



INSPIRING
FINANCIAL
LEADERSHIP

CHARITY FINANCE GROUP
ANNUAL REPORT AND FINANCIAL STATEMENTS 2013/14

Fit for the future



Charity Finance Group (CFG) is the charity that champions best practice in finance management in the charity and voluntary sector.

With this aim in sight, CFG delivers services to its charity members and the sector at large which enable those with financial responsibility to develop and adopt best practice.

CFG is uniquely placed to challenge regulation which threatens the effective use of charity funds and to promote regulation that drives efficiency. We help charities to make the most out of their money.

For more information, please go to www.cfg.org.uk

Contents

1	Vision and purpose, objects and aims
2	From the Chair and Chief Executive
	Report of the Board of Trustees
4	Strategic report
4	Advising, informing and developing
8	Connecting and supporting
11	Understanding and representing
14	2013/14 at a glance
16	2013/14 aims – progress summary
18	Objectives for 2014/15
19	Review of financial position
21	Structure, governance and management
23	Statement of Trustees' responsibilities
	Financial statements
24	Consolidated statement of financial activities
25	Balance sheets
26	Notes to the financial statements
32	Independent auditor's report
33	Trustees, officers and advisors

Vision and purpose, objects and aims

2,337
members, with
£19bn
combined income

Our vision and purpose:

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

Our objects:

To advance public education in, and promote improved standards of management in charities.

Our aims:

We have three interconnected and mutually supporting aims that are central to achieving our vision and purpose, and to the means by which we deliver our objectives. The achievement of our aims relies on our members' and corporate supporters' engagement and willingness to share knowledge. This helps us increase our reach into and across the sector and to grow our influence in matters core to the effective and efficient management of charities.

We will be delivering our objectives if we are:

Advising, informing and developing those with responsibility for financial management and the sector more widely.



Connecting and supporting individuals and organisations to collaborate on creating solutions to sector challenges.



Understanding and representing the needs of the sector in matters which impact upon transparent, efficient and effective financial management.



From the Chair and Chief Executive



It has been an incredibly challenging year for the organisation which has witnessed possibly the most profound shift to date in how we operate.

Welcome to CFG's annual report for the year ending 31 March 2014. What a busy year we have had!

It has been a year during which the sector has been in the spotlight on matters core to finance professionals; how we earn, spend, invest and apply our finances have never been far from the headlines. Work on a new Charities SORP is reaching its climax, the impact of pension scheme deficits, CEO pay and investment decisions received media scrutiny, interest in the fledgling social investment market increased and the tax landscape became arguably even more challenging.

Against this backdrop of significant pressure for the sector, our journey through the year brought CFG to a junction requiring some important decisions. During the year CFG has invested reserves in undertaking a change programme and on relocating offices. We have concentrated on making CFG fit for the future; by working on securing our foundations in systems and processes, restructuring the staff team and injecting new skills, reviewing our objects and governing documents. We also relocated offices to a leasehold property allowing CFG staff their own flexible working and meeting space which may also be used to host bespoke training events. In a difficult economic environment, we are pleased with what we have been able to achieve within our original spending plans whilst maintaining our high quality of service to our members, supporters and the sector.

It has been a challenging year for the organisation which has witnessed possibly the most profound shift to date in how we operate. It is often forgotten that CFG is a small charity with all the difficulties that small charities face. For instance our ICT systems include a blend of legacy and later packages, hardware which requires investment and updating and, as always, insufficient resources to do everything we aspire to do. Many of our members and natural

constituents have found it hard to sustain their spending this year. Not surprisingly this, in turn, impacted upon our income generation targets in a number of areas, so we are pleased to have still been able to increase income overall. We increased our charitable expenditure, using our reserves to fund some activities that, longer term, will generate income and we pushed the pause button on some other projects. There are more improvements planned and members will see these in the future. The Board and staff have again worked closely, managing risk, taking decisive action and concentrating on our charitable objectives. We are confident that we will deliver our ambitious targets for growth and reach in 2014–17. Whilst there is still much to do we believe CFG is now fit for the future.

We believe strongly that we, as a sector, should be open and transparent about why we exist, what we set out to achieve and how we have performed. We're delighted to celebrate our fantastic successes and have also been candid in sharing where our priorities have changed or we did not do as well as we'd have liked during the year.

We hope you enjoy this report and find the contents interesting and engaging. Thanks to all those who have supported us. We look forward to continuing to increase the voice of finance professionals and to further shaping the operating environment for charities throughout 2014/15 and beyond.

Ian Theodoreson
Chair of Trustees

Caron Bradshaw
Chief Executive

7 August 2014



The Board and staff have again worked closely, managing risk, taking decisive action and concentrating on our charitable objectives.



Advising, informing and developing

One of our key aims is the provision of services which offer advice and information, and aid the development of individuals and organisations working in matters of charity finance. In 2013/14, we set out to deliver a professional development programme that supports those who are starting out, well-established finance professionals or finance leaders of the future, and those who work in specific sectors and different sizes of organisation. It is our intention that such advice, information and development is not limited to CFG members, but reaches out with free and paid for support beyond our membership.

Inspiring financial leadership

Inspiring financial leadership is essential to a thriving sector. Without financial leadership and progressive financial management, we are left only with

financial compliance. Of course the sector does need compliance and technical excellence too, but core to our charitable objects is our vision of a financially confident, dynamic and trustworthy sector. We strongly believe that financial confidence and the ability to use financial and other information breeds trust and confidence in the sector.

Finance professionals have a critical role to play in driving transparency, helping their charities understand the financial and other information they are receiving and working as a member of the senior management team to make decisions which drive up impact, excellence and performance.

Our 'cradle to grave' approach to financial leadership seeks to provide the maximum contribution to the development of a financially confident sector. Financial confidence comes from raising standards and we believe that we stand the best chance of bringing about lasting change by engaging with those at the beginning of their careers as well as by guiding them throughout their different roles in the sector. Alongside engagement with students and graduates through the work of the London Southbank University and supporting the Charityworks scheme, we also launched a number of initiatives to improve financial leadership and develop those with financial responsibility. However, our programme cannot be described as comprehensive. We acknowledge there is still much to do.

Perhaps the most exciting new programme launched in 2013 was *Inspiring Financial Leadership*, a course co-created with Cass Business School and Sayer Vincent. This series of six breakfast seminars forms a highly interactive programme, delivered by well-known charity finance experts, and is designed to improve the leadership skills of attendees. It aims to enhance the knowledge of charity finance professionals so they can progress

Supporting professional development

CFG aims to support and encourage leadership amongst finance professionals working in the charity sector, and a major part of this is to aid them in their development of a range of essential skills.

A major task for finance and HR professionals in the last year has been the implementation of auto-enrolment, which is being phased in gradually across different sized organisations. Paul Harper, Director of Finance, IT and Resources at the National Autistic Society, was among the earliest of our members to experience the implementation and he was therefore able to offer a number of learning points and helpful tips to his fellow members.

CFG has given Paul many opportunities to share his expertise both with members and beyond the membership, and has supported

him in doing so. He has been able to present his experiences at a number of events across the country, and also provided an article to the December 2013 issue of Finance Focus. These have led to a small number of members approaching him directly for advice on their specific circumstances.

On a personal level, the support that CFG gave Paul, encompassing advice on areas and topics to cover when presenting, proofreading his presentations and article, and arranging the opportunities for him in the first place, enabled him to improve his confidence in his presentational skills. He has since spoken at a number of conferences, including the CFG Annual Conference 2014.

As Paul said: 'Having had these opportunities has made me realise that we all have experiences to share which others can learn from, and CFG provides an excellent forum to network and share these experiences.'



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The most valuable thing about CFG is its people, whether that's the fabulous team at CFG HQ or the amazing and fantastic network of members, who are a valuable source of experience, insights and information.

Stephen Grant
National Theatre Wales



92

people
participated in our
Inspiring Financial
Leadership
programme

Advising, informing and developing

Connecting charities and experts

Among the opportunities that CFG offers to its members are a number of helplines maintained on a voluntary basis by our corporate subscribers, allowing members direct access to expert advice on a pro bono basis.

The Insolvency Helpline, provided for CFG members by Peter Gotham of MHA MacIntyre Hudson and Ian Oakley-Smith of PwC, receives calls from members spanning a wide range of issues; some are experiencing such fundamental difficulties that assistance with closure is the only option, but some cases enable the charity to turn round what could have been a terminal situation.

In one such case, a long established Trust with loyal supporters and a variety of income streams had overreached itself by expanding its staff and taking

on new premises without having significant reserves, then finding that some grants did not materialise and some were delayed. Although the premises lease included a provision limiting liability to the assets of the Trust, the necessary costs of closing the charity would leave it insolvent, and as an unincorporated Trust, the Trustees faced personal liability.

With the support and advice of the helpline experts, a survival plan which included radical cuts, extra one-off funding and possible adjustments in timing of funding was prepared, and the Trust was able to communicate with its supporters and funders, ensuring that funding could be retained and would not simply disappear. Crucially, however, the measures helped the Trust's staff to cooperate for the long-term health of the charity, and six months on the steps appear to have made the charity far more viable than when it first contacted the helpline.

their careers, contribute more value to their organisations and achieve their goals. It is aimed at people who have a responsibility for leading the management of a charity's finances and who contribute to strategic development and future planning within their organisations.

Interest in the initial course was huge, and we were therefore delighted to run the programme twice during the year. Feedback from delegates has been excellent.

Developing capacity and making sure that small charities have access to advice and information

In 2012, we endeavoured to reach out to smaller charities, which arguably have the greatest financial skill needs. For CFG, the challenge has always been how we can sustainably support the smallest charities? A significant proportion of the work we do is aimed at charities with an

income over £5 million. Such charities will usually have a designated finance resource for whom CFG resources, events and training is absolutely vital. We also recognise that much of our content is not tailored to the specific needs of smaller charities and have set out to do something about that.

Our current training and support offering can only extend so far. Not all small charities will find benefit in CFG membership, and thus alongside the need to develop more tailored training and support we are developing routes to smaller charities through third parties and groups. During the year we commenced discussions with the Community Accountants National Network (CANn) about extending CFG resources to their members. We quickly identified that a fantastic way to support smaller charities is through community accountancy services (see *Connecting and Supporting*). A community accountancy service (CAS) is defined as "a project or organisation which seeks to support voluntary and community organisations (VCOs) on issues of financial management and accounting." The focus of the support is normally on charities with an annual income of less than £250,000. This is the section of the charity sector for whom full membership may not be an effective use of resources.

We were delighted to have collaborated with CANn who encouraged their members to join a new Special Interest Group launched in 2013. In January 2014 we held the first CFG supported community accountancy conference in Birmingham, covering everything from PAYE legislation to cloud accounting. The culmination of this year of collaboration has been the unanimous vote by CANn members to become a permanent part of CFG which became effective in April 2014. We are continuing to focus on how we can get advice and information to the smallest charities and develop financial confidence and capacity across the charity sector.

During 2013 we completely re-thought our approach to developing training and support to smaller charities and to how this interacted with support we provide throughout our members' careers. We reviewed the sustainability of the work that we do and decided that in order to provide a long term solution to the challenge of building financial capability within the sector, particularly in smaller organisations, a different approach was needed. The appointment of our new Director of Services and Enterprise has enabled us to pull together a number of strands including mentoring, trustee training and financial skills for non-finance people. We have therefore 'paused' our mentoring project and trustee training pilot whilst we seek funding for a wider reaching programme which we believe will enhance the impact we can achieve in this area.

Informing and advising through publications and briefings

We are proud of our ability at CFG to bring the widest range of experts who deal with a broad portfolio of activities and disciplines together, with practical charity experience. Through drawing on and sharing the knowledge of our members and expert supporters we are able to bring useful, practical and technically robust publications and good practice guides to the sector. This was an excellent year in which we produced the following four key publications for the sector.

Making it count: Financial Management in small charities (published May 2013) brought together research undertaken into the needs and skills of smaller organisations. It has been a critical resource for CFG itself in understanding and responding to the development needs of smaller organisations.

In April 2013 we published *Protecting Data, Protecting People: A Guide for Charities*. Together with experts from Bates Wells Braithwaite LLP (BWB) and Kingston Smith LLP, CFG explored the data protection landscape for charities

and produced well received, practical and easy to follow guidance which the Information Commissioner's Office (ICO) welcomed. This became our most downloaded guide with over 250 downloads.

Perhaps our most practically important publication in the year was *Auto-enrolment for charities: a how to guide* (published in November 2013). Charities large and small have been grappling with the new requirements to auto-enrol staff into a pension scheme. We were able to bring together real life experiences and share lessons learnt for the benefit of those yet to embark on their auto-enrolment journey.

This year saw the long awaited publication of the Charities SORP consultation draft and the invitation to comment. We were delighted to receive permission from the Office of the Scottish Charity Regulator (OSCR) and Charity Commission for England and Wales to provide printed copies, kindly supported by PS Financials, to all our members in order to drive up engagement with this pivotal part of the charity finance landscape. Together with our corporate supporters, we were able to host seminars and workshops around the country which provided a platform to debate and shape the Charities SORP.



I am delighted to be part of CFG – it provides me an opportunity to find a new network, to find support in the sector, meet new people, find out about what the important topics and policies are that I need to be aware of in my own organisation, and I think it is a tremendously supportive and important organisation for the future.

Tom Beardmore-Gray
Girls' Day School Trust



Connecting and supporting

Training finance professionals

As well as having specific responsibilities towards its members, CFG exists to provide support and training to finance professionals across the charity sector.

CFG regularly runs training courses for people seeking a basic introduction to the key topics and concerns within charity finance, and in recent years has been expanding the reach of these events beyond the London area into its regions. These events attract people from a range of backgrounds, from new CFG members who are less familiar with managing the finances of non-profit organisations, to non-members seeking a refresher course, to people employed in charity-facing roles within the private sector.

The Charity Finance Essentials course run on 01 October 2013 in Birmingham attracted among its non-member attendees Jenny Hardbottle, the Senior Finance Officer at Newydd Housing Association. As a housing association, the legal and accounting requirements differ slightly from those of the charity, but the organisation was in the process of setting up a registered charity and needed CFG's training to fill in the knowledge gaps.

Jenny came to the training course, then, to gain a basic understanding of charity finance: 'I will be the person dealing with the accounts for the charity, and I previously had no idea how this was done, but I now have a good idea.' Although the charity has yet to be set up, once this is done, Jenny will be able to bring the knowledge she gained from the CFG course immediately to the use of the new charity.

Connecting and supporting is at the heart of what we do. We bring together individuals and organisations for the exchange of skills, ideas, knowledge and experience to the benefit of civil society.

Growing membership

During the year, we set out to increase the number of members, which we did, seeing a 4% increase of 100 in individuals in membership to 2,337. There was a small decline in the number of active charities which fell by 16 or 1% to 1,338. It is therefore vital to CFG's plans and its sustainable development that we reviewed our offering and revitalise our membership scheme. We aim to make CFG an indispensable service, viewed as essential to a charity's activities.

New plans have been put in place to look at how more organisations might benefit from membership in 2014/15, including some research in 2014 into the needs of non-members and barriers to membership. However, our ability to develop a financially confident charity sector is not all about increasing the size of our membership. Our reach goes well beyond our members. For example, during May 2013 we held the first CFG meeting to focus specifically on smaller charities: this was attended by over 100 people (members and non-members), and was well received.

Developing Special Interest Groups

We set out to develop our Special Interest Groups. Some examples include:

- The Large Charities Group has grown from 84 to 104 members and as well as the popular email forum, we ran two well attended and successful meetings in September 2013 and November 2013, and a financial leadership breakfast in December 2013. The portfolio of events for the group was further developed by a dinner, hosted by Newton Investment Management, in February 2014.
- The Overseas Special Interest Group (OSSIG) had a re-launch meeting in July 2013 which was very well attended and had speakers from the Department for International Development (DfID). We were also able to bring together speakers from Management Accounting for Non-Governmental Organisations (Mango) and British Overseas NGOs for Development (trading as BOND) at the launch event. Subsequent meetings and activities have continued to increase in quality and attendance, and we are very pleased with the early result. However, more needs to be done to support on-line networking in the group.
- The Community Accounting Special Interest Group was established during the year with the first committee meeting in October 2013. A successful Community Accounting Conference was held in January 2014, in collaboration with the committee and the group has gone on to become a permanent part of CFG.
- As part of our ambitions to support people at every stage of their career, we had the first CEO Alumni Group dinner in March 2014 – a meeting of former finance directors who are now charity CEOs. It was an opportunity to hear about the challenges in making that change in career and how others can be supported if that is their ambition.

Expanding CFG's regional work

Our regional conferences have grown from strength to strength and we built on the previous success of our Northern and South West & Wales Conferences to successfully introduce a new Midlands Conference into our events programme in the year. We planned to increase the number of regional member meetings and training sessions outside London and the South East during the year. Unfortunately these were less well attended, and in some cases had to be cancelled where there

4%

increase in
the number of
individual
members



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Finance can be a lonely job, but CFG enabled all of us to feel as if the voluntary sector was our natural home.

Andrew Hind
Charity Finance Magazine



Connecting and supporting



£204,927
donated resources

had been insufficient bookings so fewer sessions were delivered. Feedback seems to indicate that in part members are increasingly time poor and the cost of travel can be difficult to justify. We experienced higher than normal cancellations from our regional members meetings. In 2014/15 we will be looking at the best mechanisms for regional activities to meet local needs and develop participation outside London.

Expanding partnerships

We are accomplished at convening meetings of interested parties to undertake, for example, focussed reviews on policy matters. Working in partnership is core to how we connect and support people whether it is through collaborations with sister bodies, drawing on our members or tapping into our corporate experts. Through the year we have worked with a range of bodies to deliver our resources and policy work and to reach new audiences, including the Small Charities Coalition, the National Council for Voluntary Organisations (NCVO), and the Institute of Fundraising (IoF).

Support from the corporate sector plays an essential role in enabling CFG to maintain and extend our training and conference programme, our publications and best practice output, and the policy agenda.

The Corporate Subscriber scheme is the foundation of our relationships with corporate supporters. Through the scheme, we have established long-term partnerships with companies that support our work and aims. Assistance for CFG includes financial and non-financial elements, from direct sponsorship and taking exhibition stands through to the provision of technical expertise on consultations and speakers for events at no cost to CFG.

We have continued to have strong engagement with our corporate partners who have generously provided their knowledge and expertise on the helplines, at events, in policy work and contributing to publications. Our in-kind support increased from £168,404 in the previous year to £204,927 in the year. This excludes time generously given. Several hundred volunteer hours have been provided by our members and corporate subscribers in addition to our donated resources.

Investing in the Future

During the year, we invested in a significant internal change programme to make a step change in how we connect and support people in the future. This involved a restructure to bring together our membership, corporate partnerships and events teams into the same directorate as well as developing new more integrated strategies between them, including bringing in new staff with the skills and experience to drive improvements to our performance. We now have a much firmer platform for future growth. The impact of this will be felt in 2014/15 and beyond, where we will be aiming to build on our programmes to connect and support people.

Understanding and representing



The CFG members' meetings and *Finance Focus* both consistently address topical matters, providing technical input and practical guidance from specialists and members' case studies. The practical guidance often extends to soft skills, reminding us of the human aspect to working with the technical requirements.

Kalok Bonar
Fight for Sight



A strength developed and increased in recent years is our ability to understand the needs of the sector and represent the views of charities on policy issues. Often charities are not at the forefront of thinking when policy is developed or laws and regulations drafted. CFG have become a strong voice in matters core to charity finance, however, spanning topics from accounting, assurance and tax to reporting, resource management and pensions.

The development of the Charities SORP 2014

During the year we set out to represent the views of the wider charity finance community in responding to the SORP consultation and to ensure that plans are in place to provide support and training as the new Charities SORP is introduced.

CFG's response to the Charities SORP consultation was developed through the Technical Accounting Forum and the wider membership whom we engaged via round-table events in each of our regions, an online survey and briefings. We estimate that over 250 CFG members actively participated in informing the response, and many more engaged through communications and events. The Charities SORP making body actively sought partnership with CFG on Charities SORP engagement and we received positive feedback for playing a lead role in the Charities SORP consultation. In addition we were asked to contribute and speak at other conferences, and our views on the Charities SORP and accountability were sought by other bodies to inform their views. Planning is underway on how to take forward support to members for the roll out of the new Charities SORP in 2014/15.

Representing the sector on the pensions challenge

We set out to represent members' and the sector's concerns on pension issues, notably multi-employer pension

schemes, and continue to lead in providing support, advice and training as auto-enrolment is introduced.

We are immensely pleased with the progress made in the year. We have succeeded in putting this issue firmly on the Department of Work and Pensions (DWP) agenda, and now sit on a working group with the Cabinet Office, DWP, National Association for Voluntary and Community Action (NAVCA) and a number of our advisors. We have also engaged on concerns relating to charities in Local Government Pension Schemes and are working with The Pensions Regulator (TPR) on possible amendments to regulations in this area. We briefed peers on the wording of TPR's new funding objective in the Pensions Bill, with the aim of having reference in Hansard. We will take this forward in the context of TPR's Defined Benefit funding consultation which commenced on 2nd December 2013. Lobbying work on TUPE has also progressed, although with limited success.

During the year a significant amount of work was undertaken to bring together a new 'Pensions Maze' which we aim to publish in July 2014.

Helping the sector to understand charity trading

As more charities seek to take up trading opportunities we aimed during the year to understand the needs of members and the sector better and provide appropriate support. However, whilst we have continued to provide information and support through our conferences and training, and our publication on the Tax Implications of Trading continues to be distributed, we did not initiate new work in policy terms. This was partly due to an unexpected raft of press and official interest in charities and the Charity Commission.

CFG engaged with the National Audit Office (NAO) and the Public Accounts Committee (PAC) in the performance

Understanding and representing

Representing finance professionals

A significant portion of CFG's work is to ensure that the interests of charities are represented to the government and other policymakers. CFG's Policy team has a demonstrable record of influencing national policy to the benefit of charity finance professionals, whether members or non-members.

In November 2013, CFG submitted a response to a consultation on the Charities SORP Exposure Draft. We estimate that over 250 charity finance professionals contributed their views in order to inform CFG's response, and the response itself was put together by the CFG Technical Accounting Forum, which comprises a mixture of CFG members and professionals from accounting firms, thereby ensuring that it was truly representative of the sector's needs.

Among the changes suggested to the draft in CFG's response was the recommendation that the option of

using the FRSSE should continue to remain available to avoid unnecessary burdens on smaller charities. CFG has also recommended a simplification of the guidance provided to assist charities in completing the SORP. In addition we urged the SORP committee not to make the disclosure of staff names and salaries a requirement. Rather, those who help to inform the response felt that it was sufficient to take the approach of declaring the number of employees within prescribed income bands over £60,000 whilst explaining the organisation's general remuneration policy.

CFG's CEO, Caron Bradshaw, herself sits as an observer member of the SORP committee and participates in the discussions surrounding the SORP's contents. Our contributions have assisted the development of the new SORP(s) which come into force in 2015 reflecting much of the CFG submissions. This is certainly a very positive outcome for the needs of charities in the UK.

Other influencing successes

CFG's influencing goes from strength to strength. We continue to be well regarded and command the engagement of Government and decision makers.

The Charity Commission consulted on the requirements in the annual return, which included a proposal to discontinue the Summary Information Return (SIR), something CFG has long lobbied for. We actively engaged members via an online survey, generating over 160 member responses.

Our presence on the tax policy front has continued to strengthen, resulting in improved recognition of CFG as a critical stakeholder on tax policy by HM Treasury and HMRC. Our engagement, formally through the Charity Tax Forum and its multiple sub-groups, and informally through concerted lobbying efforts, has yielded positive results for the sector, for example in the extension of the transition period to online filing for Gift Aid claims and the changes made to the Gift Aid Small Donations Bill as it passed through Parliament.

We engaged at an early stage on the Fair and Accurate Credit Transactions Act (FACTA) legislation, acting as the key charity voice for HMRC, and ensured that charities were excluded from FACTA requirements by banks. We have also worked to keep members well briefed on key operational changes regarding tax, including Real Time Information (RTI), Charities Online and Gift Aid in charity shops.

Overall we've increased the extent to which we work in partnership on tax issues, with a number of collaborative efforts in the past year with the Institute of Fundraising (IoF), the National Council for Voluntary Organisations (NCVO), the Charity Tax Group (CTG) and the Charities Aid Foundation (CAF). We believe that through working as a united sector, we provide a more effective form of scrutiny of HMRC's work and stronger support for our members.

of Gift Aid. The NAO report into the effectiveness of Gift Aid and HMRC's administration of it was discussed by PAC, chaired by the Rt. Hon Margaret Hodge MP MBE. We were pleased to see that the NAO report reflects many of CFG's submissions to the inquiry. Our response to the report, supporting the call for a stronger evidence base, was widely covered in the sector media and in the PAC discussion.

The NAO and PAC also reviewed the Charity Commission: CFG met the NAO as part of their background research and we again met with the PAC Chair to provide our views on the need for a strong, independent and supportive regulator which is resourced properly.

A raft of negative press stories hit the sector in the year looking at how

charities raise, spend and invest charity money. CFG played a significant part in feeding into these debates and putting a measured response to government and stakeholders on the sector's performance. Our CEO, Caron Bradshaw, appeared before the Public Administration Select Committee (PASC) for their inquiry into charity CEO pay. Our CFG Chair, Ian Theodoreson, sat on the NCVO Executive Pay Inquiry. In advance of a BBC Panorama investigation into how charities raise, spend and invest their funds, Caron was also interviewed on BBC's Breakfast programme. In CFG terms, this represented an excellent opportunity to increase the general public's understanding of the sector and to represent a balanced view on the issues.



CFG successfully lobbied the Charity Commission for the discontinuation of the Summary Information Return

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NCVO could not ask for a finer charity partner, notably the outstanding contribution CFG's Chairman made to our Inquiry into Charity Executive Pay, and the 'double act' which CFG's CEO and I did before the Public Administration Select Committee. It really is great working with CFG.

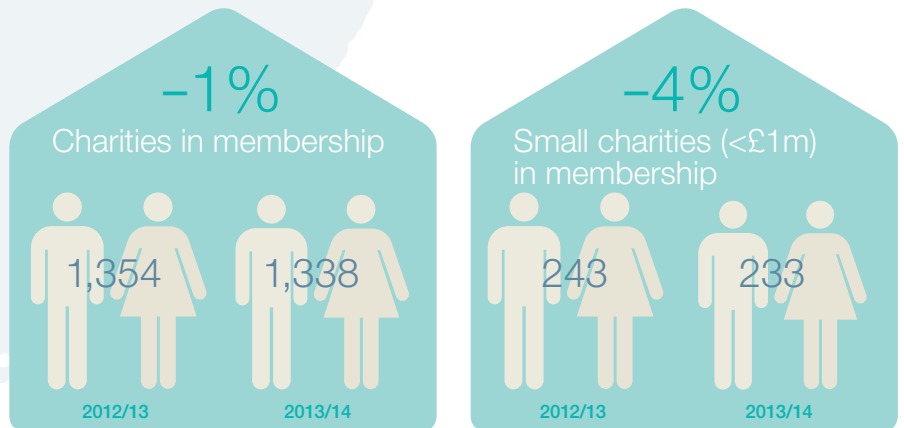
Martyn Lewis
Chair, NCVO



2013/14 at a glance

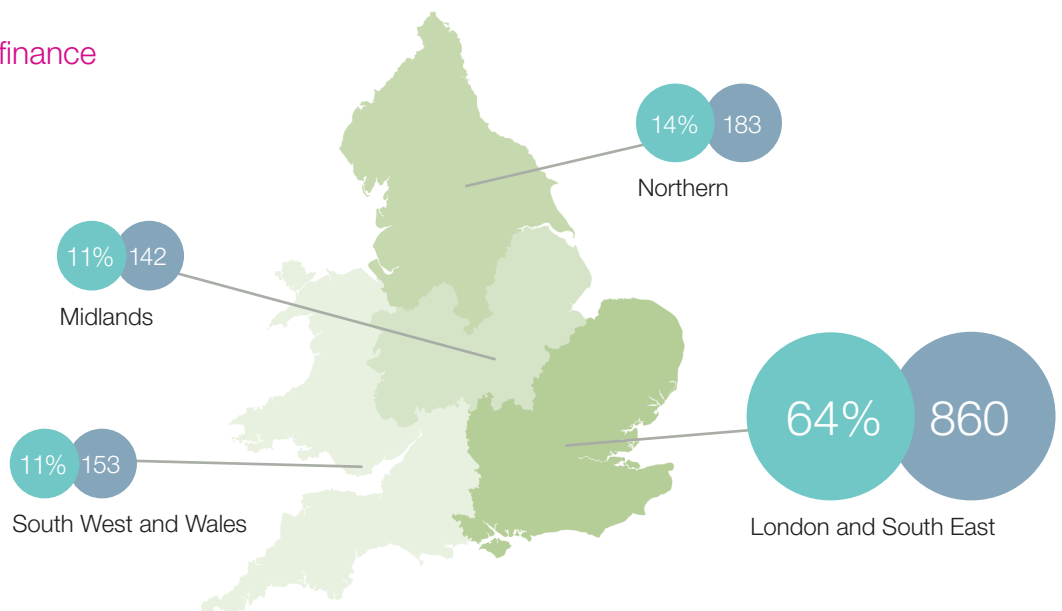
We monitor the following indicators to measure our progress towards achieving our objects.

CFG membership profile



Representing charity finance professionals across England and Wales

- Percentage of CFG member charities in region
- Number of CFG member charities in region



Securing support for our work

Volunteer time and value from subscribers, members, chairs, and other speakers



4,018
Volunteer hours



£281,260
Volunteer worth

Corporate support from in-kind venue hire

£169,613

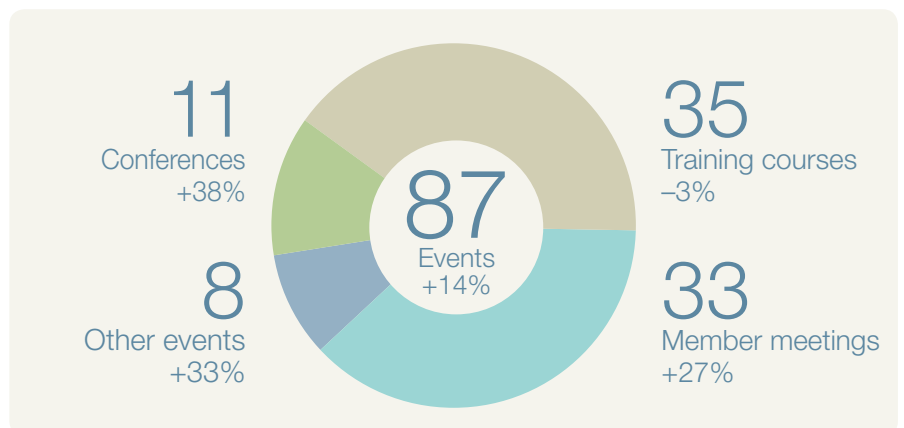
Corporate support from exhibiting at events and sponsorship of events and publications

£306,972

Building skills and delivering professional development

5,256

Event attendees +10%



Raising our profile, increasing our influence

18

Consultation responses

1,305

Survey respondents

4

Meetings with ministers

3,855

Twitter followers

9

New briefings and publications

510

Press mentions

2013/14 aims – progress summary

We had four key objectives for the year

- 1 To increase the scope of our support;
- 2 To extend our services, support and reach across the sector including engagement with non-members;
- 3 Represent the sector on policy issues;
- 4 Expand our corporate engagement.

Our progress towards delivering on these objectives across the year is summarised in the table below, using the following colour coding to measure how we have performed against each objective.

Fully met	
Nearly there	
Made some progress	
Still to achieve	

Advising, informing and developing

We set out to achieve the following

How well we performed

<p>1 Deliver a professional development programme that offers support to those who are starting out, well established or finance leaders of the future, and who work in specific sectors and sizes of organisations.</p>	<p>We supported graduates and those well established in their careers, commencing a number of initiatives to improve financial leadership and develop those with financial responsibility. However our programme is not as comprehensive as we would like and we will be further developing it over the coming two years.</p>
<p>1 Increase the relevance and quality of our membership services, ensuring that membership is of equal value to members regardless of their location, the length of time they have been in post or the size of their charity.</p>	<p>Our regional conferences have grown from strength to strength and we built on the previous success of our Northern and South West & Wales Conferences to successfully introduce a new Midlands Conference in to our events programme in the year. Finance Focus was further developed to increase the relevance and quality with positive feedback from members and subscribers.</p>
<p>2 Increase the use of our online resources.</p>	<p>The unique page views of our website increased by 28% however our document library was not as well used as we'd have liked and we are looking at ways to promote the resources more and make them more accessible.</p>

Connecting and supporting

We set out to achieve the following

How well we performed

<p>1 Expand the function of CFG's regional groups in order to increase attendance at local member meetings, maintain the trend in membership growth outside of London and the South East, and start to deliver equal value to members regardless of where they are located.</p>	<p>We planned to increase the number of regional member meetings and training sessions outside London and the South East during the year. Unfortunately these were less well attended, and in some cases had to be cancelled where there had been insufficient bookings so fewer sessions were delivered. In 2014/15 we will be looking at the best mechanisms for regional activities to meet local needs and develop participation outside London.</p>
<p>1 Grow the membership so as to increase both CFG's breadth of reach across the sector (in relation to the types of organisation delivering social value) and depth of reach into the sector (in relation to the range of different roles, positions and career stages represented by individual members).</p>	<p>While we were successful in increasing the number of individuals within membership, there was a small decline in the number of active charities. New plans have been put in place to look at how more organisations might benefit from membership in 2014/15, including some research in 2014 into the needs of non-members and barriers to membership.</p>
<p>1 Develop new Special Interest Groups in order to connect and support more individual members by meeting their specific needs and increasing participation in CFG.</p>	<p>We created a new Special Interest Group for Community Accountants and CEO Alumni, and grew other groups.</p>

Connecting and supporting continued

We set out to achieve the following	How well we performed
<p>2 Encourage greater participation in CFG activities.</p>	<p>We have had greater participation in a number of areas of our work, but still have more to do with meetings and training outside London.</p>
<p>4 Secure financial support for our events programme so that it is self-financing.</p>	<p>Sponsorship was successfully secured for the majority of our conferences, as well as income from exhibition stands supporting the events to be self-financing.</p>
<p>4 Engage corporate experts in our events, policy and networking activities, allowing us to draw on their expertise, skills and knowledge.</p>	<p>A high level of support has been provided by corporate experts for our training and conferences.</p>
<p>4 Encourage growth in all forms of support from corporates in our regions, with particular emphasis on regions outside London and the South East.</p>	<p>Sponsorship was secured for all three regional conferences as well as supporting regional meetings and training.</p>

Understanding and representing

We set out to achieve the following	How well we performed
<p>2 Collaborate to increase the level of engagement with our consultations.</p>	<p>Engagement with the SORP consultation was responsible for driving up our performance here. We also collaborated with new entities like the National Association of Pension Funds (NAPF) and DWP on specific issues such as pensions.</p>
<p>3 SORP: Represent the views of members and the wider charity finance community in responding to the SORP consultation and ensure plans are in place to provide support and training as the new SORP is introduced.</p>	<p>An extensive and cross country initiative in partnership with our corporate supporters enabled CFG to reach the widest audiences. We also secured permission to provide all members with a consultation draft (supported by PS Financials Limited), spoke at others' events and liaised with umbrella bodies on a wider range of SORP issues.</p>
<p>3 Pensions: Represent members' and the sector's concerns on pension issues, notably multi-employer pensions schemes, and continue to lead in providing support, advice and training as auto-enrolment is introduced.</p>	<p>We have succeeded in putting pensions firmly on DWP's agenda, and now sit on a working group with the Cabinet Office, DWP, NAVCA and a number of our advisors. We've also engaged on concerns relating to charities in Local Government Pension Schemes and are working with the Pensions Regulator on possible amendments to regulation.</p>
<p>3 Trading: Understand the needs of members and the sector better and provide appropriate support as more seek to take up trading opportunities.</p>	<p>We have continued to provide information and support through our conferences and training, and our publication on the tax implications of trading continues to be distributed. However, we did not initiate new work in policy terms. This was partly due to an unexpected raft of press and official interest in charities and the Charity Commission.</p>

Objectives for 2014/15

Advising, informing & developing

Advising, informing & developing those with responsibility for financial management and the sector more widely.

What we will set out to achieve:

Develop a professional development programme and resources to contribute to personal and organisational development to ensure CFG provides support in matters core to charity finance, namely:

- Accounting & Assurance
- Leadership in finance
- Risk management
- Tax
- Reporting
- Resource management
- Pensions
- Commercial (including social enterprise, trading, and public service delivery)

How we will measure it

- 1 Deliver at least 50 conferences, seminars, and training sessions to 2,000 people, with over 80% reporting their needs have been met.
- 2 Increase the availability and use of online resources.
- 3 Launch at least four new briefings or publications providing information or guidance on core issues.
- 4 Pilot new models of training delivery to look at alternate ways to meet needs.

Connecting & supporting

Connecting & supporting individuals and organisations to share skills and knowledge for their development and collaborate on creating solutions to sector challenges.

What we will set out to achieve:

- Bring together members and corporate subscribers to share expertise and learning;
- Develop partnerships to reach a greater percentage of the sector;
- Work collaboratively with charity sector umbrella bodies and funders focusing on solutions to sector challenges.

How we will measure it

- 1 An increase in members' participation in meetings and online forums.
- 2 Evidence of constructive working relationships with key sector bodies and funders.
- 3 Pilot new mechanisms for engagement, and skills and knowledge sharing.
- 4 Complete integration of the Community Accounting National Network into CFG.

Understanding & representing

Understanding & representing the needs of the sector in matters which impact upon transparent, efficient and effective financial management.

What we will set out to achieve:

- Constructive engagement with charities on charity finance issues;
- Responding to relevant consultations, drawing on the experience and input of charities and other relevant experts;
- Engagement with government and regulators which demonstrates understanding of the impact of policies and regulations;
- Ensure the narrative around charities is refocused on what charities are there to achieve and on the impact they have;
- Bring together charities, regulators and suppliers to improve understanding of needs and of issues.

How we will measure it

- 1 Consultations on matters of charity finance are responded to and responses are based on evidence received;
- 2 Invitations to meetings with decision makers and ministers, and key decision-makers speaking at and engaging in CFG products and services;
- 3 Representation of sector concerns on core finance issues, such as pensions;
- 4 Press coverage, parliamentary debate and Charity Commission annual reviews start to focus more on impact than on single issues (such as salaries and benefits, administration, and fundraising).

Review of financial position

CFG has invested resources in making it fit for the future

CFG's business model

CFG derives its income from four main sources. We receive membership subscriptions from our members and our corporate sponsors. Members and non-members pay fees to attend our conferences and training events. These include our London, Northern and Midlands conferences. We also receive fees from our corporate sponsors and sell exhibition stands at our conferences and events. Finally we hold a fundraising annual dinner in London with tables being hosted and paid for by our corporate sponsors.

The income raised by CFG is then invested in delivering our three main objectives. This includes employing and directing an executive team based at our office in London. The team combine their skills under the leadership of our CEO with a toolkit comprising an ICT platform, and third party suppliers to deliver value added services to our members. The executive team also seek and receive a host of donated resources such as venues, speakers & refreshments to assist them in their endeavours.

Results for the year

During the year expenditure on 'advising, informing and developing' members increased by 12% to £594,040, 'connecting and supporting' expenditure increased by 10% to £731,776 and expenditure on 'understanding and representing' members increased by 10% to £273,129. Overall expenditure has grown by 13% to £1,850,187 and full-time employed equivalent staff numbers decreased from 18 to 17. During the period of restructure the use of fixed term contracts and freelance contractors enabled CFG to continue its activities and service whilst fundamentally reshaping the organisation. All staff are directly engaged in activities in furtherance of our objects and their cost has been allocated accordingly. There has been no restricted income or expenditure in the year.

Our total incoming resources increased in the year by £133,468 or 9% from £1,556,144 to £1,689,612. CFG received 40% (2013 – 46%) of its income from membership fees, while strong demand for our professional development events has seen conference and training income grow by £64,620 or 12% from £534,360 to £598,980. Income from our annual fundraising dinner improved by £4,780 or 5% from £101,570 to £106,350 but this was still well behind budget and we are considering how this disappointing outcome can be tackled so that the 2014 dinner is a bigger success.

Over 46% of our income comes directly from corporate subscribers in the form of annual membership subscription fees, sponsorship, exhibition stands and in-kind donations of time, venues and refreshments. Without this significant support we would not be able to provide our wide range of value for money services to charities. We agreed 12 longer term packages of support with corporate subscribers, securing their commitment to the delivery of CFG activities in the year.

During the year CFG has invested a significant portion of its free reserves in undertaking a change programme in our executive staff structure and to the relocation of our offices from a multi-occupancy premise, under license, to a leasehold property allowing CFG staff their own working accommodation and a more flexible meetings space which enables the delivery of bespoke training. Details of our new structure are set out below in 'structure, governance and management'. The current change programme is substantially complete and will be finalised in 2014/15. The relocation was started and completed successfully within the year.

Our free reserves have therefore decreased over the year by £187,510 from £249,096 to £61,586, against our previously set reserves target of between £180,000 and £225,000. The Trustees agreed in the second half of

Review of financial position

the year to vary the budget and the reserves target for the year as the time was right to implement a significant change programme and relocation. The Trustees very much support the Charity Commission position that reserves are there to be spent in furtherance of the CFG's objects and this change programme was wholly aligned to that primary purpose.

Reserves policy

During the year the Trustees considered the reserves policy and have re-examined CFG's requirements for free reserves in the light of the predominant risks to the organisation and its working capital requirements. Risk management has evolved to be linked to the overarching key performance indicators for CFG. The Trustees review the risk register at their Board meetings in order to monitor the progress made by the executive team in managing and mitigating the predominant risks. The four key areas of risk are therefore:

- A failure of financial management (in context of both operational sustainability and organisational reputation).
- A diminution in influence on matters core to CFG objects.
- A failure to provide services of value to the wider sector.
- A failure to connect with and support finance professionals, leading to a fall in retention and/or failure to recruit new members.

In addition to these strategic areas, a failure of key income-generating events such as the Annual Conferences or Annual Fundraising Dinner would present risks in terms of sustaining current levels of activity or capitalising on new opportunities for support. In light of these factors a target range for our total general unrestricted reserves of between of £180,000 and £225,000 was originally agreed in the budget for the year.

Our total general reserves as at 31 March 2014 were £90,938 (2013: £251,513) and our free reserves were £61,586 (2013:£249,096). The free reserves were calculated as follows:

	2014 £	2013 £
General reserves as at 31 March	90,938	251,513
Less: fixed tangible assets reserve	(29,352)	(2,417)
Free reserves	61,586	249,096

Clearly the office relocation and the change programme has absorbed a significant part of the brought forward reserves but the Trustees considered the risk of not acting to be a greater risk to the sustainability of CFG. The Trustees recognise that free reserves are necessary to fund innovation and to cover risk and so have agreed that for 2014/15 the target should be to achieve at least a balanced financial budget and for CFG to build up its reserves over the next three years after two years of setting deficit budgets.

The Trustees will now spend time in the first half of the 2014/15 year reflecting on the results achieved to date from the change programme and this will influence the future target level of reserves, which were always planned to be reviewed as part of the group's three year business planning cycle. Their aim will be to ensure that they strike the right balance between having adequate reserves whilst finishing the change programme that began in the year and that is vital for making CFG fit for the future.

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

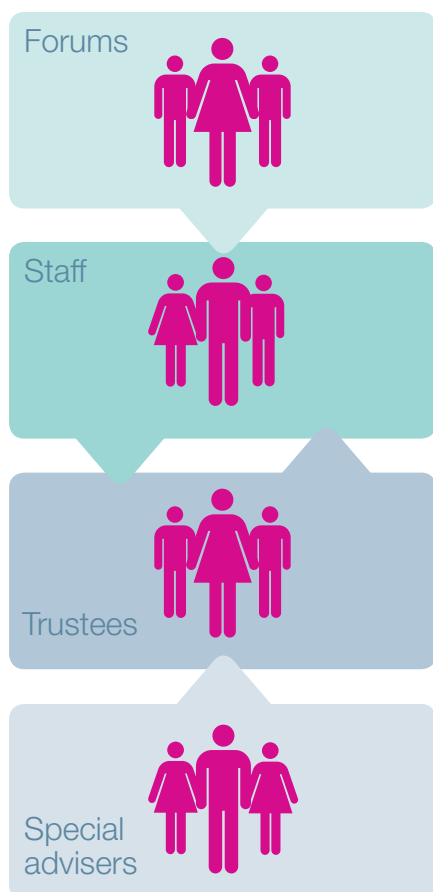
expendable within 12 months of receipt are reserves and any grants or contracts for activities over a longer period.

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.

Our ethical policy states that:

- We should always pay at least the living wage (including interns).
- When tendering for professional services we should always give consideration to ethical and sustainable suppliers.
- We should ensure that our banks have an ethical policy and we obtain copies of these.

Structure, governance and management



Structure

Charity Finance Directors' Group (now trading as CFG) was incorporated by guarantee on 29 March 1996. 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 and the Board of Trustees are the directors of the company.

We have one wholly-owned trading subsidiary, CFGD Trading Limited, which carries out all trading activities for CFG. See note 2 to the financial statements.

Board

The Board consists of ten Trustees, all able to serve two terms of three years. Seven are required to be CFG members and the Board may appoint three non-member Trustees in order to bring in wider necessary skills such as marketing, lobbying, communications and media knowledge. 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 two additional strategy planning sessions.

Sub-committees and ad hoc task and finish sub-groups of the Board are convened to expedite the execution of duties. Current sub-committees (Nomination Committee, Remuneration Committee and Finance & 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 Banking Forum and the Technical Accounting Forum.

Members are supported across England and Wales in four regions: London and the South East; Midlands; Northern;

South West and Wales. During the year regional engagement forums were introduced to replace the former regional committees. Each forum is composed of up to nine charity members, drawn from the relevant region, including a representative of the CFG Board of Trustees.

Board induction and conduct

Trustees sign a code of conduct and complete a register of interests (reviewed annually). A Trustee handbook and induction support are given by the executive team and Chair. The handbook includes a copy of relevant policies, procedures, governance information and job 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 27 June 2014, 21, equal to 18 full time equivalent positions. During the period of the restructure the use of fixed term contracts and freelance contractors enabled CFG to continue its activities and service whilst fundamentally reshaping the organisation. In addition, during the period we participated in the Charityworks graduate scheme and during the period hosted two placements. The name of the Chief Executive Officer can be found on page 33.

Our governance around remuneration

How we decide how much to pay our staff

CFG is 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 Charities SORP, the Companies Act 2006, and the Charities Act 2011, CFG discloses the following:

- all payments to Trustees (no Trustees receive 'pay')

Structure, governance and management

- the number of staff in receipt of more than £60,000 and above (in bands of £10,000)
- pensions and other benefits

In addition CFG has also considered the recommendations set out in the NCVO 'Report of the Inquiry into Charity Senior Executive Pay' published in April 2014 and has followed these where appropriate.

CFG has a Remuneration Committee, which meets annually, is comprised of the CFG Chair, Vice-Chair, Treasurer and one other Trustee (who shall be appointed by the Chair), which sets the pay for all staff. The CEO is in attendance for the meeting (leaving for the discussion regarding the CEO's remuneration) 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 CEO
- 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 CEO
- approve any non-consolidated pay awards (bonus) as recommended by the CEO
- 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.

Our remuneration policy

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 CEO 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 to be rewarded for excellence. We do not employ interns without pay and we aim to pay the 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 2013–14 CFG awarded staff a 1.5% cost of living uplift in salary. Two members of staff earned more than £60,000 in the year and their bandings are presented in note 5 to the financial statements. The Chief Executive Officer is the highest paid member of staff and her remuneration during the year was £88,432. 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 in note 5 on page 29.

Valuing volunteers

CFG relies on the voluntary input of finance professionals and experts. Time given as speakers, trainers, helpline advisers and in other ways supporting CFG's work enables us to provide a wide range of services to members

and the sector; often free at the point of use. Value attributed to volunteer time (4,018 volunteer hours valued at £70 per hour) would come to £281,260 (2013 – £254,796, being 3,747 volunteer hours valued at £68 per hour). This value is not recognised as either income or expenditure in the Statement of Financial Activities.

Donated resources

We also value the donated resources that our corporate sponsors and other third parties make towards helping CFG achieve its objectives. In particular we would like to record our thanks to the Royal Bank of Scotland this year for the office furniture that they donated that allowed us to furnish our two new meeting rooms with two sizeable board tables and new chairs and two sofas for our informal staff meeting area.

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 and Charity 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;
- 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 and Charities Act 2011. 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.

Meeting and reporting on public benefit

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit, 'Charities and 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 2014/15 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.

Appointment of auditors

Our auditors BDO LLP have confirmed that they are willing to continue as auditors to CFG. A resolution for the re-appointment of BDO LLP until such time as new auditors have been identified will be proposed at the forthcoming Annual General Meeting.



Ian Theodoreson
Chair

7 August 2014

Consolidated statement of financial activities

For the year ended 31 March 2014

(Incorporating the income and expenditure account)

	Notes	Unrestricted funds	
	1	2014 £	2013 £
Incoming resources			
<i>Incoming resources from generated funds</i>			
Annual Fundraising Dinner		106,350	101,570
Investment income		1,382	2,050
<i>Incoming resources from charitable activities</i>			
Membership subscriptions		672,687	708,700
Advising, informing and developing		282,994	216,209
Connecting and supporting		504,993	438,522
Understanding and representing		111,043	81,058
Other activity		8,033	4,125
<i>Other incoming resources</i>		2,130	3,910
Total incoming resources		1,689,612	1,556,144
Resources expended			
<i>Cost of generating funds</i>		(76,644)	(71,934)
<i>Charitable activities</i>			
Advising, informing and developing		(594,040)	(530,884)
Connecting and supporting		(731,776)	(663,999)
Understanding and representing		(273,129)	(247,746)
Other activity		(108,062)	(65,937)
<i>Governance costs</i>		(66,536)	(51,400)
Total resources expended	3	(1,850,187)	(1,631,900)
Net expenditure for the year	4	(160,575)	(75,756)
Total funds brought forward at 1 April		251,513	327,269
Total funds carried forward at 31 March	10	90,938	251,513

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 £1,484,685 (2013:£1,387,740) and total expenditure is £1,645,260 (2013: £1,463,496), which is total incoming resources and total resources expended as shown above, both net of gifts in kind of £204,927 (2013:£168,404). All the above amounts relate to continuing activities.

The Charity Finance Group incoming resources are £1,687,055 (2013:£1,554,465) and its resources expended are £1,847,630 (2013: £1,630,221) There was no voluntary income during the year (2013: nil)

Balance sheets

As at 31 March 2014

Company no. 3182826

	Notes	2014		2013	
		Group £	Charity £	Group £	Charity £
Fixed Assets					
Tangible assets	6	29,352	29,352	2,417	2,417
Investments	7	–	10,000	–	10,000
		29,352	39,352	2,417	12,417
Current Assets					
Debtors	8	749,863	300,251	355,094	228,758
Short term deposits		176,747	176,747	255,677	255,677
Cash at bank and in hand		222,720	161,680	112,641	103,589
		1,149,330	638,678	723,412	588,024
Liabilities					
Creditors: amounts falling due within one year	9	(1,087,744)	(587,092)	(474,316)	(348,928)
Net current assets		61,586	51,586	249,096	239,096
Total assets less current liabilities		90,938	90,938	251,513	251,513
Funds					
Unrestricted funds					
General reserves	10	90,938	90,938	251,513	251,513
		90,938	90,938	251,513	251,513

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 26 to 31 form part of these accounts.

The accounts were approved and authorised for issue by the Board of Trustees on 7 August 2014 and signed on their behalf by:



Ian Theodoreson
Chair



Mark Hilton
Treasurer

Notes to the financial statements

1 Accounting policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention and comply with the Companies Act 2006. The financial statements have been prepared in accordance with Statement of Recommended Practice (SORP), *Accounting and Reporting by Charities*, published in March 2005 (revised May 2008) and applicable accounting standards.

The company has taken advantage of the exemption under Financial Reporting Standard No 1 "Cash Flow Statements" not to prepare a cash flow statement as the Directors believe the company is "Small" under the Companies Act 2006.

Consolidation

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the charity and of its subsidiary undertaking, namely CFDG 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 2005 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.

Resources expended

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 resources expended 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.

Governance costs consist of costs incurred in ensuring compliance with constitutional and statutory requirements and in ensuring public accountability.

Cost of generating funds is the cost of the Annual Fundraising Dinner and

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 revenue 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

The easily realisable unrestricted reserves of CFG at the year-end amount to £61,586. Through consideration of the business plan to 2017, with a balanced budget for the year to 31 March 2015 and surpluses planned for the next two years, 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 year. 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 is charged on all tangible 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 CFDG 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.

	2014 £	2013 £
CFDG Trading Ltd		
Turnover	581,991	524,802
Cost of sales	(161,308)	(147,983)
Gross profit	420,683	376,819
Audit fee	(2,557)	(1,680)
Operating surplus	418,126	375,139
Interest receivable	65	93
Profit before tax and Gift Aid donation	418,191	375,232
Fund balance brought forward	–	–
Charitable donation to shareholder	(418,191)	(375,232)
Retained in subsidiary	–	–
Balance sheet		
Current assets	662,965	193,880
Current liabilities	(652,965)	(183,880)
Net assets	10,000	10,000
Share capital	10,000	10,000
Reserves	–	–
Total funding	10,000	10,000

3 Resources expended

a) Analysis of total resources expended

	Staff costs £	Support costs £	Other direct costs £	Total 2014 £	Total 2013 £
Cost of generating funds	27,021	8,294	41,329	76,644	71,934
Charitable activities					
Advising, informing & developing	279,228	85,705	229,107	594,040	530,884
Connecting & supporting	360,294	110,587	260,895	731,776	663,999
Understanding & representing	144,118	44,235	84,776	273,129	247,746
Other activity	54,045	16,588	37,429	108,062	65,937
Governance	36,029	11,059	19,448	66,536	51,400
Total resources expended	900,735	276,468	672,984	1,850,187	1,631,900
Total resources expended 2013	777,997	227,016	626,887		

Within total resources expended the 'Other direct costs' column includes costs of £204,927 (2013: £168,404) 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

	Total charitable activity £	Generating funds £	Governance £	Total 2014 £	Total 2013 £
1 Summary					
Employee-related costs	24,031	774	1,034	25,839	36,688
Premises	102,036	3,291	4,389	109,716	86,478
Communications & IT	53,759	1,735	2,312	57,806	37,182
Postage & printing	9,018	292	388	9,698	11,431
Financial costs	64,983	2,096	2,795	69,874	51,722
Depreciation	3,288	106	141	3,535	3,515
Total	257,115	8,294	11,059	276,468	227,016

Notes to the financial statements

3 Resources expended continued

2 Charitable activity

	Advising, informing & developing £	Connecting & supporting £	Understanding & representing £	Other activity £	Total 2014 £	Total 2013 £
Employee-related costs	8,010	10,336	4,134	1,551	24,031	34,141
Premises	34,012	43,886	17,555	6,583	102,036	80,474
Communications & IT	17,920	23,122	9,249	3,468	53,759	34,601
Postage & printing	3,006	3,879	1,551	582	9,018	10,638
Financial costs	21,661	27,950	11,180	4,192	64,983	48,131
Depreciation	1,096	1,414	566	212	3,288	3,272
Total	85,705	110,587	44,235	16,588	257,115	211,257

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.

	2014 £	2013 £
c) Analysis of governance costs		
Legal and professional fees	6,649	1,663
Audit fees	6,047	5,870
Non-audit services	2,785	1,250
Costs of AGM, Trustee travel, recruitment & training	3,967	4,149
Apportionment of staff and support costs	47,088	38,468
Total governance costs	66,536	51,400

4 Net outgoing resources

	2014 £	2013 £
a) These are stated after charging:		
Auditor's remuneration		
Audit – current year	6,047	5,870
Non-audit services	2,825	1,250
Depreciation	3,535	3,515
Operating lease premises (see note below)	72,445	73,348
Operating lease photocopier (see note below)	2,689	2,689

Operating lease commitments

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

	2014 £	2013 £	2014 £	2013 £
Leases which expire:				
Within one year	–	49,005	672	–
Within one to two years	–	–	–	2,689
Within two to five years	45,640	–	–	–
After five years	–	–	–	–
Total	45,640	49,005	672	2,689

b) Valuation of donated resources

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

	2014 £	2013 £
Connecting & supporting	62,191	57,132
Advising, informing & developing	110,399	88,681
Understanding & representing	24,303	18,681
Support	8,034	3,910
Total	204,927	168,404

5 Trustees and employee information

a) Trustee information

No remuneration was paid to or waived by any Trustee during the year (2013: £Nil). Expenses of £2,962 for travel were reimbursed to six trustees during the year (2013: £3,380).

b) Employee information

Employee numbers

	2014	2013
	No.	No.
The full time equivalent number of staff employed during the year was:	17	18
The average headcount during the year was:	19	20

Employee costs during the year were:

	£	£
Salaries	642,651	591,416
Social security	61,017	63,370
Pension	44,797	41,641
Subtotal salaried staff	748,465	696,427
Contractors	151,956	81,076
Other costs	314	494
Total employee costs	900,735	777,997

As can be seen from the table above there was an increase in employee costs in the year compared to the previous year and this is due mainly to the change programme that was undertaken during the year and the fact that CFG was transitioning to a different senior team structure.

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

	2014	2013
	No.	No.
£60,001 – £70,000	1	–
£80,001 – £90,000	1	1

Emoluments for this purpose include gross salary and benefits in kind but exclude expenses. Systems are in place for the management of expenses.

The two members of staff included in the above bandings have benefits accruing under the CFG's group personal pension arrangement. The combined employer contributions into the group personal pension scheme during the year on behalf of these two members of staff amounted to £13,593 (2013: £14,156).

There were six active members of staff in total accruing benefits under the group personal pension scheme as at 31 March 2014 (2013: ten)

c) Pensions

CFG offers eligible staff a group personal pension scheme which is currently administered and managed by Aegon. CFG pays twice the percentage that the employee contributes up to a maximum of 10%. The amount of outstanding contributions at 31 March 2014 was £3,397 (2013: £4,903).

Notes to the financial statements

6 Tangible fixed assets – Group and Charity

	Office furniture £	Computers £	Total £
Cost			
At 1 April 2013	–	14,063	14,063
Additions	17,666	12,804	30,470
Disposals	–	–	–
At 31 March 2014	17,666	26,867	44,533
Depreciation			
At 1 April 2013	–	(11,646)	(11,646)
Charge for the year	(1,840)	(1,695)	(3,535)
Disposals	–	–	–
At 31 March 2014	(1,840)	(13,341)	(15,181)
Net book value			
At 31 March 2014	15,826	13,526	29,352
At 31 March 2013	–	2,417	2,417

The above fixed assets are used to support all of CFG's activities. At 31 March 2014 CFGD Trading Limited had no fixed assets.

7 Investments

	Shares in subsidiary undertaking No.	Charity £
At historic cost:		
At 1 April 2013	10,000	10,000
Additions	–	–
As at 31 March 2014	10,000	10,000

Principal subsidiary undertakings

	Registered in	Percentage of capital held	No. of £1 ordinary shares held
CFDG Trading Limited	England & Wales	100%	10,000

8 Debtors

	Group	2014	Group	2013
	£	Charity	£	Charity
		£		£
Trade debtors	617,398	40,212	232,857	48,029
Other debtors	16,780	16,780	14,162	14,162
Prepayments & accrued income	115,685	90,946	108,075	108,075
Amounts owed by subsidiary	–	152,313	–	58,492
	749,863	300,251	355,094	228,758

9 Creditors

	Group	2014	Group	2013
	£	Charity	£	Charity
		£		£
Amounts falling due within one year				
Trade creditors	141,448	141,448	97,552	97,552
Deferred subscriptions income	616,412	190,012	166,466	182,891
Deferred events income	169,179	97,484	187,013	47,763
Pension contributions outstanding	3,397	3,397	4,903	4,903
Taxation & social security creditors	87,188	87,188	2,236	2,236
Other creditors and accruals	70,120	67,563	16,146	13,583
	1,087,744	587,092	474,316	348,928

All deferred Income brought forward at the beginning of the year was released to income during the year (2013: same).

10 Unrestricted funds – Group and Charity

	2014	2013
	£	£
General reserves		
At 1 April	251,513	327,269
Total incoming resources	1,689,612	1,556,144
Total resources expended	(1,850,187)	(1,631,900)
At 31 March	90,938	251,513

Analysis of net assets between funds

Consolidated fund balances at 31 March 2014 are represented by:

Net current assets	61,586	249,096
Free reserves	61,586	249,096
Tangible assets reserves	29,352	2,417
General reserves as above	90,938	251,513

11 Capital commitments

At 31 March 2014 there were no capital commitments (2013: none).

12 Related party transactions

During the year ending 31 March 2014 the Chief Executive's brother (Mr A Gardner) trading as A G Commercial Interiors Ltd, participated in a competitive tender and was awarded the contract to provide office partitions at a highly competitive price to the value of £13,080. This amount was outstanding as at 31 March 2014 and is included in both fixed asset additions for the year (net of £2,180 of VAT) and in trade creditors.

Independent auditor's report

Independent auditors report to the trustees and members of charity finance group

We have audited the financial statements of Charity Finance Group for the year ended 31 March 2014 which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets 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).

This report is made solely to the charity's trustees and members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees and 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 trustees and members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2014, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report, incorporating the Strategic Report, for the financial year 31 March 2014 for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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 parent charitable company 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 parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Report of the Board of Trustees.

BDO LLP

Andrew Stickland

Senior Statutory Auditor for and on behalf of BDO LLP, Statutory Auditor

London
United Kingdom

7 August 2014

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

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Trustees, officers and advisors

Board of Trustees

Ian Theodoreson (Chair)
Gill Gibb (Deputy Chair)
Mark Hilton (Treasurer)
Kevin Barnes
Diane Bassett
Rosie Chapman
Kevin Curley CBE
Nicki Deeson
Sally O'Neill
Uday Thakkar

Finance & Audit Committee

Mark Hilton (Chair)
Kevin Barnes
Rosie Chapman
Martin Hughes (from 28th May 2013)
Sheila McKenzie

Nominations Committee

Sally O'Neill (Chair)
Rodney Buse
Julia Oliver

Remuneration Committee

Ian Theodoreson (Chair)
Gill Gibb
Mark Hilton
Uday Thakkar

Special Advisor

Pesh Framjee

IT Advisor

John Tate

Chief Executive

Caron Bradshaw

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