complying with the legal and regulatory frameworks;

- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

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

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

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.

Kerry Gallagher

KERRY GALLAGHER (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Second Floor
1 The Square
Temple Quay
Bristol
BS 1 6DG

Date 08/11/23

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