|  |  |
| --- | --- |
| Description: 2D_black_300dpi | **Due Diligence** Financial sustainability and management (FSM Private) |

**Annexe 8**

The financial sustainability and management (FSM) check is of the financial sustainability and management arrangements of the proposed partner organisation and any subsidiary, parent company or linked organisation.

Partner organisations must offer evidence that they are financially sustainable, financial management is sound and a clear relationship exists between the organisation's financial policy and the safeguarding of the quality and standards of its provision.

Therefore, organisations undergoing the FSM check are required to provide information on:

* details of the organisation, trading names and addresses, key individuals (directors, shareholders, trustees) and relationships with other organisations
* sufficient track record of financial performance, including submission of three years of signed, audited, full financial statements
* assurance of financial sustainability

In addition to completing the FSM form, all potential partner organisations will be expected to provide copies of:

* memorandum of association
* articles of association
* audited full financial statements (these will need to include **all** of the following: income and expenditure account, balance sheet, cash flow statement and notes to the accounts) for the last **three years** and must be provided **irrespective** of any statutory exemptions to which the organisation is entitled as a result of its size. These **must be signed** by the director and by an auditor who is independent of the preparation of the financial statements.
* Management accounts including a full income and expenditure forecast for the current financial year and draft financial accounts for any preceding financial years which have not yet been audited and signed
* financial forecasts for the full length of a cohort of students' course from the date of the planned agreement. These forecasts should be consistent with the audited financial statements and formally approved by the organisation's Board or equivalent entity and this approval minuted.

This form is intended to be completed by the proposed partner organisation in order to inform the process of partnership approval

**Section 1: Organisation details**

|  |  |
| --- | --- |
| Legal name of Organisation |  |
| Trading names |  |
| Website address |  |
| Address of registered office |  |

**Section 1a: Head of Organisation**

|  |  |
| --- | --- |
| Title |  |
| First name(s) (in full) |  |
| Surname (family name) |  |
| Position title |  |
| Email |  |
| Phone number |  |
| Details of current professional memberships or affiliations held by the Head of organisation |  |
| Does the Head of organisation hold current directorships/trusteeships at other organisations? | If no, go to section 1b  |

Please list current directorships/trusteeships at other organisations held by the Head
of organisation:

|  |  |
| --- | --- |
| Name of company/charity (add more lines if required) | Company/charity number |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |

**Section 1b: Main contact for financial sustainability, management and governance queries (if different from the Head of the organisation)**

The main contact will be the person we contact with any queries or requests for further information. If the main contact is the head of the organisation **please go to section 2**.

|  |  |
| --- | --- |
| Title |  |
| First name(s) (in full) |  |
| Surname (family name) |  |
| Position |  |
| Email |  |
| Phone number |  |

**Section 2: Financial sustainability, management and governance (FSMG) information**

**Section 2a: Type of organisation**

|  |  |
| --- | --- |
| Is your organisation (please tick all that apply) |  A company limited by shares A company limited by guarantee A charity Other organisation, please specify below: |
| Company number (if applicable)  |  |
| Charity number (if applicable) |  |
| VAT status(if applicable) |  |
| Tax registration code or number(if applicable) |  |

**Section 2b: Director/trustee names**

Please provide the names of all current directors and/or trustees (add more lines as required)

|  |  |  |  |
| --- | --- | --- | --- |
| First name(s) (in full)  | Surname (family name) | Director or Trustee? | Holds other directorship/ trusteeships? (*Enter Yes or No)* |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

**Section 2c: Directorship/trusteeships held at other organisations**

If you have answered yes in 2b above, please list all of the organisations where other directorships/trusteeships are held by the individuals noted above (add more lines as required)

|  |  |  |
| --- | --- | --- |
| Name of director/trustee | Name of company/charity  | Company/charity number |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |

If you are a charity or a company limited by guarantee, please go to section 2g.

**Section 2d: Names of individual shareholders**

Please provide the names of all individual shareholders with more than a 20 per cent holding.

|  |  |  |  |
| --- | --- | --- | --- |
| First name(s) (in full) | Surname (family name) | % share-holding | Holds other directorship/ trusteeships? (*Enter Yes or No)* |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

**Section 2e: Directorships/trusteeships held at other organisations**

If individual shareholders with more than a 20 per cent holding hold director/trusteeships at other organisations, please list these (insert more lines as required)

|  |  |  |
| --- | --- | --- |
| **Name of shareholder** | **Name of company/charity** | **Company/charity number** |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |

**Section 2f: Names of corporate shareholders**

Please provide the names of all corporate shareholders with more than a 20 per cent holding (add more lines as required).

|  |  |  |
| --- | --- | --- |
| **Name of company** | **Company number** | **% shareholding** |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |

**Relationships with other organisations**

**Section 2g: Parent company**

|  |  |
| --- | --- |
| Do you have a parent company or are you part of a group?  |  |
| If yes, please provide a group structure and the company name and number of the ultimate parent company |  |

**Section 2h: Subsidiary companies**

|  |  |
| --- | --- |
| Do you have any subsidiary companies?  | If no, go to section 2i |

If you answered ‘yes' to 2h, please list the company names and numbers below.

|  |  |
| --- | --- |
| Company name (add more lines if required) | Company number |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |

**Section 2i: Links to other organisations**

|  |  |
| --- | --- |
| Are you linked to other organisations?  | If no, go to section 2j |

If you answered ‘yes' please further details below.

|  |  |  |
| --- | --- | --- |
| Company/organisation name (add more lines if required) | Company/charity number | Relationship |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |

**Section 3: Independently audited financial accounts**

The University of Worcester requirements include the provision for review of three years of full audited financial statements

|  |  |
| --- | --- |
|  | Name of accountant and/or firm who carried out the work, with contact details |
| 3a) Preparation of the accounts |  |
| 3b) Audit of the accounts |  |

**Section 4: Financial tables and commentary**

Please provide copies of:

* Audited annual accounts for the last 3 years
* Management accounts including a full income and expenditure forecast for the current financial year and draft financial accounts for any preceding financial years which have not yet been audited and signed
* Details of business plan for proposed collaboration (if applicable)
* Contact details for bank (if the University decides it must require a banker’s reference)

In addition to the above, please provide the provision of financial forecasts for the full length of a cohort of students' course from the date of proposed partnership. The forecast figures for the current and future financial years should be based on a check of the most realistic assumptions over the forecast period. They should also be consistent with both the organisation's audited financial statements and strategic plan. The FSM form invites organisations to provide a commentary on the forecasts, to include an explanation of the key assumptions made. At a minimum we would expect those assumptions to take account of:

* current and projected student numbers
* current and projected staff numbers (academic and administrative)
* fee income
* other income
* pay costs
* direct non pay costs
* any other indirect costs, such as leases or interest on loans

A commentary to accompany the financial tables should also be provided below. Please note that if the organisation has an up-to-date business plan then this can be submitted as part of the commentary to cover those questions that are addressed in the plan.

|  |  |
| --- | --- |
| **Commentary question** | **Response** |
| 4a) Explain the key assumptions made in developing the financial forecasts. This includes assumptions around student numbers, fee income and access to student-support funding, capital investment plans, proposed borrowings and leases and so on. Where the organisation has existing borrowings, including loans from directors, provide summary terms of borrowing. |  |
| 4b) Explain how the organisation is ensuring its sustainability, including the identification and management of key risks such as cash flow management. Also provide details of any scenario planning or sensitivity analysis that has been undertaken on the forecasts submitted. |  |
| 4c) Explain significant movements (±10 per cent in any one year) on the income and expenditure account and material changes on the balance sheet (including the detail on any material exceptional items). |  |
| 4d) Any further information that would be helpful in assessing the financial information provided in the financial tables. |  |

**Section 5: Documents to be included with the submission**

The following checklist details the documents that must be submitted with the FSM form

|  |  |
| --- | --- |
| **Documentation to be submitted** | **Indicate if complete** |
| Completed FSM form, including a scanned copy of the Declaration with the Head of Organisation's signature. |  |
| Memorandum of association  |  |
| Articles of association |  |
| Audited full financial statements for the last three years (irrespective of the status of the entity or its eligibility for exemptions under the *Companies Act 2006* and/or allowance to provide abbreviated accounts to Companies House for statutory purposes) - these should:1. be audited by an auditor who is independent of the preparation of the accounts/financial statements
2. be signed by the director(s)/trustee(s) in the appropriate place **and** by the independent auditor
3. include **all** of the following:
	* 1. profit and loss account/income and expenditure statement
		2. balance sheet
		3. cash flow statement
		4. full notes to the accounts.
 |  |
| Management accounts including a full income and expenditure forecast for the current financial year and draft financial accounts (as detailed in c above) for any preceding financial years which have not yet been audited and signed |  |
| Financial forecasts |  |

**Section 6: Declaration by the head of organisation**

In signing the declaration you are confirming that:

All of the information provided in the FSM form and financial templates has been completed in accordance with guidance provided and is approved as correct

The organisation complies with all relevant tax obligations and legislation. Where this is not the case an explanation must be provided.

There are no ongoing fundamental tax investigations or enquires that have been completed within the last three years.

The organisation (as a legal entity), directors, trustees, shareholders (with more than a 20 per cent holding) or the head of organisation have not been:

* 1. Convicted of a criminal offence anywhere in the world.
	2. Subject of any adverse finding in civil proceedings (in the last three years).
	3. Subject of any disciplinary proceedings by any regulatory authorities or professional bodies.
	4. Involved in any abuse of the tax systems.
	5. Involved with any entity that has been refused registration to carry out a trade or has had that registration terminated.
	6. Involved in a business that has gone into insolvency, liquidation or administration while the person has been connected with that organisation or within one year of that connection.
	7. Investigated by a professional body, a court or tribunal, whether publicly or privately.
	8. Dismissed from a position of trust or similar.
	9. Disqualified from acting as a company director or acting as a charity trustee.
	10. Involved with a provider that has had its Tier 4 licence or specific course designation application refused or has been de-designated.

Where an item does apply, please provide details of who the item is applicable to and further details such as the nature of offence/investigation/ refusal/dismissal, dates and locations to enable the appropriate consideration of this information.

1. You have been truthful in all dealings and are willing to comply with the necessary requirements and standards of the University of Worcester.

Signed………………………………………………………………….

Date…………………………………………………………………….

|  |  |
| --- | --- |
| **Approval Authority** | ASQEC |
| **Date of Commencement** | 01/09/2018 |
| **Amendment Dates** | n/a |
| **Date for Next Review** | 01/08/2021 |
| **Related Policies, Procedures, Guidance, Forms or Templates** | [Partnership Approval Process](http://www.worc.ac.uk/aqu/documents/Partnership_Approval_Process.pdf) |
| **Guidance superseded by this version** | n/a |