



INSPIRING  
FINANCIAL  
LEADERSHIP

**STEPPING UP,**

**LEADING**

**THE WAY**

**ANNUAL REPORT**

**& FINANCIAL**

**STATEMENTS**

**2016/17**

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# The purpose of the Charity Finance Group (CFG) is to develop a financially confident, dynamic and trustworthy charity sector.

Our 1,400 organisational members include charity finance professionals, who between them manage £21bn of funds. We work with our members to: inspire and nurture leadership; drive up standards; create a better and fairer operating environment; identify best practice and share knowledge.

Ultimately, we strive to equip charities with the knowledge, skills and conditions they need to ensure that every pound works even harder, achieving a greater impact for even more beneficiaries.

For more information, please visit [www.cfg.org.uk](http://www.cfg.org.uk)

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# VISION, PURPOSE, OBJECTS AND AIMS

## Why we exist

CFG is committed to inspiring the development of a financially confident, dynamic and trustworthy charity sector.

We strongly believe that financial confidence and effectiveness enables charities to achieve more for their beneficiaries.

## How we achieve our objects

Our aim is to maximise charities' positive impact on those they serve through improving the effectiveness of financial management. To achieve this impact we believe we need to bring about three main outcomes.

Each outcome breaks down into a number of aims that clearly articulate how we are achieving our objects. These aims have been designed to assist our Board and staff in understanding the change we need to bring about for us to be able to deliver our vision.

## Outcomes

# 1

Well-developed skills, learning, knowledge and practice result in high performing charities

# 2

Effective governance and leadership, with finance at the heart of effective decision-making

# 3

Charities operate in a supportive environment

# FROM THE CHAIR AND CHIEF EXECUTIVE

Nicki Deeson; Ian Theodoreson  
and Caron Bradshaw



**Welcome to CFG's annual report for the year ending 31 March 2017. This year marks a number of ends and some new beginnings, a couple of notable elements of which we shall mention in this introduction.**

Firstly, you will notice from the photographs accompanying this introduction we have had a change of Chair. After six years at the helm, Ian Theodoreson steps down and Nicki Deeson, the International Finance Director for Amnesty International, takes office. Secondly we have come to the end of our three year strategy, which kicked off in 2013, and agreed an exciting agenda for the future.

It would be remiss to not say a few words of reflection on what has been achieved over the six-year tenure of our last chair. We changed our name, our focus and our location. We've shifted from being an organisation exclusively for finance directors to being an inclusive network for all charitable organisations; supporting their needs in the charity finance space. We have altered the narrative from focusing on just technical excellence to inspiring financial leadership. Back in 2011/12 we reported on the number of individuals in our network which, since then, we have seen grow by 63% to approaching 3,000 people, and the number of organisations we support has increased to over 1,400 organisations. Most importantly we have increased our impact, influence and reach into the wider sector.

There is much to be proud of over the period. We thank Ian tremendously for all his hard work and commitment to the sector, and specifically to CFG. There are few who can claim to have changed the landscape so profoundly. We would also like to thank Diane Bassett, Kevin Barnes and Rosie Chapman, who all come to the end of their second three-year terms as Trustees, for their hard work and dedication to CFG over the period.

In 2013 we set out to grow our reach, range of services, influence and income. Within this report you will find an honest assessment of where we have succeeded and where we have fallen short of our aspirations. We also hope that this year's report will give you a good sense of the lessons we have learned and the thinking behind our ambitious and exciting leadership strategy 2017-2020.

For the next three years, we aim to focus on three major strands:

CFG walking the walk as well as talking the talk – ensuring that we share our own experiences of being a charity including how we are tackling the risks and opportunities that we face – our common purpose with our members;

Ensuring that we bring finance skills to all leaders (whatever their discipline) and continue to build leadership skills in all levels of our finance professionals – truly putting finance at the heart of effective charities;

Building CFG as the ‘go-to’ brand on all things finance, broadening our audiences and our influence evermore making sure we support and lead social change agents to be effective and impactful.

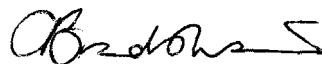
2016/17 also marked the beginning of our 30th anniversary year. We are using this opportunity to shine a light on issues that require attention, such as fraud prevention, as well as celebrating past achievements and reflecting on continuing challenges.

We wish we could say that the wider economic and political environment had become less challenging and volatile over the recent past. Sadly, however, the political and economic uncertainty has increased exponentially both domestically and internationally. For our members, this has meant that they have continued to grapple with increasing demand for services and squeezed funding.

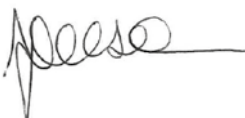
Our focus on putting financial skills at the heart of decision making remains crucial. Charities are facing uncertainty that can only be overcome by boldly seizing opportunities. We strongly believe that great financial leadership makes for agile, dynamic and impactful organisations which can better serve their beneficiaries and extract the maximum benefit from every pound given to their causes.

Thank you to all who have been part of this vibrant network during the last year – we look forward to together creating a movement for change in the coming months.

It is time for the sector to be bold, to step up and to show real leadership, and we hope that members and supporters will join us in this endeavour.



**Caron Bradshaw**  
Chief Executive



**Nicki Deeson**  
Chair of Trustees

## Meeting and reporting on public benefit

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2011 to have due regard to the Charity Commission’s general guidance on public benefit, ‘Charities and Public Benefit’.

There are 167,443 charities in the UK plus hundreds of thousands of exempted and excepted charities. They work across a range of issues providing help to the vulnerable, delivering social change and making the world a better place to live. In order to do their work effectively and achieve the biggest possible impact for their beneficiaries, they need to be financially well led and managed. This is accepted across the charity sector and by regulators such as the Charity Commission.

Good financial management and leadership help charities make the best use of their resources, enabling them to better achieve their charitable purposes.

The Charity Finance Group provides public benefit by carrying out activities to improve financial management and leadership in the charity sector. We do this by delivering a range of training, guidance and support for charity staff and trustees. We seek to improve the operating environment for charities so that they are able to carry out their missions effectively. We also try to change the way that charities think about finance and its importance to their work.

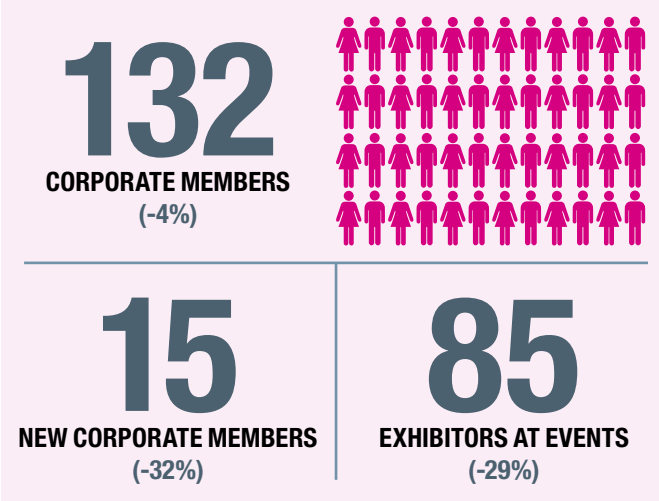
In seeking to help charities to improve their financial management and performance, we improve the effectiveness of charities that support millions of beneficiaries in the UK and around the world. By improving the work of charities we can deliver significant public benefit.

The structure of the Trustees’ Annual Report allows us to report on each of our strategic aims, CFG’s activities and achievements during the year and our plans for 2017/18 within each of these areas. We have embedded examples of how CFG meets the public benefit requirement throughout our report.

By supporting those in the charity sector with financial responsibility via a range of activities and services, which can be accessed in a variety of ways including through membership, we are able to help all charities to maximise the use of their resources and make a greater impact for all their beneficiaries.

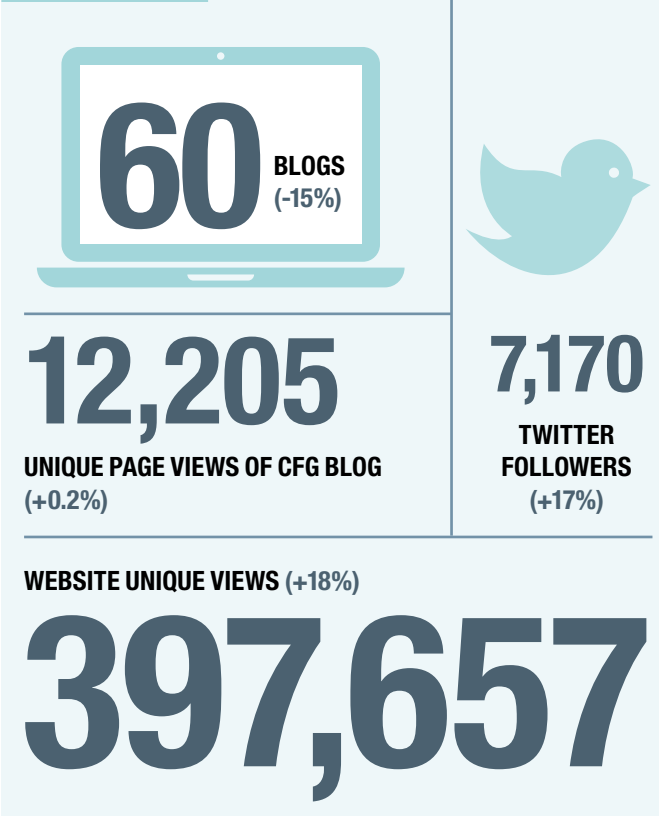
# THE YEAR AT A GLANCE

## CORPORATE MEMBERS\*

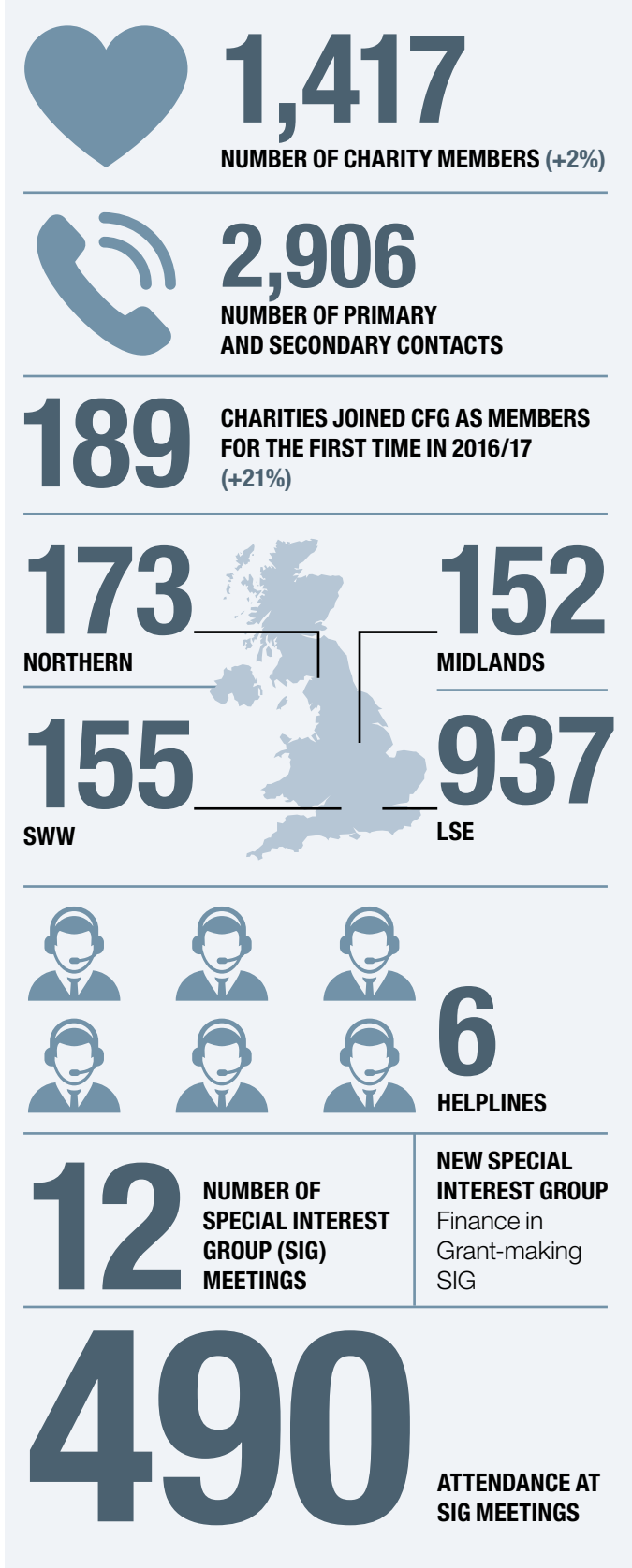


\*Over the course of the year we focused on increasing the value of corporate membership rather than the acquisition of new corporate members. For example, feedback showed that lead generation is not always achieved through exhibition stands, and this year we included more roundtable discussions to offer a greater engagement between corporate and charity members. We have also increased the number of hosted events, giving more corporates the opportunity to engage over a variety of topic areas and deliver content to more members.

## MEDIA



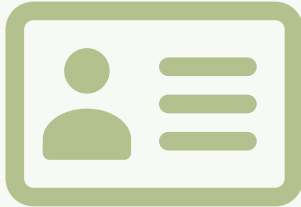
## MEMBERSHIP



## EVENTS



**140** EVENTS RUN (+63%)



**669** ANNUAL CONFERENCE DELEGATES (+2%)

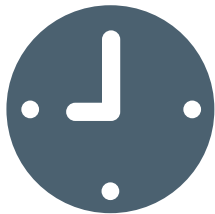
**111** MIDLANDS CONFERENCE

**136** NORTHERN CONFERENCE

**117** SOUTH WEST AND WALES CONFERENCE

TOTAL NUMBER OF ATTENDEES AT EVENTS (+3%)

**5,503**



**3,551** VOLUNTEER HOURS (-13%)

## SMALL CHARITIES

### PROGRAMME

SMALL CHARITIES WEBSITE VIEWS

**19,937**



**1,438** SMALL CHARITIES RESOURCE DOWNLOADS

**480**

NUMBER OF SMALL CHARITIES TRAINING PLACES DELIVERED



**84**

SMALL CHARITIES FACEBOOK PAGE LIKES



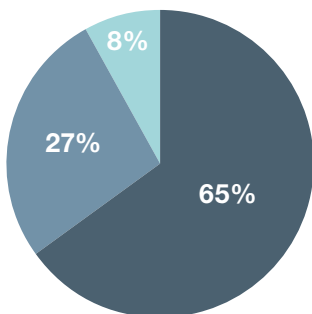
**427**

SMALL CHARITIES TWITTER FOLLOWERS

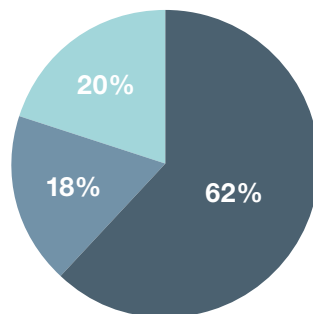
## INCOME & EXPENDITURE

### BY STRATEGIC AIM

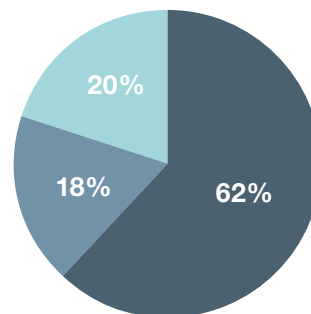
- Developing Skills, Learning & Knowledge & Practice
- Inspiring Financial Leadership
- Encouraging a Supportive Environment



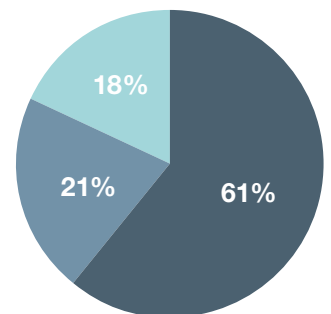
Income Profile  
CFG 2017



Income Profile  
CFG 2016



Expenditure Profile  
CFG 2017



Expenditure Profile  
CFG 2016

# Strategic Priority



## DEVELOPING LEARNING, KNOWLEDGE AND PRACTICE TO IMPROVE PERFORMANCE



### Aims

1

Increase the understanding and value placed on strategic financial management with financial info seen as an enabler of the business and not a compliance tool

2

Increase understanding and awareness of charity finance in non-finance staff and trustees

3

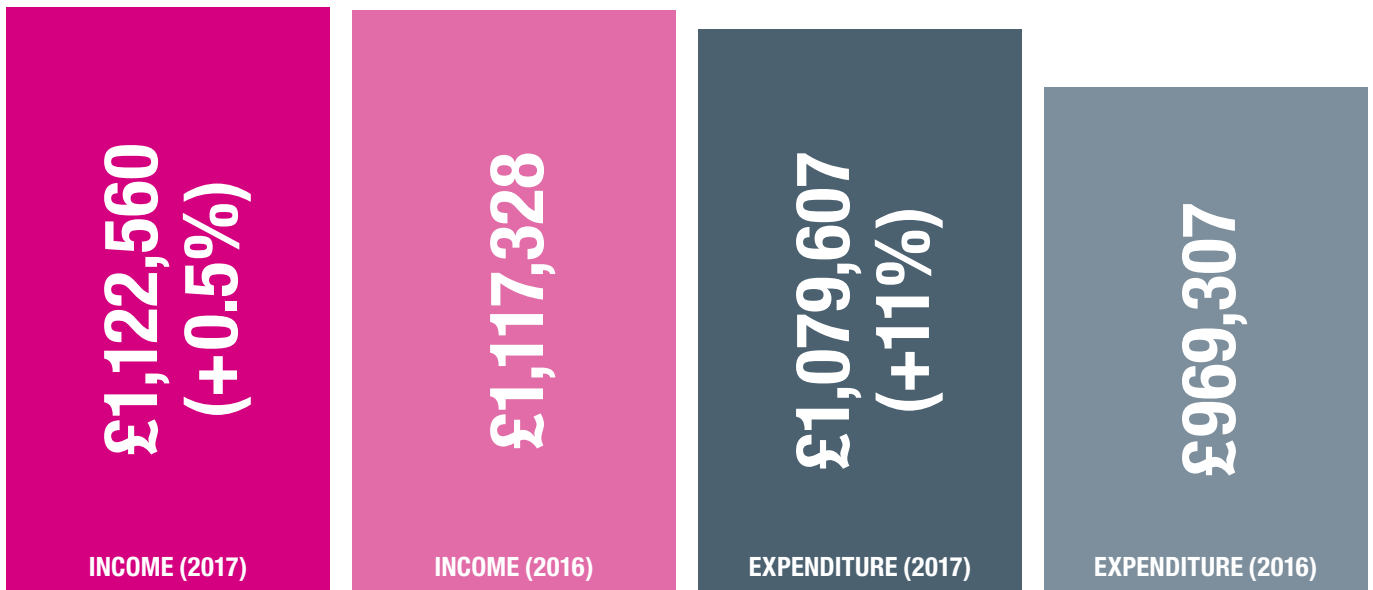
Improve understanding of performance and effectiveness in charities and foster continuous improvement

4

Raise standards and create greater awareness of best practice



## Developing Skills, Learning and Knowledge & Practice



### Overview

It is CFG's role to constantly monitor the political and regulatory eco-systems, decoding policy statements and new regulations on behalf of the sector, and making sure charity finance professionals have the knowledge they need when they need it. But it's not simply about being compliant. CFG's role is to transform information into knowledge which members and the wider charity finance community can use to the advantage of the charity and their beneficiaries.

This process of interpretation and dissemination can take many forms, from providing accurate information on how government decisions can impact charities to a programme of technical conferences on the issues that directly impact on our member charities.

### Events that meet the needs of the sector

This year, we responded directly to emerging issues and the needs of our members by delivering two new technical conferences on Economic Crime and Finance Function (*New times, New challenges*). We also added a second Gift Aid Conference to our programme, this time in Birmingham to share our expertise with charities in the Midlands.

To encourage interaction and knowledge-sharing at our events (a more active and less passive experience), we trialled a new format for one of our Conferences, our regional members' meetings and half of our London and South-East members' meetings. The main modification was introducing round-table discussions at the end of the key presentations, so that delegates have the opportunity to reflect and discuss how the themes affect their work, and their experience. At the Investment Conference, the new format was very well-received with both delegates and corporate members. Initial feedback from the new members' meetings has also been positive.

Of the delegates at the Investment Conference 2017:

- 100% said that their knowledge and skills have improved;
- 100% said that they feel more confident what are the next steps they need to take and how to implement them;
- 95% reported that they had greater awareness of best practice in charity finance.



**As a leading charity law and social enterprise law firm, the charities and social enterprise sector form a core part of our business. Providing the employment law helpline for CFG members not only provides a useful service for members but also allows us to better understand the employment law issues in the charity sector.**

**Jill Baker**

Business Development Manager  
Hempsons, Harrogate

## Regional engagement

Regional engagement continues to be a priority for CFG and the regional members' meetings are central to achieving this goal. The Charity Commission's consultation on the new SORP between May and December 2016 provided us with an opportunity to facilitate meetings in the regions to solicit the views of as many charities as possible. Not only did this mean that our final consultation response was fully-representative of the views of the sector, but also that CFG positioned itself with new audiences as the leading voice on charity finance. We held four SORP consultation meetings in Cardiff, Birmingham, Manchester and London, attended by 100 people.

## Engaging non-finance staff and trustees

As well as reaching more charity finance professionals in different parts of the country, we developed and delivered a number of training sessions to promote the importance of effective financial management for those whose role is not directly related to finance.

To help people become more fluent with financial principles, we hosted our first **Finance for Non-Finance Managers** training day in London which attracted 40 delegates. Feedback was very positive, and delegates reported having greater clarity about finance. Recognising the important connection between the two functions, we ran a training day tailored towards fundraising teams **Finance for Fundraisers**, and we held two training days on **Essential Charity Finance for Trustees**, each of which was attended by 25 charity trustees. In addition, we rolled out a series of in-house training sessions, working with Age UK to train trustees from 20 of its regional branches.

While we've made progress with all of these events and feedback from delegates has been positive, marketing has been a challenge as our audiences diversify. To a large extent, we rely on our members to promote the training and resources to their co-workers. However, we are starting to address this by encouraging members to sign up secondary contacts in other roles to their CFG membership. Trustees have been difficult to engage, and we are exploring both modular and digital delivery as an alternative to a whole-day event.

We will continue to refine and develop these courses as a key component of our strategy to engage people in non-finance roles, and will be scaling the programme up for 2017/18, with additional training days in the pipeline.

## Feedback from Finance for Fundraisers training

“  
My knowledge and accounting best practice has improved and I now understand the difference between management and statutory accounts.  
”

“  
I will definitely write better fundraising proposals now!  
”

“

**John Fox**  
Project Manager –  
Financial Governance  
(Network), Age UK

We identified that some of the financial challenges faced by the network of independent local Age UKs were likely to be exacerbated by governance and control weaknesses, and in some cases may even have come about because of such weaknesses. After attending a CFG workshop on financial governance, we approached them to develop a series of workshops for our local Age UK Trustees. Working closely with the CFG team, we delivered five tailored workshops reaching over 60 trustees from 28 organisations. Feedback was extremely positive with all trustees feeling that their knowledge and skills had improved and that they felt able to put their learning into practice.

”



**Trustee**  
Age UK

We had a Board meeting this morning and they were still 'buzzing' about it and very complimentary about the day and the benefits we all gained. The combination of finance and governance was very helpful.



### Promoting best practice

Central to promoting best practice and encouraging charities to share their knowledge and experience are CFG's Special Interest Groups. In 2016/17 we created a new group: Finance in Grant-making Special Interest Group, and now have four groups (including Large Charities, Overseas and Community Accountants). Over the course of 2016/17, we convened 12 meetings, with a combined total of 490 attendees.

We published 11 issues of Finance Focus, distributing hard and soft copies to each of our primary and additional member contacts. We aimed to create a balance between articles from member charities sharing insight and best practice and from our corporate members sharing information and guidance. In November, we published a Small Charities Special to mark the launch of the programme. The issue was packed with advice and guidance for small charities and hard copies were distributed at the training events.

Opportunities for delegates to network with peers, speakers and CFG are designed into all of CFG's events, and the new round-table discussion format has provided an additional opportunity for charities to share challenges, thoughts, ideas and learning outcomes with each other in a more structured, facilitated environment.

## Small charities programme

### Strengthening the finances of small charities

A significant activity for CFG in 2016/17 was the delivery of the Small Charities Programme with the support of the Esmée Fairbairn Foundation. The aim of the programme has been to strengthen the financial support for small charities.

Small charities often lack the support and confidence that they need to manage their finances. This reduces their ability to manage their resources effectively and access new sources of funding. Strong financial management is key if small charities are going to be impactful and help their beneficiaries.

Of the total £135k grant, a significant proportion has been expended in this financial reporting period, due to the delivery of the bulk of the training programme. The Programme will be fully independently evaluated, but this will not be completed under the end of 2017. We will highlight the results of this evaluation in our next annual report.

### Delivering training to those that need it

At the beginning of the programme, CFG set itself the target of delivering 1,000 places of face-to-face training. In the financial year 2016/17, we had so far delivered 480 places. We have focused on face-to-face training because our previous research with small charities indicated that this was their preferred method of learning.

At the end of March 2017, we were on course to meet this target and this demonstrates that there is clear demand and appetite for financial skills. 88% of attendees have said that their goals for attending have been met or mostly met, with only a few attendees saying that they did not get any benefit from the training. Attendees generally reported higher confidence, improved skills, greater awareness of best practice and knowing where to go to find further support.

We also sought to expand our reach in the regions, offering courses in Somerset, Exeter, Bournemouth, Stoke and parts of rural Wales. It has been challenging at times to get the message out there, but we have been successful in building networks, particularly working with community accountants, local infrastructure bodies and the Small Charities Coalition.



**Francesca Mahoney**  
Wild Survivors

CFG offers a fabulous support network and guidance. The courses and support available are a real lifeline. They're also a fantastic opportunity to network, share experiences, and learn from others. Leading a tiny charity can be isolating, and meeting like-minded people on the course who had similar stories and who'd also made tremendous progress was incredibly encouraging, and a real boost!



**Katherine Boyce**  
Manager, FLEXICARE  
(Oxford and Abingdon)

Before the course, we hadn't heard of the Gift Aid Small Donations Scheme. Following a call to HMRC's helpline (suggested by Rachel), we successfully applied for both Gift Aid and GASDS, and it's made such a big difference to us. Thank-you very much for all your help!



## Building up local infrastructure

Another key feature of our work has been to develop stronger community accountants and local infrastructure. Our website has developed a map of local provision so that charities can more easily find financial services. We also compiled a report on the challenges facing accountancy and support service providers, which demonstrated the important work that they undertake but their challenge in generating demand. We have worked closely with NAVCA in delivering this programme, and we hope to continue this in the years ahead. Over the Summer of 2017, we have been organising further activities to help community accountants, and we'll detail these in our next annual report.

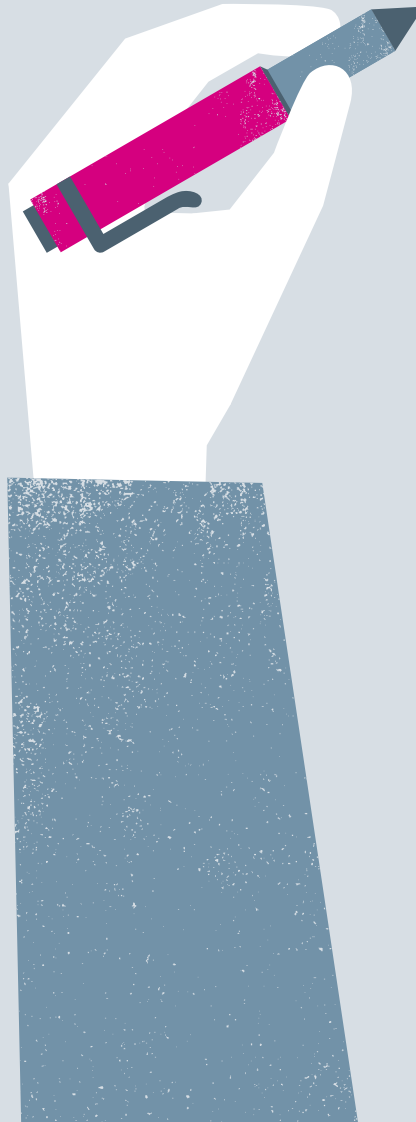
## Providing free and easily accessible resources

The Programme's website ([www.smallcharityfinance.org.uk](http://www.smallcharityfinance.org.uk)) has had over 20,000 page views and 2,500 downloads of resources. We know that digital channels are important for small charities which often do not have the time to physically attend meetings. This website is a platform that we can build on in future needs. A bulletin and social media activity has enabled us to engage with the people that run small charities through channels that they regularly use.

## Creating a sustainable legacy

This programme is not the end of our work on small charities. We will continue to use our expertise and resources to support these organisations which make up the vast majority of the sector. Our programme has only scratched the surface, accessing a few thousand out of over 160,000 organisations. We will be talking with funders, partners and other experts to share the lessons from the programme and consider next steps.

## Case Study Strategic Priority 1



**Rachel Cooper**  
Small Charities  
Programme Trainer

### Why it was needed

In small charities, finance is often relegated to the sidelines due to a lack of confidence, insufficient funds to employ specialist finance staff, and there is a tendency for it to be covered off by someone else in the organisation who may already have more than one role! To make matters worse, there is generally a lack of financial capability among trustees. When small charities encounter issues where they need advice, it can be difficult to locate appropriate and affordable information and support or find advisors who have knowledge of the charity context.

### How we helped

The main focus for delivery in the pilot stage was on face-to-face training aimed at non-specialists with financial responsibilities, partly to establish whether the expressed desire for this more traditional route to skills development was real. It was. I was astonished that people were prepared to get up as early as 5am and travel long distances to attend.

Typically, participants were not finance enthusiasts, but each had a level of informal knowledge, as they are the ones in their organisation who are managing the finances, and were looking for both reassurance and confidence that they were doing the right thing. Some delegates wanted tips on how to improve and many had a series of burning questions that they had been carrying around. The courses gave a human face to finance, removing some of the mystery, making it less intimidating and allowing

participants to ask their questions and build a structure around their existing knowledge.

## The challenges

The biggest challenge of this programme was always the scale – the level of need, the geographical spread and the volume of potential material. It was important to learn from it as a pilot to determine how CFG can contribute best to meeting the needs of small organisations.

So that we could deliver a large number of training places, on limited resources, it was decided not to segment the audience as that might reduce the numbers, but to deliver a standard course for each subject area. It was challenging to design training modules relevant for organisations with turnovers ranging from less than £50k to £1m, and with activities that would flex for group sizes from six to 40! The initial results show that our ability to be fleet of foot and responsive have paid off. Not only did we meet the topline targets for the programme, the overwhelmingly positive comments from participants about the value of the training and resources has shown us that there is a strong case for further development and future rollout on a bigger scale.

“

**Helen Gardiner**  
Senior Residential Family  
Support Officer/Independent  
Domestic Violence Advocate

Port Talbot and Afan Women's Aid provides refuge and support to women in crisis as a result of violence, domestic abuse and sexual violence.

Its core services provide refuge and outreach work, supporting vulnerable women and their children. In addition it provides related support services which are funded through various pockets of money such as a project to work with dads, funded by the Big Lottery Fund, and the Video Interactive Guidance (VIG) Project which works with mothers and toddlers to promote positive parenting, jointly-funded by three charitable foundations.

All these pots of funding are managed by a finance officer within the organisation however each project is delivered by a project lead. CFG's Small Charities finance and budget training has helped develop and build the skills of our team leaders to take more responsibility in managing budgets.

The training sessions have also helped develop our staff's financial and commercial acumen, which will be very beneficial in identifying current and future business opportunities to support the women and children who access our services, and they have reported having more confidence in dealing with figures. We come into charitable organisations to provide support to vulnerable people, not necessarily with financial know-how. This is something we develop through the administrative end of our work. The training provided by CFG has been very welcome, there are never sufficient funds to cover the cost of training that is not crucial to the job role, and being able to send a team on heavily-subsidised courses around finance will make a huge difference over time which we truly believe will make a positive impact on our service delivery.

“My role as Senior on my project requires me to have an overview of the financial position of my project and have a direct input to decision making in this area. The course on budgets was intended to give me an overview of project budgets and give me an understanding of reading reports and getting the information needed from them to make informed decisions.

The course has given me an insight into what information I need to be aware of to run my project, and an understanding of the role of the finance officer. It has also provided insight into what financial information is needed to inform the trustees.”

”

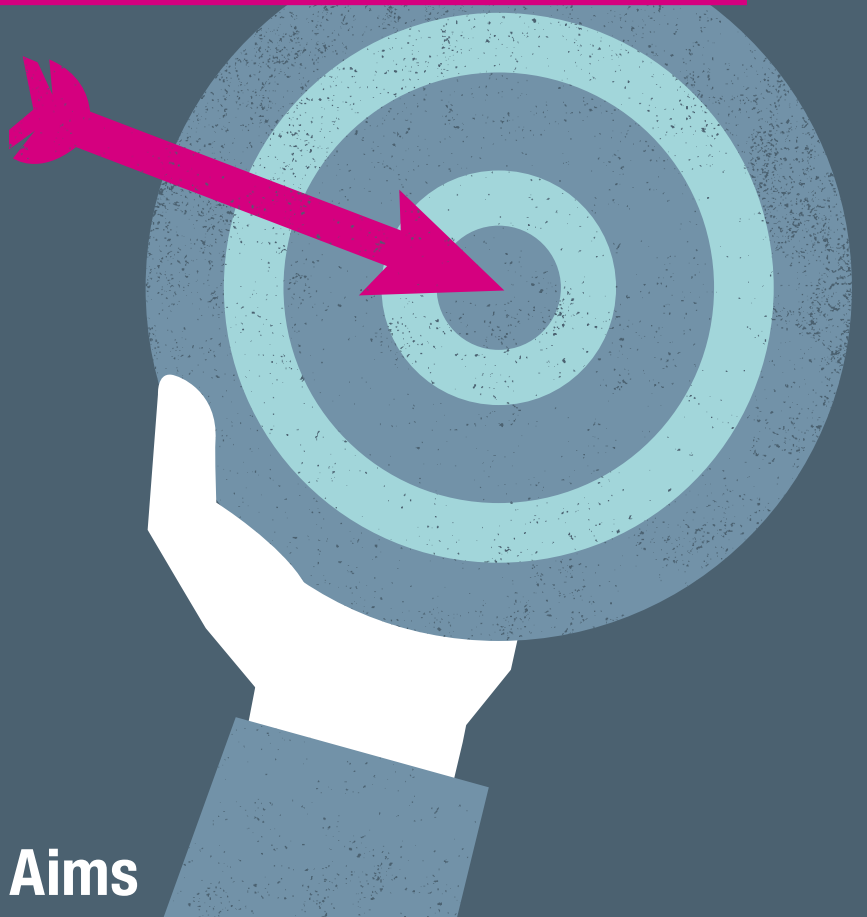


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Strategic  
Priority

2

**INSPIRE FINANCIAL  
LEADERSHIP AT THE  
HEART OF EFFECTIVE  
DECISION MAKING**



**Aims**

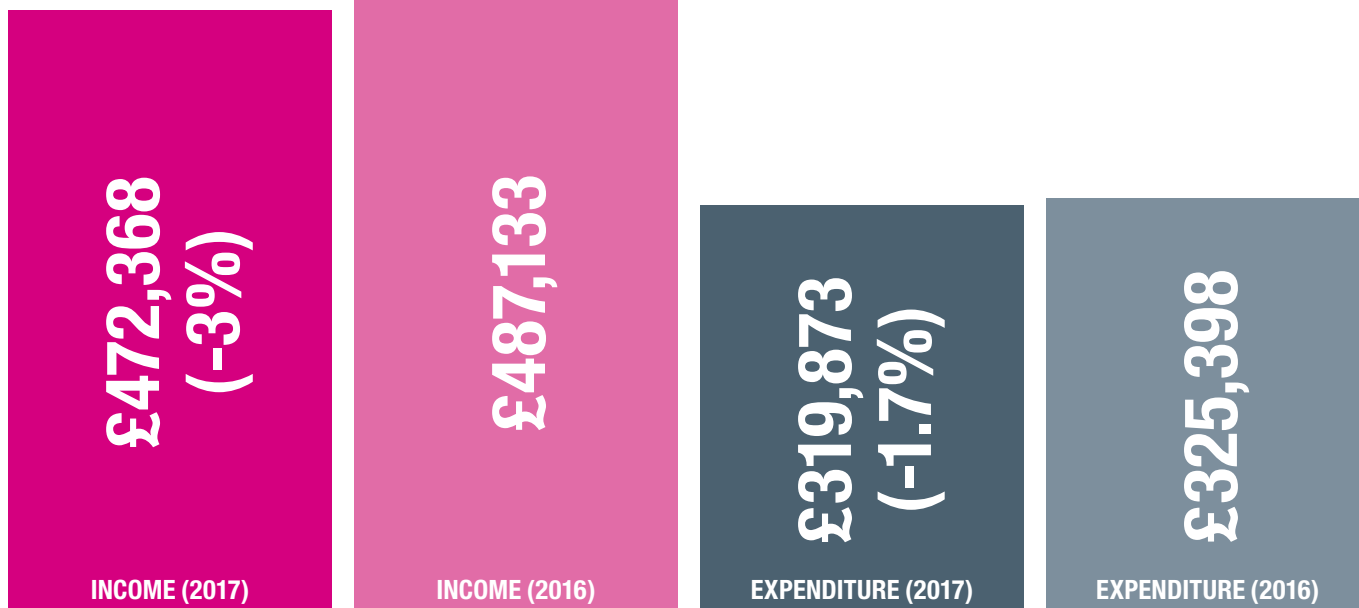
**1**

Increase the understanding and value placed on strategic financial management with financial information seen as an enabler of the business and not a compliance tool

**2**

Increase organisational resilience as a result of more proactive and dynamic financial management – anticipating and responding to change

## Inspiring Financial Leadership



## Leadership has to start with yourself

**Sacha Romanovitch**  
CFG Annual Conference 2017

Grant Thornton's CEO Sacha Romanovitch was the perfect choice to open CFG's 2017 Annual Conference. Widely applauded for her innovative approach to reshaping the accountancy firm, she embodied CFG's focus on leadership – someone who has truly stepped up and led the way.

CFG's leadership strategy has two strands which share a common purpose. The first is about developing leadership qualities in finance professionals, recognising excellent financial leadership and identifying what makes a good leader so we can equip the next generation of charity CEOs. The path from FD to CEO is becoming increasingly common, embedding finance at the heart of strategic decision making, which in turn builds resilience for the charity and the whole sector.

The second is about cultivating essential financial know-how and strategic financial skills amongst charity leaders, so that they can leverage financial management to deliver innovation and transformation that leads to sustainable business models. Again, CFG's focus has been on the frontline – it's not only about transformation for the organisation, but for the beneficiaries they serve.

### Cultivating the leadership skills of finance professionals

A third cohort of financial leaders graduated from our Inspiring Financial Leadership programme. The programme is now an established feature in the CFG calendar and continues to be highly valued by both delegates and tutors. That it is supported by CASS Business School and Sayer Vincent, and attracts a very high calibre of speakers is testament to its reputation in the sector as a flagship programme in a class of its own.



**James Brooke-Turner**  
Finance Director,  
Nuffield Foundation

Being asked to speak on a topic by CFG is a great opportunity to put my thoughts in order in a useful way. Following the reaction to my presentation at the Investment Conference, I wrote an article for Charity Finance on the same topic – the lack of advice on investment for charities.



We continue to offer a range of speaking and publishing opportunities for our members, enabling them to develop their communication and presentation skills whilst gaining recognition as leaders in their field.

### Leading from the front

In addition to creating opportunities for our charity and corporate members, the CFG team strives to take advantage of external speaking opportunities. In 2016/17, Caron Bradshaw, CEO, Andrew O'Brien, Head of Policy and Engagement and other members of staff accepted numerous invitations to speak at leading conferences and sector events across England and Wales.

### Recognising excellence in financial leadership

This year was the beginning of CFG's 30th anniversary year. To mark this important milestone for CFG and to promote the role of strong financial leadership, we established a brand new award to recognise excellence and set a benchmark for the gold standard in strategic charity financial management. We asked members to nominate individuals who lived the values of good financial leadership, showed outstanding commitment and went above and beyond their role to address challenges within their organisation and across the sector.

Nominations were judged by CFG's Board of Trustees and, on the day of our Annual Conference, we announced our first four Inspiring Financial Leaders: James Brooke-Turner; Joyce Materego; Alison Hopkinson, and Ian Theodoreson

Of the Annual Conference 2017 delegates:

- 97% said that their knowledge and skills have improved
- 94% said that they feel more confident what the next steps they need to take and how to implement them
- 89% reported that they had greater awareness of best practice in charity finance

## Case Study Strategic Priority 2



**Natalie Keppler**  
Training and Content  
Manager, CFG

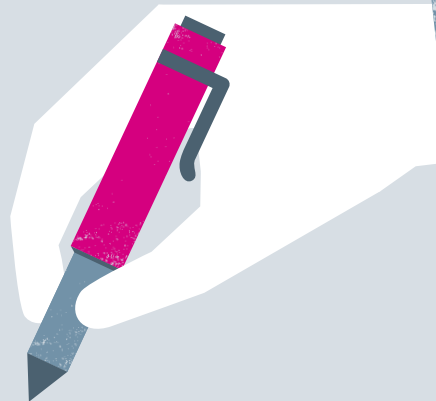
Inspiring Financial Leadership is CFG's flagship leadership programme and once again received positive response from members. This collaboration between CASS CCE, Sayer Vincent and CFG, aims to empower charity finance professionals to become resilient and capable leaders as they progress through their career.

In 2016/17 we welcomed 48 participants to the course, with 100% of attendees agreeing or strongly agreeing that the programme made them more confident in their leadership skills. Some of the key achievements which participants attributed to what they learned from the programme included:

	Annual Conference 2016 (2015)	Annual Dinner 2016 (2015)
	£	£
<b>Total Income</b>	<b>273,157 (284,042)</b>	<b>133,930 (130,975)</b>
<b>Expenditure*</b>	<b>90,282 (90,083)</b>	<b>42,759 (46,267)</b>
<b>Net Income</b>	<b>182,875 (193,959)</b>	<b>91,171 (84,708)</b>

\*Direct expenditure only





“A recent promotion to COO”

“The course has given me access to a range of ideas, tools and strategies that have allowed me to take a wider view and adopt a more tailored approach in how I lead my team.”

Over the past three years we have supported 180 professionals on their leadership journey, representing a breadth of charities from a variety of backgrounds and sizes. Four of these places were offered as part of our bursary scheme, focused on supporting promising finance professionals from under-represented groups, furthering our aim of nurturing a vibrant and diverse charity sector.

This programme is central to delivering our objective of placing finance at the heart of effective decision making across the sector.

”

“

### Joyce Materego

Director of Finance and Resources, Child Poverty Action Group

“It was serendipity! The IFL course and I found each other, it was advertised when I needed it as I was in the right place and time to make use of it! I’d been in my new role at Child Poverty Action Group – my second post as finance director – for around ten months and, this course was recommended to me by my chief executive. It was the right course at exactly the right time in my career.

One of the benefits of the course is that it’s delivered on weekday mornings, which enabled me to be back in the office by lunchtime. When I started, I only had an overview of the content but the value of the sessions quickly became apparent. I really rated the speakers, they were always very knowledgeable and

shared their experiences “warts and all” rather than taught – which made the course more real because one felt like it was OK to make mistakes and grow in one’s role. We learned as much through conversations with the other trainees as we did from the speakers.

All of the content was incredibly valuable, but the session on communications was transformative for me and has given me confidence to work through some challenging situations. Leadership starts with people, and understanding the role of communication in bringing people with you and inspiring confidence, even down to the way you present yourself, non-verbal communication, how you interact with people and the choice of the words that you use was a revelation. I’m so glad I attended the course. I can lead with confidence through doing and being – and hopefully inspire and motivate the people around me, and would have no hesitation in recommending it to others.”

”



## Strategic Priority

# ENCOURAGE A MORE SUPPORTIVE ENVIRONMENT FOR CHARITIES TO THRIVE



## Aims

**1**

Inform, instigate and shape policy and regulation and gain greater understanding and recognition from policy and decision makers

**2**

Enhance public understanding by supporting meaningful transparency and accountability and demonstration of effectiveness

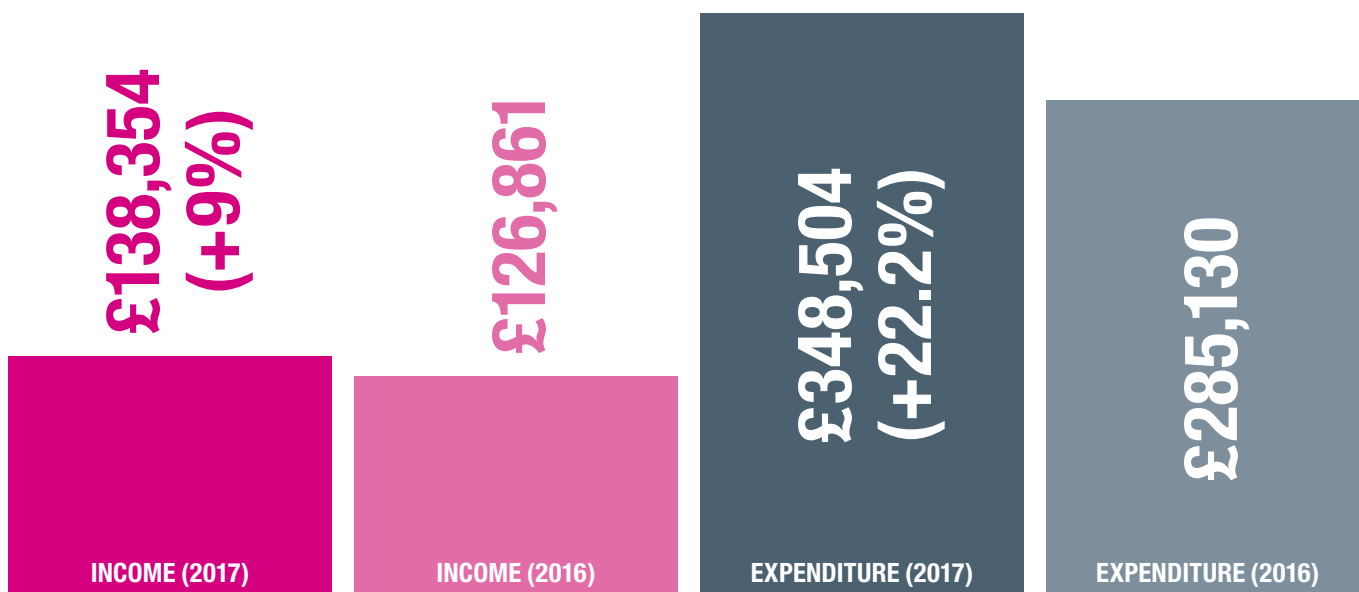
**3**

Increase awareness of sources of support, infrastructure, providers and resources available to those that need them

**4**

Increase sector, funder and donor understanding of the importance and value of investing in financial management

## Encouraging a Supportive Environment



### Overview

As a membership organisation, part of our role is to promote the interests of our members across the policy and regulatory landscape, to ensure that our members and the wider sector are kept fully informed of the policy developments and changes to the regulatory framework that affect them.

We have a remit to amplify the great work of charities, to help rebuild public confidence in the sector following a series of high-profile issues, which damaged the reputation of the sector as a whole and created a distrust of how charities manage their money.

Infrastructure charities have a role to play in changing the narrative, and CFG continues to contribute by reinforcing the importance of transparency and accountability to wider audiences, striving to ensure that they understand how charity finance works and how effective financial management allows the charities to achieve even better outcomes for their beneficiaries.

### Developing new resources for charities

Charities are evolving and it is important that they get the right information so that they make the right decisions. Last year we produced three new publications on topics which have seen significant change, and revised one key publication on pensions.

*Countering Fraud*, produced with PKF Littlejohn, helps charities to develop strategies to combat fraud in their organisation drawing on the latest research and best practice. Fraud is estimated to cost charities £1.9bn a year, so, to address this and to mark our 30th Anniversary, we decided to launch a campaign on combating fraud.

*Rethinking Risk*, produced with Sayer Vincent, tackles a topic of debate in the sector over the past few years: risk management. Charities are operating in more complex environments, which makes managing risk more important, yet many charities lack access to the latest approaches. This guide, drawing on practical case studies from charities, helps charities to consider the key risks facing their organisation and put in place plans to meet them.

*Employment Status Guide 2016*, produced with Hempsons, clarified the complex area of employment status. At a time when work has become more complex and rules continue to change as a consequence of legal cases and government guidance, this guide is a useful update to protect charities when making staffing decisions.

*Navigating the Charity Pensions Maze 2016* was the latest edition of our flagship publication on pensions, building on the latest changes in pension law and helping charities to navigate this complex space. Due to auto-enrolment, every charity employer will have to offer pensions and this makes it even more important for charities to understand the landscape. This publication brought together leading experts and charities together, providing the only comprehensive source of guidance for charities on pensions. We also set up a new pensions helpline so that charities can get the support that they need.

## A leading voice for charities on key finance issues

The past year has been a challenging time for charities. The Apprenticeships Levy, Brexit, Gift Aid, Making Tax Digital, regulatory changes, and accounting changes are just some of the areas that we have worked on so that the voice of charities is not ignored. Poor policy decisions and bad laws or regulations can be a significant drain on charity resources. Shaping policy and influencing decision makers is one of the most effective ways that we can contribute to a better operating environment for charities. Through our consultation events and surveys, over 350 charities took part in activities, giving us vital insight into the challenges they face.

Last year saw a number of successes including improvements to the Apprenticeships Levy. The levy will cost charities around £80m a year, but most charities will not be able to make use of this funding for skills development because of the tight deadlines imposed. Our work with government led to a decision to extend the time for charities, and other employers, to spend the levy from 18 months to 24 months. This will give charities more time to prepare and mean that they can spend more of their own funds on the skills that they need.

On Brexit, we were the only infrastructure body to provide a briefing for charities on its potential operational impacts before the vote. Since the referendum we have met with Ministers several times to push for a deal that doesn't hinder the work that charities do, and we set up a Brexit Reference Group of charities to provide a sounding board on some of the key issues facing charities through Brexit.

In September 2016, together with Locality, NAVCA and Children England, we convened a Devolution Summit. The aim of the summit was to consider the question 'what does our sector think good devolution looks like?' and, by the end of the day, to build a consensus around a set of cornerstone principles for devolution. 28 organisations attended the summit, of which 19 were infrastructure organisations.

We secured improvements to the Gift Aid Small Donations Scheme. The scheme has underperformed, raising only £26m for charities in recent years – far below initial expectations. We pushed for radical reform to the scheme, to make it easier for charities to register and capture a wider pool of cash donations. Not all of our recommendations were accepted, but bringing together a range of partners including NCVO, Institute of Fundraising and Small Charities Coalition we secured changes worth an additional £15m a year for charities – boosting the value of this scheme to charities by over 50%.

We were one of a small number of organisations to provide both written and oral evidence to the House of Lords Committee on Charities. They supported our messages on the need to increase full-cost recovery in government contracts and the importance of grant funding for the sector's sustainability. Our views on the risks of charging charities for their own regulation also received support.

On an international level, through working with charities and NGOs across the world as well as with the Charity Commission, we were able to secure change to the global money laundering and terrorist financing guidance. This guidance had said that charities were 'particularly vulnerable' and this was one of the factors contributing to the loss of banking services for charities in the UK. This has made charities more vulnerable and has reduced their ability to carry out their work, particularly in fragile environments such as Syria and Africa. We were present for the decisive conference in Vienna, which secured this guidance change encouraging governments to take a risk-based approach. Looking ahead, we will also be mobilising UK charities ahead of changes to the National Risk Assessment and a visit by the Financial Action Task Force in early 2018 where there will be further opportunities to affect positive change.

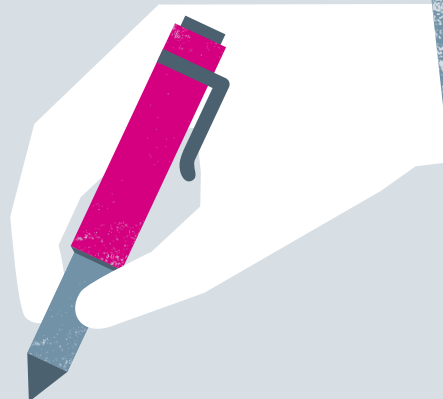
## Case Study Strategic Priority 3



**Nigel Davies**  
Joint Chair of the SORP  
Committee

“Even in the digital age when charities engage with donors and stakeholders in many different ways the trustees’ annual report and accounts remains the authoritative story of a charity. Authoritative because of its defined and standardised content, and the external scrutiny role of the independent examiner or auditor.”

We were pleased that CFG and CFG members took part in the Statement of Recommended Practice (SORP) research exercise in 2016 as the SORP sets the framework for telling your story well. The SORP research addressed many topics including executive pay, going concern, risk, activities and how best to set out this information.



Through CFG members on the SORP committee, CFG events, and CFG member submissions you played your part in shaping the future of the SORP.

“We share the same goal of designing a framework that enables charities to tell their full story in both words (narrative reporting) and figures (financial statements and accompanying notes). With 172 responses, we have taken a lot of care to work through the responses with the SORP Committee to ensure that the SORP remains fit for purpose. CFG, as CFG then was, played a key role in the 1995 SORP and subsequent 2000, 2005 and 2015 SORPs. We look forward to working with you in the future in this endeavour.”



**Heather McLoughlin**  
Policy and Public Affairs  
Officer, CFG

In May 2016, the Charity Commission for England and Wales and the Office of the Scottish Charity Regulator (OSCR) published a research consultation on charities Statement of Recommended Practice (SORP) FRS 102.

The SORP FRS 102 is the guidance that charities' accounts in the UK and the Republic of Ireland have to abide by and is based on the national reporting standard FRS 102 that was introduced January 2016. The consultation was launched due to the expected review of FRS 102 next year by the Financial Reporting Council (FRC).

The consultation focused on five key areas:

1. The SORP's structure, format and accessibility;
2. Issues charities might have in implementing the SORP;
3. Specific suggestions to changes to the annual report and accounts by the SORP Committee members;

4. Whether the themes identified in the consultation by the Charity Commission and the OSCR will help to meet the main purpose of the SORP;

5. Recommendation on items to remove, change or add to improve the SORP'

CFG worked with its members and the wider sector to capture as many voices and opinions as possible. The aim was to ensure that the consultation produced a SORP that was developed with the public interest in mind rather than becoming a method for knee-jerk responses to media or political pressure.

In the autumn of 2016, we delivered four roundtable workshops across England and Wales and we ran an online survey over the course of the period, resulting in over 120 responses. The scale of interest and the response rate demonstrated that CFG's response to the consultation was a true representation of the view of its members and the sector.



# ASSESSING CFG'S STRATEGY 2014-17

## Growing in range, reach, influence and income

This Annual Report marks the end of our 2014-17 strategy, and it is important to reflect on the successes and failures of that strategy in order to improve in future years.

Our 2014-17 strategy made clear our ambition to grow our activities across the board in order to deliver a step-change in performance. We outlined growth in four areas: range of activities; reach of our services through partnerships and collaborations; influence on decision makers and income. This was put into three overall aims:

- Developing skills, learning, knowledge and practice to improve performance;
- Inspiring financial leadership to place finance at the heart of decision-making;
- Encouraging a supportive environment for charities to thrive.



## Restructure

The strategy began with a significant restructure to the organisation the overall result of which has been positive. We continue to adapt to ensure our staff team can deliver our objectives. Some functions and personnel have changed beyond what was originally planned. However, the changes enabled CFG to grow substantially over the strategy period and have put us in a strong position to become a leader in the charity sector – which is our aspiration for the coming three years.

We invested in our own development, and are in the process of completing an IT transformation that will bring our technology up-to-date and enable us to better serve members. There are further plans to improve the culture and development of personnel so that we are able to get the most out of all the people that work in our organisation.

## Growth in range

Over the strategy period we have significantly increased the range of products that we offer. We have created new conferences to reflect the changing responsibilities and environment for charities. We held two successful Impact Conferences, a Social Investment Conference and an Economic Crime Conference. We have also evolved established conferences such as Risk Conference and Investment Conferences, bringing in new content and changing the format to make them as relevant for charities as possible.

We have added new training courses so that charities are able to increase their skills and effectiveness. We have also piloted training for trustees on financial governance, so that our sector remains as robust as possible.

On the policy front, we have created a new Pensions Forum and embedded our policy work in the regions with presentations and a regular policy presence to ensure that our work does not become ‘London-centric’.

We have added guidance for charities on a range of subjects ensuring charities are kept up to date with the latest legal and regulatory changes alongside highlighting best practice.

## Growth in reach

Since 2013 we have grown our charity membership by 6%. We have seen strong growth in London and the South East, where membership has grown by 9%. Unfortunately, in the Northern region we have seen membership fall by 5% over the same period. The unevenness of growth in reach is something that we need to address in future years.

We have partnered with Association of Charitable Foundations to create a Finance in Grantmaking Special Interest Group (SIG), which provides a place for foundations to discuss the unique challenges facing them in supporting their grantees.

## Growth in influence

CFG has seen its influence in the sector grow substantially. We have put charity finance topics, particularly tax, at the heart of the sector debate. We have done this through representation to the government on legislation such as the Gift Aid Small Donations

Scheme and developing policy papers such as our Charity Tax Plan.

We have created a Voluntary Sector Policy Forum to bring the sector together regularly on budget submissions, boosting the sector’s voice as well as ensuring that charity finance issues are considered as part of sector-wide submissions.

We have continued our long standing campaign on pension reform, and are now close to securing changes which could benefit charities, despite initial opposition from government. We have also secured change on the Apprenticeships Levy, putting charities concerns in front of Ministers and getting charities more time to spend the Levy effectively.

Recognising the international nature of banking and the work of charities in England and Wales, we have also formed global partnerships and successfully lobbied for global regulatory change on money laundering and terrorist financing regulations via the Financial Action Task Force.

This work has helped to prevent potentially negative changes impacting the sector, delivered positive reforms for charities and put us in a strong position ahead of the financial challenges that face the sector in the years ahead, such as Brexit.

## Growth in income

Income has grown considerably since 2012/13 as shown in the table below. Even despite a large restricted grant for the Small Charities Programme, CFG has put itself on a sustainable financial footing.

	Unrestricted Income	Restricted Income	Total Income
2012/13	1,556,144	-	1,556,144
2013/14	1,689,612	-	1,689,612
2014/15	1,775,227	31,227	1,806,454
2015/16 *	1,875,290	137,850	2,013,140
2016/17	1,871,464	-	1,871,464

\*In this financial year we recognised the whole of a £135,000 grant received to support our Small Charities Programme that has run from 2015 to 2017.

# LEADERSHIP

# STRATEGY 2017/20

Our last strategy aimed to grow our income, our reach and the range of products and services that we offered. Our view is that this strategy was successful in many respects, but it is important that we adapt to the changing environment facing charities.

As an organisation, and as a network, we have grown a lot, not just in size and reach but in the way in which we engage with one another; members, corporate partners and within CFG itself. Keeping charities up to date with the latest technical content and best practice will continue to be the core of our work, and will be a staple part of what we deliver, but we know that charities need more if they are going to be the most effective that they can be.

This is why we have developed our 'leadership strategy' for the next three years.

This builds on our leadership in highlighting the critical role that finance plays in social change. We will continue to champion the importance of good financial management and sufficient financial knowledge that is essential to the success of charities. Strong leadership within a charity is often the missing link between turning the technical skill and information at the disposal of a charity into lasting change and improved performance for beneficiaries.

Our strategy involves three strands. Firstly, we will strengthen ourselves as a leader and champion in the sector. Secondly, we will enable leaders in our sector to better understand finance and turn more finance professionals into sector leaders. This will improve standards of leadership in charities to deliver lasting change. Thirdly, we will

lead by example. We will share CFG's experiences with charities. We will pilot new ways of improving the management and governance of our charity.

Taken together, we believe that this approach is the best way that we can support charities over the coming years to grapple with the challenges that they are facing and enable them to take the biggest step forward towards higher standards.

## CFG's strategic goals 2017/20

A critical question that every charity must ask itself is: **What does success look like?**

We believe that charities need to be bold if they are going to make the biggest possible impact. We have crafted our strategy in a way which is consistent with our values, particularly 'walking the walk' not just 'talking the talk'. On the opposite page are our goals for the coming three years and what we envisage success will look like.

## Be the go-to body

Charities and not-for-profit organisations can only lead if they have sufficient technical support and expertise. Leadership without knowledge is blind. The range of activities covered by finance professionals has also increased substantially, with IT, HR and governance also becoming part of their responsibilities.

**By 2020, CFG will have:**

- Established itself as the most trusted and respected source of guidance across the UK on strong financial management, governance and leadership issues that determine financial security;
- Held events and have online tools which cover the key topics to enable public benefit organisations to effectively manage their finances;
- Expanded the support that we provide to cover Community Interest Companies and Academies which are growing significantly in numbers and importance to the not-for-profit sector.

## Financial skills for leaders and leadership skills for finance professionals

We must equip existing leaders in the sector to understand financial management, which is critical to the success of all organisations. But we must also equip finance professionals to become leaders so that they can make the case for change in their own organisations.



### By 2020, CFG will have:

- Provided the opportunity for finance professionals to develop leadership skills through strengthening existing products, such as the Inspiring Financial Leadership course, and adding new services;
- Increased the support that is available to Chief Executives, Chairs, Trustees and other senior leaders on finance;
- Built networks to both support existing not-for-profit leaders and nurture the next generation.

## Leading by example

If we want to lead the sector, then we must be prepared to demonstrate the path forward through our own work. Organisations are also under increasing scrutiny, and may lack the space to try out new ideas and take risks. We have a role to play in experimenting with new approaches and sharing those across the sector so that we can reduce the risks and costs of innovation.

### By 2020, CFG will have:

- Experimented with new approaches to charity finance issues such as risk management, linking financial information with performance and monitoring impact;
- Shared our learning with our members and the wider charity sector through our conferences, events and online resources;
- Created a culture of innovation within our charity which will ensure a continuous stream of new ideas and solutions.

# OBJECTIVES

## 2017/18

### Be the go-to body

- We will have produced new guidance on financial governance, data protection and other challenges facing the sector;
- We will have increased the number of online resources to help charities (large and small) manage their finance effectively;
- We will have created a new product to help banks better serve their charity customers;
- We will have created online resources, training and support for Community Interest Companies;
- We will launch a new website to enable charities, CICs and the wider not-for-profit sector to access our resources;
- Numbers attending our training, conferences and members' meetings will continue to grow to meet the needs of charities for advice and support.

### Financial skills for leaders and leadership skills for finance professionals

- We will have refreshed our offering for trustees and chairs of charities through a combination of face-to-face training and online resources to boost financial governance;
- We will have strengthened our CEO Alumni Network to support finance leaders that have made the transition to become chief executives, and to encourage CEOs of the future;
- We will have launched a Mentoring Scheme to partner experienced charity finance professionals with the next generation of financial leaders in the sector.

### Leading by example

- We will have embedded our new IT systems and created an effective system for monitoring our performance internally, sharing our experiences with the wider sector;
- We will have made progress towards building a culture of innovation and collaboration within CFG.

# REVIEW OF FINANCIAL POSITION



## CFG's Business Model

CFG has historically derived its income from four main sources. We receive membership subscriptions from our members and our corporate partners. Members and non-members pay fees to attend our conferences and training events. We also receive fees, sponsorship and advertising income from our corporate partners and sell exhibition stands at our conferences and events. Finally, and importantly, as we are a charity ourselves we hold an annual fundraising dinner in London with tables being hosted and paid for by our corporate partners.

Our funding model has been almost entirely based on earned income, with profits in some areas financially supporting other areas of our charitable delivery. Following on from the success in 2015/16 where we secured a grant of £135,000 from The Esmée Fairbairn Foundation to fund a Small Charities Programme we will continue to look at alternative funding streams.

Approximately half of our total income (including donated goods and services) comes from our corporate partners and this helps us to deliver our charitable objectives. It enables us to subsidise costs for charities to allow them to access the support they need at a low price, and supports our policy work to ensure we work towards an environment in which charities can thrive. However, it is not just the income from these sources that is so pivotal to CFG, but also the expertise and value that our partners add in participating in our activities and their support for charities.

## Results for the year

We are pleased to report that 2016/17 was another positive year financially. A net surplus of £55,910 was generated with total unrestricted reserves (including the Fixed Asset Reserve and Designated Funds) increasing from £549,615 to £684,151. The ambitious upgrade of our Customer Relations Management database, financial system and Website continues and our Fixed Asset Reserves now includes the costs to date of this project and c£131,699k remains to complete the project and then to invest in a possible phase 2 to improve the customer experience further. The main aim is to build fully integrated systems where the user experience is improved and less time is spent internally on administration.

A balance of £30,516 remains from the designated fund of £134,872 set up to cover the remaining elements of the Small Charities Programme.

£85,000 remains for further Business Improvements. Part of this funding will cover the costs of involvement required in unplanned policy engagement. This will be used in 2017/18 for a Brexit Workplace Survey. In addition, we will be devising a Crisis Communications Plan which can then be disseminated to our members as an example of good practice. Some of the fund will be used to celebrate the 30th Anniversary of CFG, promoting the need for inspiring financial leadership within the sector. Finally, the fund will be used for any further organisational development required to improve user experience and to cover any necessary additional accommodation costs that will be required as we come closer to the end of our current property lease in 2018.

Expenditure increased from £1,656,333 in 2015/16 to £1,815,554 in 2016/17 (+ 9.6%). Partially this is a result of expenditure relating to the Small Charities Programme but also reflects a rise in employee costs as key roles, vacant for large parts of 2014/15 and 2016/17 were filled.

Overall income reduced from £2,013,140 to £1,871,464 – a decrease of £141,676. The reduction was as a result of the recognition in 2015/16 of the £135,000 Esmée Fairbairn grant.

Due largely to the use of the Designated and Restricted Funds above, there will be a planned deficit in 2017/18 of approximately £115,000.

### Reserves policy

As part of the 2017/18 Budget setting process, the Finance and Audit Committee reviewed CFG's Reserves Policy. It was confirmed that the policy agreed previously was still valid and that CFG maintained free reserves:

- To provide a sustainable and appropriate level of working capital;
- To allow for periods of unexpected drops in planned income;
- To cope with sudden short-term increases in planned expenditure;
- To provide cover for other risks, contingencies or unforeseen events (these would have a low likelihood of occurring but, if they did, would have a significant impact on CFG).

As a result, the free reserves range of £175,000 to £275,000 would be maintained.

Our available free reserves as at 31 March 2017 were £278,360 (2016: £165,773) marginally above the top of the target range.

The Board will at times designate funds from free reserves for specific costs that fall outside the normal business as usual expenditure.

### Investment policy

CFG receives income on an annual basis through membership subscriptions, sponsorship, grants and other sources. It plans activities over a three-to-five-year time horizon and budgets to expend all anticipated income, except for retaining a prudent amount in reserves. It has no permanent endowment and provides for capital expenditure within the budget. The only funds of CFG that are not expendable within 12 months of receipt are reserves and any grants or contracts for activities over a longer period. Consequently the Board of Trustees does not consider that it is prudent to invest income for the longer-term. Its policy is therefore to retain funds as cash and place them on bank deposit at the best rate obtainable. As a result it considers that it is not appropriate for CFG to adopt an ethical investment policy at this time.

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# STRUCTURE, GOVERNANCE AND MANAGEMENT



## Structure

Charity Finance Group (CFG) was incorporated by guarantee on 29 March 1996, changing its name from the Charity Finance Directors' Group on 20 March 2015, it has been trading as CFG since 2012. We have no share capital and the guarantee is limited to £1 per member. The governing document is the Memorandum and Articles of Association of the company, which was amended on 6 November 2014 following a Group Members' Special Resolution. The Board of Trustees are the directors of the company, and we have one wholly-owned trading subsidiary, CFG Trading Limited, which carries out all trading activities for CFG. See note 2 to the financial statements.

## Board

The Board consists of up to ten Trustees, all able to serve two terms of three years. Up to seven are required to be CFG members, and the Board may appoint three non-member Trustees in order to bring in wider necessary skills and experiences. Member Trustees are elected by their fellow members.

Non-member Trustees are appointed after an open recruitment process. The Chair and officers of the Board are appointed by the Trustees from among their number. The Board meets four times a year and holds additional strategy planning sessions and away days in order to closely engage with the work CFG delivers. This year the focus was on our next 3 year strategy and how we have evolved as an organisation.

The Board also receive bi-weekly updates on day to day activities, new risks and progress against key objectives. This provides the Board with regular and valuable information in order to carry out their duties and responsibilities as CFG Trustees. Sub-committees and ad hoc task and finish sub-groups of the Board are convened to expedite the execution of duties. Current sub-committees (Nominations Committee, Remuneration Committee and Finance and Audit Committee) are governed by their own terms of reference and delegated duties are approved by the full Board. Sub-committees are served by Trustees and co-opted independent appointees. Special Advisors and expert forums provide support and advice to the Board and staff. Current forums are the Pensions Forum, the Banking Forum and the Technical Accounting Forum. Members are supported across England and Wales in four regions: London and the South East; Midlands; Northern; and the South West and Wales, through the use of regional engagement forums which were introduced in 2013.

## Board induction and conduct

Trustees sign a code of conduct and complete a register of interests (reviewed annually). Induction support and a Trustee handbook are provided to new Trustees by the staff team and Chair. The handbook includes a copy of relevant policies, procedures, governance information and role descriptions.

## Management

Day-to-day management of CFG is delegated to the CEO. Performance and risk is monitored against strategic objectives. CFG's headcount is currently, as at 4 September 2017, 22 full time positions.

## Risk management

CFG's strategic risks are defined as those matters which could inhibit or, if managed appropriately, advance the achievement of our charitable objects as articulated in our outcomes framework. Trustees do not fix these risks by category or by nature but rather have adopted a dynamic approach which considers the appropriate risk response to a wide range of variables (e.g. the environment). The major risk elements have been reviewed and systems or procedures have been established to manage them. The Board of Trustees are satisfied that reasonable steps are being taken to limit the probability and the impact of risk.

CFG continues to develop an approach to embed active risk management into the day-to-day running of the organisation. Risk is the responsibility of every member of staff and all Trustees. It has been embedded into staff activities, reporting and Board meetings ensuring CFG has the best opportunity to prevent issues arising and minimise risks. The senior management team review the risks on a regular basis, especially when considering changes to plans or new opportunities. The Trustees review a risk issues log at Finance & Audit Committee (twice a year) and Board meetings (once a year) in order to monitor the effectiveness of CFG's risk management. Key changes in risk are reported to the Board as required and it is a standing agenda item at every Board meeting.

We have identified those risks (governance, compliance, systems and financial management) that are preventable and have implemented systems and controls to avoid, eliminate or minimise risks. External risks, such as a situation preventing the delivery of a major CFG event (eg the Annual Conference) are managed through the negotiation of appropriate contract terms and insurance.

Under this approach to risk, we monitor the issues encountered on an ongoing basis. We are able to state that the three key areas of risk that most frequently arose during the period were categorised as 'reputation', 'relevance/effectiveness' and 'systems, policies and procedures'. Over the next 12 months we believe that we will need to continue to focus on these three areas:

**Reputation:** as we commence our three-year leadership strategy, our tone of voice and activities will intentionally become bolder. We recognise the importance of our reputation to our policy and engagement work and will continue to ensure that we remain balanced, evidence based and brave in the stances we take.

**Relevance/effectiveness:** as a charity that relies on member and corporate partner engagement to continue to deliver change, we recognise the critical importance of ensuring our products and services not only remain relevant and up-to-date but also stay one step ahead of developments. We will focus on enhancing our collection and analysis of data from users and we will improve our pipeline of new product development through the creation of our business-development directorate.

**Systems:** as we continue to invest in upgrading our systems and website we recognise risks as well as opportunities. In particular it is important to ensure that such a significant investment results in more efficient and effective digital delivery to our beneficiaries.

## Our governance around remuneration: how we decide how much to pay our staff

CFG is an accredited Living Wage employer and we are committed to ensuring that we pay our staff fairly and in a way which ensures we attract and retain the right skills to have the greatest impact in delivering our charitable objectives.

In accordance with the Statement of Recommended Practice (SORP):

CFG discloses all payments to trustees (no trustees receive 'pay');

Discloses the number of staff in receipt of more than £60,000 and above (in bands of £10,000);

Discloses pensions and other benefits.

CFG has a Remuneration Committee, which meets annually, is comprised of the CFG Chair, Vice-Chair, Treasurer and one other (who shall be appointed by the Chair), which sets the pay for all staff.

The Chief Executive and Director of People and Performance attend the meeting (leaving for the discussion regarding their remuneration respectively) and no members of the executive are members of the committee.

The main responsibilities of the Committee are to:

- Review the CFG salary banding against an agreed independent market benchmarking tool (currently CCH Charity Salary survey) and make sure amendments as are appropriate to ensure that CFG salaries remain competitive;
- Determine the remuneration package of the Chief Executive;
- Approve the annual percentage increase in the payroll for all staff (which can be zero) taking into account RPI as at 31 December for the previous year;
- Approve any consolidated pay awards and staff salary increases outside of the annual review process as recommended from time to time by the Chief Executive;

- Approve any non-consolidated pay awards (bonus) as recommended by the Chief Executive;
- Determine pension arrangements and ensure that contractual terms on termination are fair to the individual and the charity, that poor performance is not rewarded and a duty to mitigate loss is recognised.

In determining CFG's remuneration policy, the Remuneration Committee takes into account all factors which are deemed necessary. The objective of the policy is to ensure that the Chief Executive and staff team are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Charity.

The appropriateness and relevance of the remuneration policy is reviewed annually, including reference to comparisons with other charities ensuring CFG remains sensitive to the broader issues e.g. pay and employment conditions elsewhere.

We aim to recruit, subject to experience, at the lower – medium point within a band, providing scope for development and opportunity to be rewarded for excellence. We do not employ interns without pay and we pay at least the London Living Wage for all our staff.

Delivery of CFG's charitable vision and purpose is primarily dependent on our staff, which is the largest single element of charitable expenditure. In 2016-17 CFG awarded staff a 2% cost of living uplift in salary. One member of staff earns more than £60,000 per annum (being remunerated £95,213).

Further information on pension arrangements and on the salary costs for the year with comparisons to the previous year are presented in the notes to the financial statements.

# STATEMENT OF TRUSTEES' RESPONSIBILITIES





### **The Trustees are responsible for preparing the Strategic Report, the Report of the Board of Trustees and the financial statements in accordance with applicable law and regulations.**

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group for that period.

In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting 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 charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the trustees. The trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

The Trustees have confirmed that, so far as they are aware, there is no relevant audit information of which the charitable company's auditors are unaware, and that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

### **Appointment of auditors**

Mazars LLP were appointed during the year as our Auditors for the second year and they will be proposed for reappointment in the coming year.



**Nicki Deeson**  
Chair

# FINANCIAL STATEMENTS

## Consolidated statement of financial activities

For the year ended 31 March 2016 (Incorporating the income and expenditure account)	Unrestricted funds		Restricted Funds	Total	Total
	Notes	2017	2017	2017	2016
<b>INCOME FROM:</b>	1	£	£	£	£
<b>Donations &amp; Legacies</b>		814	-	814	142,321
<b>Charitable Activities</b>					
Developing Skills, Learning, Knowledge & Practice		1,122,560	-	1,122,560	1,117,328
Inspiring Financial Leadership		472,368	-	472,368	487,133
Encouraging a Supportive Environment		138,354	-	138,354	126,861
<b>Other trading Activities</b>					
Annual Fundraising Dinner		135,207	-	135,207	133,526
<b>Investments</b>		2,161	-	2,161	3,215
<b>Other</b>		-	-	-	2,756
<b>TOTAL INCOME</b>		<b>1,871,464</b>	<b>-</b>	<b>1,871,464</b>	<b>2,013,140</b>
<b>EXPENDITURE ON:</b>					
<b>Raising Funds</b>					
Annual Fundraising Dinner		67,870	-	67,870	76,498
<b>Charitable Activities</b>					
Developing Skills, Learning, Knowledge & Practice		1,017,906	61,401	1,079,307	969,307
Inspiring Financial Leadership		319,873	-	319,873	325,398
Encouraging a Supportive Environment		331,279	17,225	348,504	285,130
<b>TOTAL EXPENDITURE</b>	<b>3</b>	<b>(1,736,928)</b>	<b>(78,626)</b>	<b>(1,815,554)</b>	<b>(1,656,333)</b>
<b>NET INCOME</b>	<b>4</b>	<b>134,536</b>	<b>(78,626)</b>	<b>55,910</b>	<b>356,807</b>
<b>TOTAL FUNDS BROUGHT FORWARD AT 1 APRIL</b>		<b>549,615</b>	<b>128,178</b>	<b>677,793</b>	<b>320,986</b>
<b>TOTAL FUNDS CARRIED FORWARD AT 31 MARCH</b>	<b>10</b>	<b>684,151</b>	<b>49,552</b>	<b>733,703</b>	<b>677,793</b>

There are no recognised gains or losses other than those in the statement of financial activities. Therefore no statement of total recognised gains or losses has been prepared.

For Companies Act purposes, total income is £1,641,068 (2016: £1,793,399) and total expenditure is £1,585,158 (2016: £1,436,592), which is total income and total expenditure as shown above, both net of gifts in kind of £230,396 (2016: £219,741).

All the above amounts relate to continuing activities

For the charity, total income is £1,855,934 (2016: £1,990,161) and total expenditure is £1,808,842 (2016: £1,633,354).

# BALANCE SHEETS

As at 31 March 2017 Company no. 03182826	Notes	2017		2016	
		Group	Charity	Group	Charity
<b>FIXED ASSETS</b>		£	£	£	£
<b>Tangible Assets</b>	6	153,495	153,495	29,013	29,013
<b>Investments</b>	7	-	10,000	-	10,000
<b>TOTAL</b>		<b>153,495</b>	<b>163,495</b>	<b>29,013</b>	<b>39,013</b>
<b>CURRENT ASSETS</b>					
<b>Debtors</b>	8	734,604	493,032	834,802	499,938
<b>Short term deposits</b>		632,024	632,024	630,582	630,582
<b>Cash at bank and in hand</b>		293,780	235,505	292,903	204,910
<b>TOTAL</b>		<b>1,660,408</b>	<b>1,360,561</b>	<b>1,758,287</b>	<b>1,335,430</b>
<b>LIABILITIES</b>					
<b>Creditors: amounts falling due within one year</b>	9	(1,080,200)	(799,171)	(1,109,507)	(696,650)
<b>NET CURRENT ASSETS</b>		<b>580,208</b>	<b>561,390</b>	<b>648,780</b>	<b>638,780</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>733,703</b>	<b>724,884</b>	<b>677,793</b>	<b>677,793</b>
<b>FUNDS</b>	10				
<b>Unrestricted funds</b>					
Free Reserves		278,360	269,541	165,773	165,773
Fixed Asset Reserves		153,495	153,495	29,013	29,013
<b>Designated Funds</b>					
ICT Development		131,699	131,699	120,853	120,853
Inspiring Financial Leadership		5,081	5,081	3,414	3,414
Business Improvements		85,000	85,000	125,000	125,000
Small Charities Programme		30,516	30,516	105,562	105,562
<b>Restricted funds</b>					
Community Accountants Network		4,277	4,277	9,277	9,277
Small Charities Programme		45,275	45,275	118,901	118,901
<b>TOTAL</b>		<b>733,703</b>	<b>724,884</b>	<b>677,793</b>	<b>677,793</b>

The financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies. The notes on pages 32 to 39 form part of these accounts.

The accounts were approved and authorised for issue by the Board of Trustees on 5th October 2017 and signed on their behalf by:




**Nicki Deeson**  
Chair

**John Tranter**  
Treasurer

# CONSOLIDATED STATEMENT OF CASH FLOWS AT 31 MARCH 2017

	2017	2017	2016	2016
<b>Cash-flows from Operating Activities</b>				
Net Income	55,910		356,807	
Adjustments for:				
Depreciation	13,245		11,929	
Interest Expense	2,161		3,215	
Trade and Other Receivables	100,199		(141,149)	
Trade and Other Payables	(29,306)		75,778	
<b>Cash-flows generated from operations</b>		<b>142,207</b>		<b>306,580</b>
Interest Paid		(2,161)		(3,215)
<b>Net Cash-flow from operating activities</b>		<b>140,046</b>		<b>303,365</b>
<b>Cash flows from investing activities</b>				
Purchase of IT Systems/Equipment	(137,727)		(17,386)	
Proceeds on disposal of Equipment	-		1,094	
		(137,727)		(16,292)
<b>NET INCREASE IN CASH</b>		<b>2,319</b>		<b>287,073</b>
	<b>At 1st April 2016</b>	<b>Cash-flows</b>	<b>At 31st March 2017</b>	
<b>Cash at bank</b>	292,903	877	293,780	
Cash on deposit	630,582	1,442	632,024	
	<b>923,485</b>	<b>2,319</b>	<b>925,804</b>	

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# NOTES TO THE FINANCIAL STATEMENTS



# 1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)) and the Companies Act 2006.

The Charity Finance Group 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(s).

The principal accounting policies of the Group are set out below:

## Consolidation

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the charity and of its subsidiary undertaking, namely CFGD Trading Limited. The results of the subsidiary are consolidated on a line-by-line basis.

The charity has availed itself of paragraph 3(3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the charity's activities. No separate SOFA or income and expenditure account has been presented for the charity alone as permitted by section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

## Fund accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the charitable objectives of CFG.

## Recognition of income

All income (including grants) is accounted for as soon as CFG has entitlement to the income, there is certainty of receipt and the amount is quantifiable.

## Donated facilities

Donated facilities, as described in note 4b below, are included at the value to CFG i.e. the value CFG would have paid in the open market. Although SORP 2015 recommends that the value of donated facilities is included in voluntary income, they are included under the relevant category of income for charitable activities because CFG considers this gives a fairer presentation.

## Members' subscriptions and events & conferences and deferred income

Subscriptions and events income are accounted for in the year to which they apply. Subscription income received during the year that relates to a subsequent financial accounting period is carried forward as a creditor in the balance sheet and shown as deferred subscriptions income. It is accrued in line with the benefits received.

## Pensions

Contributions to our defined contribution group personal pension scheme are charged to revenue according to the period to which they relate.

## Expenditure

All expenditure is accounted for on an accruals basis and has been listed under headings that aggregate all the costs related to that activity. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing CFG to the expenditure. Where costs cannot be directly attributed they have been allocated to activities on a basis consistent with the use of the resources. Direct costs, including directly attributable salaries, are allocated on an actual basis to the key strategic areas of activity. Overheads and other salaries are allocated between expenses headings on the basis of time spent.

The cost of the Annual Fundraising Dinner covers direct expenditure on the dinner together with the appropriate allocation of staff and support costs.

Charitable activities include expenditure associated with the operation of CFG and the provision of our services.

## Operating leases

Rentals paid under operating leases are charged to expenditure on a straight-line basis over the terms of the leases. In accordance with UITF Abstract 28 operating lease incentives and SSAP 21, the rent free period incentive on the lease of 15/18 White Lion Street, London, N1 9PG, has been spread over the term to the first break in the lease i.e. three years.

## Going concern

Free unrestricted reserves of CFG at the year-end amount to £288,360. After consideration of the current strategic plan to 2019/20 and with an aligned 3 year budget agreed, the Trustees consider there is a reasonable expectation that the CFG group has adequate resources to continue in operational existence for the foreseeable future. The Trustees are also satisfied with the controls in place for monitoring and flexing the budget throughout the years. There are no material uncertainties that would impact on the charity's ability to continue. Accordingly we continue to adopt the going concern basis in preparing this annual report and financial statements.

## Fixed assets

Fixed assets are stated at historical cost less depreciation. Assets with a cost in excess of £2,000 and which are intended to be of ongoing use to CFG in carrying out its activities are capitalised as fixed assets.

Depreciation/amortisation is charged on all tangible/intangible fixed assets at 25% of cost per annum, so as to write them off over their expected useful lives.

## Investments

The investment in the subsidiary CFGD Trading Limited is valued at cost.

# 2. RESULTS FROM THE TRADING ACTIVITIES OF THE SUBSIDIARY

The charity has one wholly owned subsidiary which is incorporated in Great Britain. CFDG Trading Limited was incorporated on 5th February 2009 to raise funds via commercial

activities and sponsorship for CFG. CFDG Trading Limited donates its taxable profits to CFG under Gift Aid subject to its working capital requirements being maintained.

	2017 £	2016 £
<b>CFDG Trading Limited</b>		
Turnover	539,600	597,616
Cost of Sales	(128,173)	(190,345)
<b>Gross Profit</b>	<b>411,427</b>	<b>407,271</b>
Administrative Expenses	(2,720)	(2,285)
<b>Operating Profit</b>	<b>408,707</b>	<b>404,986</b>
Interest receivable	111	218
<b>Profit before tax and Gift Aid distribution</b>	<b>408,818</b>	<b>405,204</b>
<b>Fund balance brought forward</b>	<b>30,204</b>	-
Distribution to parent charity	(420,204)	(385,000)
Retained in subsidiary	18,818	20,204
<b>Balance sheet</b>		
Current Assets	414,401	581,847
Current liabilities	(395,583)	(571,847)
<b>Net assets</b>	<b>18,818</b>	<b>10,000</b>
Share capital	10,000	10,000
Reserves	8,818	20,204
<b>TOTAL FUNDING</b>	<b>18,818</b>	<b>30,204</b>



# 3. EXPENDITURE ANALYSIS

## a) Analysis of total expenditure

	Staff costs £	Support £	Other direct costs £	Total 2017 £	Total 2016 £
<b>Raising Funds</b>					
Annual Fundraising Dinner	18,529	3,924	45,417	67,870	76,498
<b>Charitable activities</b>					
Developing Skills, Learning, Knowledge & Practice	580,808	121,851	376,648	1,079,307	969,307
Inspiring Financial Leadership	145,359	30,576	143,938	319,873	325,398
Encouraging a Supportive Environment	199,254	41,812	107,438	348,504	285,130
<b>TOTAL EXPENDITURE</b>	<b>943,950</b>	<b>198,163</b>	<b>673,441</b>	<b>1,815,554</b>	<b>1,656,333</b>
<b>TOTAL EXPENDITURE 2014/15</b>	<b>798,984</b>	<b>237,838</b>	<b>619,511</b>	<b>1,656,333</b>	

Within total expenditure the 'Other direct costs' column includes costs of £230,396 (2016: £219,741) relating to services donated to CFG that were

not incurred by CFG (see note 4b). Had these services not been donated CFG would have incurred this cost.

## b) Analysis of support costs

	Raising Funds £	Developing Skills, Learning, Knowledge and Practice £	Inspiring Financial Leadership £	Encouraging a Supportive Environment £	Total 2017 £	Total 2016 £
Premises	1,468	45,595	11,441	15,646	74,150	65,309
Office Supplies	119	3,703	929	1,271	6,022	6,044
IT & Communications	1,064	33,022	8,286	11,331	53,703	96,525
HR, Recruitment & Training	561	17,414	4,370	5,975	28,320	36,832
Financial costs	179	5,553	1,393	1,905	9,030	6,065
Depreciation	262	8,144	2,044	2,794	13,244	11,929
Governance (incl External Audit)	271	8,420	2,113	2,890	13,694	15,134
<b>TOTAL</b>	<b>3,924</b>	<b>121,851</b>	<b>30,576</b>	<b>41,812</b>	<b>198,163</b>	<b>237,838</b>

All support costs are allocated on the basis of staff time. Staffing support costs have not been analysed as the majority of CFG staff work directly on

activities and the amount that can be allocated to support is therefore not material.

# 4. NET OUTGOING RESOURCES

## a) These are stated after charging:

	2017 £	2016 £
<b>Auditor's remuneration</b>		
Audit – current year	8,070	7,000
Non-audit services	1,100	824
Depreciation	13,245	11,929
Operating lease premises	44,259	41,840

## Operating lease commitments

The minimum payments, which CFG is committed to make in the coming year under operating leases, are as follows:

	Group and Charity Property	
	2017 £	2016 £
<b>Leases which expire:</b>		
Within one year	45,640	45,640
Within one to two years	16,756	45,640
Within two to five years	-	16,756
<b>TOTAL</b>	<b>62,396</b>	<b>108,036</b>

## b) Valuation of donated resources

Donated facilities are included at the value to CFG. These are largely made up of meeting and training venues, audio-visual equipment and refreshments.

	2017 £	2016 £
<b>Raising Funds</b>		
Annual Fundraising Dinner	1,016	2,551
<b>Charitable activities</b>		
Developing Skills, Learning, Knowledge & Practice	187,018	180,042
Inspiring Financial Leadership	6,008	9,434
Encouraging a Supportive Environment	36,354	27,714
<b>TOTAL</b>	<b>230,396</b>	<b>219,741</b>

# 5. TRUSTEES AND EMPLOYEE INFORMATION

## a) Trustee information

No remuneration was paid to or waived by, any Trustee during the year (2016: £Nil). Expenses of £2,978 for travel and subsistence were reimbursed to six trustees during the year (2016: £2,206, four trustees).

## b) Employee information

<b>Employee numbers</b>	<b>2017 No.</b>	<b>2016 No.</b>
The full time equivalent number of staff employed during the year was:	21.8	19.6
The average headcount during the year was:	21.9	20.0
<b>Employee costs during the year were:</b>	<b>£</b>	<b>£</b>
Salaries	811,531	690,435
Social security	82,277	70,669
Pension	44,474	34,704
<b>Subtotal salaried staff</b>	<b>938,282</b>	<b>795,808</b>
Contractors	2,120	2,550
Holiday Pay Accrual	5,668	728
Other	-	(102)
<b>TOTAL EMPLOYEE COSTS</b>	<b>946,070</b>	<b>798,984</b>

As can be seen from the above table, there was an increase in salaried staff as vacant posts were filled.

The number of employees whose total pay amounted to £60,000 or above for the year is as follows:

	<b>2017 No.</b>	<b>2016 No.</b>
£90,001 - £100,000	1	1

Total pay for this purpose includes gross salary but excludes expenses. Systems are in place for the correct management of expenses.

The one member of staff included in the above bandings for 2017 has benefits accruing under CFG's group personal pension arrangement. The employer contributions into the group personal pension scheme during the year on behalf of this member of staff amounted to £9,335 (2016: £9,197).

There were twenty-two active members of staff in total accruing benefits under the group's personal pension schemes as at 31 March 2017 (2016: eleven).

### **c) Remuneration of Key Management Personnel**

The total of employee benefits received by Key Management Personnel in 2016/17 is £261,270 (2016: £135,514). CFG's Board had defined that "key management personnel" would be based on our scheme of delegation where significant control had been delegated to the CEO and others; namely Directors or those making decisions of a significant nature. As a result the following roles have been included; CEO, Director of Services & Enterprise till 6th July 2016, Head of Business Development from 1st October 2016, Head of Policy and Engagement, HR Manager and the Head of Finance and IT. The increased cost in 2016/17 relates largely to the fact that in the previous year the inclusion of the additional posts occurred only from January 2016.

### **d) Pensions**

CFG offers an auto-enrolment compliant group personal pension scheme which is currently administered and managed by the Peoples Pension. For previously signed up employees CFG has a group personal pension scheme which is currently administered and managed by Aegon. New employees are enrolled at an employee contribution rate of 3%. CFG pays twice the percentage that the employee contributes up to a maximum of 10%. The amount of outstanding contributions at 31 March 2017 was £12,168 (2016: £4,856).

# 6. TANGIBLE AND INTANGIBLE FIXED ASSETS - GROUP AND CHARITY

	Office Furniture (Tangible Fixed Assets) £	Computers (Tangible Fixed Assets) £	Software (Intangible Fixed Assets) £	Total £
<b>Cost</b>				
At 1 April 2016	25,683	24,399	-	50,082
Additions	-	18,573	119,154	137,727
<b>At 31 March 2017</b>	<b>25,683</b>	<b>42,972</b>	<b>119,154</b>	<b>187,809</b>
<b>Depreciation/Amortisation</b>				
At 1 April 2016	(11,252)	(9,817)	-	(21,069)
Charge for the year	(6,421)	(6,824)	-	(13,245)
<b>At 31 March 2017</b>	<b>(17,673)</b>	<b>(16,641)</b>	<b>-</b>	<b>(34,314)</b>
<b>Net book value</b>				
<b>At 31 March 2017</b>	<b>8,010</b>	<b>26,331</b>	<b>119,154</b>	<b>153,495</b>
<b>At 31 March 2017</b>	<b>14,431</b>	<b>14,582</b>	<b>-</b>	<b>29,013</b>

The above fixed assets are used to support all of CFG's activities. At 31st March 2017 CFGD Trading Limited had no fixed assets.

# 7. INVESTMENTS

		Shares in subsidiary undertaking No.	Charity £
<b>At historic cost:</b>			
At 1 April 2016 and at 31 March 2017		10,000	10,000
<b>Principal Subsidiary Undertakings</b>	<b>Registered in</b>	<b>Percentage of</b>	<b>137,727</b>
CFDG Trading Limited	England & Wales	100%	10,000

## 8. DEBTORS

	2017		2016	
	Group £	Charity £	Group £	Charity £
Trade debtors	534,002	182,737	552,093	67,433
Other debtors	17,309	17,309	16,412	16,412
Prepayments & accrued income	183,293	183,293	266,297	259,716
Amounts owed by subsidiary	-	109,693	-	156,377
	<b>734,604</b>	<b>493,032</b>	<b>834,802</b>	<b>499,938</b>

All amounts fall within one year.

## 9. CREDITORS

	2017		2016	
	Group £	Charity £	Group £	Charity £
Trade creditors	133,950	132,630	188,817	188,817
Deferred income	795,302	512,283	798,190	385,275
Pension contributions outstanding	12,168	12,168	4,857	4,857
Taxation & social security creditors	78,751	81,250	78,231	77,926
Other creditors and accruals	60,029	58,479	39,412	39,775
Amounts owed to subsidiary	-	2,362	-	-
	<b>1,080,200</b>	<b>799,172</b>	<b>1,109,507</b>	<b>696,650</b>

All deferred income brought forward at the beginning of the year was released to income during the year (2016: same).

# 10. OUTLINE SUMMARY OF FUND MOVEMENTS

Fund	Balance b/f 1st April 2016	Income	Expenditure	Transfer between Funds	Balance c/f 31st March 2017
<b>Unrestricted Funds</b>					
Free Reserves	165,773	1,871,464	(1,661,882)	(96,995)	278,360
Fixed Asset Reserves	29,013			124,482	153,495
<b>Designated Funds</b>					
ICT Development	120,853	-	-	10,846	131,699
IFL Training	3,414	-	-	1,667	5,081
Business Improvements	125,000	-	-	(40,000)	85,000
Small Charities Programme	105,562	-	(75,046)	-	30,516
<b>Restricted Funds</b>					
Small Charities Programme	118,901	-	(73,626)	-	45,275
Community Accountants Network	9,277	-	(5,000)	-	4,277
<b>TOTAL FUNDS</b>	<b>677,793</b>	<b>1,871,464</b>	<b>(1,815,554)</b>	<b>-</b>	<b>733,703</b>

Free reserves are those reserves that are wholly at the discretion of the trustees to utilise for our charitable objectives. The Fixed Asset reserve equates to the Net Value of CFG's Fixed Assets and therefore can be easily converted into cash balances. An additional £130,000 was transferred into the ICT Development

Designated fund, £90,000 from Free Reserves and £40,000 from Business Improvements. This was offset by £119,154 of expenditure that was capitalised. The remaining £85,000 Business Improvement has been set aside to fund unplanned pro active policy work, to devise a Crisis Communication Plan, for our

30th Anniversary Celebrations and to cover any additional accommodation costs that will be required as we come closer to the end of our current property lease in 2018. £30,516 and 45,275 remains of our designated and restricted funds to cover the remaining elements of the Small Charities Programme.

# 11. CAPITAL COMMITMENTS

At 31 March 2017 there were no capital commitments (2016: none).

# 12. RELATED PARTY TRANSACTIONS

During the year ending 31 March 2017 the Charity charged its subsidiary £124,180 for management fees relating to CFDG Trading Ltd's activities. CFDG Trading Limited Donated £424,204 to CFG from its profits. There were no other related party transactions.

# 13. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total 2016 £
<b>Income from:</b>			
Donations & Legacies	4,471	137,850	142,321
<b>Charitable Activities</b>			
Developing Skills, Learning, Knowledge & Practice	1,117,328	-	1,117,328
Inspiring Financial Leadership	487,133	-	487,133
Encouraging a Supportive Environment	126,861	-	126,861
<b>Other trading Activities</b>			
Annual Fundraising Dinner	133,526	-	133,526
<b>Investments</b>	<b>3,215</b>	-	<b>3,215</b>
<b>Other</b>	<b>2,756</b>	-	<b>2,756</b>
<b>TOTAL INCOME</b>	<b>1,875,290</b>	<b>137,850</b>	<b>2,013,140</b>
<b>EXPENDITURE ON:</b>			
<b>Raising Funds</b>			
Annual Fundraising Dinner	76,427	71	76,498
Developing Skills, Learning, Knowledge & Practice	951,935	17,372	969,307
Inspiring Financial Leadership	324,934	464	325,398
Encouraging a Supportive Environment	279,089	6,041	285,130
<b>TOTAL EXPENDITURE</b>	<b>(1,632,385)</b>	<b>(23,948)</b>	<b>(1,656,333)</b>
<b>NET INCOME</b>	<b>242,905</b>	<b>113,902</b>	<b>356,807</b>
<b>TOTAL FUNDS BROUGHT FORWARD AT 1 APRIL</b>	<b>306,709</b>	<b>14,277</b>	<b>320,986</b>
<b>TOTAL FUNDS CARRIED FORWARD AT 31 MARCH</b>	<b>549,614</b>	<b>128,179</b>	<b>677,793</b>



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF THE CHARITY FINANCE GROUP

**We have audited the financial statements of the Charity Finance Group for the year ended 31 March 2017 which comprise Consolidated Statement of Financial Activities, the Consolidated and Parent Charity Balance Sheets, the Consolidated Statement of Cashflows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".**

## **Respective responsibilities of trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement set out on page 31, 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.

We have been appointed auditor under the Companies Act 2006 and section 151 of the

Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our

audit work has been undertaken so that we might state to the charity's members 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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

## **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

## Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 March 2017 and of the group's 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 requirements of the Companies Act 2006 and the Charities Act 2011.

## Opinion 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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- the charity has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the charity's 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Report of the Trustees.

## Nicola Wakefield

(Senior Statutory Auditor)  
for and on behalf of Mazars LLP

Chartered Accountants and  
Statutory Auditor

Times House, Throwley Way,  
Sutton, Surrey SM1 4JQ

15 November 2017

Mazars LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

# TRUSTEES, OFFICERS AND ADVISORS

## Board of Trustees

Ian Theodoreson  
(Chair until 5 October 2017)

Nicki Deeson  
(Deputy Chair until 5 October 2017,  
Chair from 5 October 2017)

Brigid Janssen  
(Deputy Chair from 5 October 2017)

Kevin Barnes  
(Treasurer until 5 October 2017)

John Tranter  
(Treasurer from 5 October 2017)

Diane Bassett (until 5 October 2017)

Rosie Chapman (until 5 October 2017)

Gary Forster

Samantha Husband

Kerry Shea

Arati Patel (from 5 October 2017)

Liz Fosbury (from 5 October 2017)

Simon Hopkins (from 5 October 2017)

## Finance & Audit Committee

Kevin Barnes  
(Chair until 27 September 2017)

John Tranter  
(Chair from 27 September 2017)

Diane Bassett (until 5 October 2017)

Rosie Chapman (until 5 October 2017)

Samantha Husband

Mark Cornish

Liz Fosbury

## Nominations Committee

Nicki Deeson  
(Chair until 5 October 2017)

Gary Forster  
(Chair from 5 October 2017)

Rodney Buse  
(retired 17 January 2017)

Julia Oliver

Rosie Chapman  
(from 5 October 2017)

Kai Adams (from 5 October 2017)

## Remuneration Committee

Ian Theodoreson  
(Chair until 5 October 2017)

Nicki Deeson  
(Chair from 5 October 2017)

Diane Bassett (until 5 October 2017)

Kevin Barnes (until 5 October 2017)

Brigid Janssen (from 5 October 2017)

John Tranter (from 5 October 2017)

Gary Forster

## Special Advisor

Pesh Framjee

## Chief Executive Officer

Caron Bradshaw

## Head Office and Registered Office

Charity Finance Group (CFG)  
15-18 White Lion Street  
London  
N1 9PG

Website: [www.cfg.org.uk](http://www.cfg.org.uk)  
Telephone: 0845 345 3192  
Fax: 0845 345 3193

Registered charity no. 1054914  
Company no. 3182826

## Auditors

Mazars LLP  
Times House  
Throwley Way  
Sutton  
Surrey  
SM1 4JQ

## Solicitors

Russell-Cooke Solicitors LLP  
2 Putney Hill  
Putney  
London  
SW15 6AB

## Bankers

Unity Trust Bank PLC  
Nine Brindleyplace  
4 Oozells Square  
Birmingham  
B1 2HB

Royal London Cash Management Ltd  
55 Gracechurch Street  
London  
EC3V 0UF

**Charity Finance Group (CFG)**

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**Telephone: 0845 345 3192**

**Registered charity no. 1054914**

**Company no. 3182826**