

Company number 3182826

Charity number 1054914

**CHARITY FINANCE  
DIRECTORS' GROUP**

**Annual Report and  
Financial Statements  
31 March 1998**

# CHARITY FINANCE DIRECTORS' GROUP

Annual Report and Financial Statements for the year ended 31 March 1998

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## CHARITY FINANCE DIRECTORS' GROUP

### Officers and advisers

#### Executive Committee

Stephen Burgess (Chairman)

David Bailey

Alexis Chapman

Philip Collins

Bill Cottle (Treasurer)

Martin Isaacs

Leslie Jones

David King

Anne Leadercramer

Nigel Scott

Directors resigning in the year: Vanessa Harris (24 June 1997) and Karen Park (9 December 1997).

#### Director and Company Secretary

Shirley Scott

#### Special Adviser

Pesh Framjee

#### Head Office

87 Worship Street,

London,

EC2A 2BE.

#### Registered Office

5 Great College Street,

Westminster,

London,

SW1P 3SJB.

#### Auditors

Chantrey Vellacott,

Russell Square House,

10-12 Russell Square,

London,

WC1B 5LF.

#### Bankers

Unity Trust Bank plc,

4 The Square,

111 Broad Street,

Birmingham,

B15 1AR.

#### Solicitors

Radcliffes,

5 Great College Street,

Westminster,

London,

SW1P 3SJ.

## CHARITY FINANCE DIRECTORS' GROUP

Report of the Executive Committee for the year ended 31 March 1998

The Executive Committee, who are the trustees and the company's directors, present their annual report and financial statements for the year ended 31 March 1998.

### Incorporation

The Charity Finance Directors' Group (also known as CFDG), a company limited by guarantee and a registered charity, was incorporated on 29 March 1996.

### Executive Committee

Members of the Executive Committee are shown on page 1.

Members of the Executive Committee are elected by the members of the Charity Finance Directors' Group at an annual general meeting to hold office for a term of two years and may be re-appointed for one further consecutive term. Persons may be appointed by the Committee to fill vacancies arising during the year. The number of members of the Committee may not exceed ten.

During the year the Director married Nigel Scott, a member of the Executive Committee. His interest in the remuneration and terms of employment of the Director were duly noted by the Executive Committee. He absented himself from all discussions relating to them and to the performance of her duties.

### Charitable Objects

The charitable objects of the Charity Finance Directors' Group are to advance public education in and promote improved standards of management in charities.

### Powers

Powers in furtherance of those objects include power to co-operate with other charities, voluntary bodies and statutory authorities; to establish local branches; to bring together in conference representatives of voluntary organisations, government departments, statutory authorities and individuals, to promote and carry out or assist in promoting and carrying out research, surveys and investigations and to publish the results in whole or in part; to arrange and provide for or join in arranging and providing for the holding of exhibitions, meetings, lectures, classes, seminars and training courses; to collect and disseminate information on all matters affecting the objects.

### Organisation and membership

The Charity Finance Directors' Group is a membership organisation. Members are charity finance directors and such other individuals (other than commercial suppliers) with responsibility for charity financial matters as the committee may approve.

Subscribers of the Group are individuals who are active in charity finance and other related matters. They are not members of the company and their number may not exceed 5 per cent of the number of members.

Honorary members are appointed at the discretion of the Committee. They are not members of the company and are not entitled to vote.

## Responsibilities of the Executive Committee

Company law requires the Executive Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the income and expenditure of the company for that year. In preparing these financial statements, the Executive Committee have:

selected suitable accounting policies and applied them consistently;  
made judgements and estimates that are reasonable and prudent;  
prepared the financial statements on the going concern basis.

The Executive Committee are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Review of activities

Membership of the Charity Finance Directors' Group grew by more than 10 per cent during the year. Members are employed by charities with a wide range of purposes and annual income levels. The programme of training and activities of the Group has been diversified accordingly.

## Education and training

Afternoon meetings open to all members were held in each month except August and September. The aim of these meetings is to provide for the exchange of information and guidance on carrying out aspects of the work of the senior finance personnel in charities and on changes in law, regulations and other issues which affect that work. During the year meetings were addressed by members of the Group and by professional persons with relevant knowledge and expertise on subjects which included reviews of the Budget provisions, governance issues, the role of finance directors in fundraising, European Economic and Monetary Union, and pension schemes.

Information Technology received much attention during the year. A series of four workshops, of which two were repeated, were attended by 40 members each. Topics included computer networks, accounting software, report writing and implementation strategies. A separate charge was made for the workshops. One afternoon members meeting was devoted to Year 2000 compliance of IT systems and another to use of the Internet. Additionally, a special interest group for members using a particular software product was started.

Another special interest group of members who carry out charitable activities overseas has held several meetings at which they share information and ideas to enhance their effectiveness and resolve difficulties. More than 60 members are attached to this group.

Introductory training days for those new to the charity financial management role were held in London and Manchester and were well received as part of the strategy to develop understanding in smaller charities.

### Annual Conference

On 14 May the sixth one-day Annual Conference was held at the Barbican Centre in London. Over 180 delegates attended a wide range of topical lectures, seminars and workshops. Conference is open to non-members on payment of an enhanced fee.

In September members returned to the Barbican for the annual visit to charity premises to see and hear at first hand of the work of one of the members of the Group. This year over 30 members attended a lecture on the financial management of the London Symphony Orchestra and attended a concert afterwards. A separate charge was made to defray the cost of this visit.

### Tenth Anniversary Dinner

This was the tenth year since the Charity Finance Directors' Group was founded and the Annual Dinner held in October was graced by the presence of Her Royal Highness The Princess Royal. The speaker was Lord Dahrendorf, Chairman of the Council for Charitable Support and a leading academic and philosopher.

### Working with other bodies

During the year the CFDG responded to several government initiatives. In particular the Review of Charities Taxation announced in the July budget caused concern and drew responses from many members and from the CFDG as the sector finance specialist organisation. Members worked in collaboration with other charity sector bodies in a joint working party to draw attention to the significance of the review and to provide information to government on aspects of taxation and charities. The outcome of the review is expected in a consultation document in June 1998.

Responses to the Charity Commission's consultation paper on the Review of the Register of Charities, an Audit Practices Board proposal for change in the valuation of assets for audit and a paper from the National Audit Office on the performance of Financial Intermediaries and Claims Office in matters of charity taxation were all part of the CFDG objective of co-operation with other bodies.

The CFDG co-operated with South Bank University and the National Council of Voluntary Organisations in the production of guidance on charity reserves policies which was published in summer 1997. Members also assisted in planning and providing speakers for the Annual Charity Accountants Conference and the Charities Investment Conference.

This co-operation with other bodies included joining in the forum for voluntary and community sector intermediary bodies which is considering the Compact between the government and the voluntary sector and participation in the work of the Quality Standards Task Force and Better Regulation Task Force.

### Other services

A major part of CFDG activities is providing information to members and others. Free helplines supply advice on accounting, legal, information technology and investment matters, and there is a collaborative sub-group focused on VAT issues.

Networking amongst members on use of professional services and equipment, methods of working and implementation of controls and systems is supported by the database of members.

### Publications

Information is also disseminated through Newsletters and through the Charity Finance Yearbook. The 1998 edition had over 400 pages and contained articles of high quality

which were of educational benefit to readers. Provided free to members the Yearbook is also sold and has become a significant reference work for those interested in finance and charities.

#### Future Development

During the year a strategic plan has been partly implemented and the Executive Committee considered a report on the education needs of members in financial matters which was commissioned to assist them in their planning. Further expansion of the training programme and services is anticipated in the coming year.

#### Review of Transactions

The results for the year ended 31 March 1998 show another year of continuing growth, both in the membership of the Group and in its activities. Total income increased by £16,000 to £212,000, an increase of 8 per cent. Membership continues to grow and, despite holding subscriptions again, income from membership increased by £7,000 to £105,000. The costs of the Director's post were paid by Flemings only until the summer of 1997, so this contribution to income decreased from £35,000 to £9,000. Thanks however to significant increases in income from events, especially the annual dinner, total non-subscription income still increased by £9,000 to £107,000, an increase of 9 per cent.

This means, of course, that the cost of managing such activities increased. Total expenditure rose by 24 per cent to £178,000. The Group is now funding all of the Director's salary in addition to those of other staff. The costs of running events grew the most, by 32 per cent to £62,000, but have been funded entirely by the income from those events. The overall surplus for the year was £34,000 and reserves are now £207,000, having been built up to allow the Group to take on the full time cost of the Director's post in addition to two full time assistants. Based on an examination of the Group's expected income and expenditure flows and, after allowing for the funding of fixed assets, current working capital, and designated funds, the Executive Committee believes that an appropriate level for reserves is £150,000. Therefore, in spite of a projected deficit in 1998/99 of £20,000 the committee has decided to recommend no increase in membership subscriptions, for the third year running.

#### Tangible fixed assets

The movements in the company's tangible fixed assets are set out in note 5.

#### Auditors

A resolution for the reappointment of Chantrey Vellacott as auditors of the company will be proposed at the forthcoming Annual General Meeting.

ON BEHALF OF THE EXECUTIVE COMMITTEE

STEPHEN BURGESS

Date: 18 May 1998



## CHARITY FINANCE DIRECTORS' GROUP

Report of the auditors to the members of  
Charity Finance Directors' Group

We have audited the financial statements on pages 7 to 11 which have been prepared under the historical cost convention and in accordance with the accounting policies set out on page 9.

### Respective responsibilities of the Executive Committee and Auditors

As described on page 3 the Executive Committee are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Executive Committee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the financial statements.

### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 March 1998 and of its incoming resources and application of resources, including its income and expenditure, for the year ended on that date and have been properly prepared in accordance with the Companies Act 1985.

CHANTREY VELLACOTT

Chartered Accountants  
Registered Auditors

LONDON

Date: 18 May 1998

Statement of financial activities (incorporating an income and expenditure account)  
For the year ended 31 March 1998

	Notes	Unrestricted Funds £	Restricted Funds £	Total 1998 £	Total 1997 £
<b>Incoming Resources</b>					
Members' subscriptions		105,384	-	105,384	98,035
Events		69,437	-	69,437	42,907
Publications		8,193	-	8,193	8,121
Donations in kind	2b	-	9,000	9,000	35,000
Other income		5,699	-	5,699	3,055
Bank interest		14,708	-	14,708	9,395
<b>Total Incoming Resources</b>		<b>203,421</b>	<b>9,000</b>	<b>212,421</b>	<b>196,513</b>
<b>Resources Expended 3</b>					
<b>Direct charitable expenditure</b>					
Members' meetings		71,182	4,500	75,682	60,024
Events		60,392	1,800	62,192	47,097
Publications		24,036	1,800	25,836	22,965
		155,610	8,100	163,710	130,086
<b>Other expenditure</b>					
Management and administration of the charity	1	3,477	900	14,377	11,142
Incorporation costs		-	-	-	2,767
<b>Total Resources Expended</b>		<b>169,087</b>	<b>9,000</b>	<b>178,087</b>	<b>143,995</b>
<b>Net incoming resources for the year</b>		<b>34,334</b>	<b>-</b>	<b>34,334</b>	<b>52,518</b>
Fund balances brought forward at 1 April 1997		172,374	-	172,374	119,856
Fund balances carried forward at 31 March 1998		206,708	-	206,708	172,374

There are no recognised gains and losses other than those in the statement of financial activities. Therefore, no statement of total recognised gains and losses has been prepared. All the above amounts relate to continuing activities.

The notes on pages 9 to 11 form part of these financial statements.

Balance sheet as at 31 March 1998

	Note	1998	1997	
		£	£	
Fixed assets				
Tangible fixed assets	5	4,087	4,640	
Current assets				
Debtors	6	9,139	1,050	
Cash at bank and in hand		289,190	223,050	
		298,329	224,100	
Creditors: Amounts falling due within one year				
	7	95,708	56,366	
Net current assets		202,621	167,734	
Net assets		206,708	172,374	
Funds				
Unrestricted - general		201,708	167,374	
- designated	8	5,000	5,000	
		206,708	172,374	

Approved on 18 May 1998 by the Executive Committee and signed on their behalf by:

STEPHEN BURGESS     )  
                           )  
                           )  
                           )  
 BILL COTTLE     )

The notes on pages 9 to 11 form part of these financial statements.

Notes to the financial statements  
For the year ended 31 March 1998

1. Guarantee status

Charity Finance Directors' Group is a company limited by guarantee, has no share capital and is a registered charity. The guarantee of each member is limited to £1.

2. Accounting policies

a) Basis of accounting

The financial statements are prepared under the historical cost basis of accounting and in accordance with applicable accounting standards and the Statement of Recommended Practice "Accounting by Charities".

b) Donations in kind

Donations in kind represent the cost of the Executive Secretary for three days a week for 3 months (1997 : for the whole year), are included at the estimated value to the Group.

c) Subscriptions and events

Subscriptions and events are accounted for in the year to which they apply.

d) Allocation of costs

Direct costs are allocated on an actual basis to the relevant expense heading. Salaries and overheads are allocated between expense headings on the basis of time spent, as follows:

Members' meetings	50%
Events	20%
Publications	20%
Administration	10%

e) Capitalisation

Assets with a cost in excess of £750 intended to be of ongoing use to the company in carrying out its activities are capitalised as tangible fixed assets.

f) Depreciation

Depreciation is charged on tangible fixed assets so as to write them off over their expected useful lives at the following rates:

Office equipment	25% of cost per annum
Computers	25% of cost per annum

g) Taxation

The company is a charity registered under the Charities Act 1993, number 1054914. As such the charity is entitled to take advantage of the exemptions granted by section 505 of the Income and Corporation Taxes Act 1988.

Notes to the financial statements  
For the year ended 31 March 1998

3.	Resources expended			Other		1998	1997
	Salaries	direct costs	costs	Total Overheads	Total		
	£	£	£	£	£		
	Direct charitable expenditure						
	Members' meetings	42,817	20,124	12,741	75,682	60,024	
	Events	17,127	39,969	5,096	62,192	47,097	
	Publications	17,127	3,613	5,096	25,836	22,965	
		77,071	63,706	22,933	163,710	130,086	
	Other expenditure						
	Administration	8,563	3,265	2,549	14,377	11,142	
	Incorporation costs	-	-	-	-	2,767	
	Total resources expended	85,634	66,971	25,482	178,087	143,995	
	Total resources expended						
	(1997)	56,949	62,890	24,156	143,995		

No audit fee has been charged.

4. Executive Committee and employee information

a) No remuneration was paid to the Executive Committee during the year (1996 : £Nil). Minimal travel expenses were paid to the Executive Committee in the current and previous years.

	1998	1997	£	£
b) Employee costs during the year were:				
Salaries and wages	73,403	50,332		
Social security costs	7,597	4,780		
Pension costs	4,634	1,837		
	85,634	56,949		

1998 1997

The number of employees whose emoluments amounted to over £40,000 during the year was as follows:

£40,001 - £50,000 1 -

The average number of persons employed during the year was: 3 3



Notes to the financial statements  
For the year ended 31 March 1998

5.	Tangible fixed assets				
		Office equipment	Computers		Total
		£	£	£	
	Cost				
	At 1 April 1997	940	5,247	6,187	
	Additions	-	1,325	1,325	
	At 31 March 1998	940	6,572	7,512	
	Depreciation				
	At 1 April 1997	235	1,312	1,547	
	Charge for year	235	1,643	1,878	
	At 31 March 1998	470	2,955	3,425	
	Net book value				
	At 31 March 1998	470	3,617	4,087	
	At 31 March 1997	705	3,935	4,640	

The above fixed assets are used to support all of the Group's activities.

6.	Debtors	1998	1997		
		£	£		
	Prepayments and accrued income	9,139	1,050		
7.	Creditors: Amounts falling due within one year	1998	1997		
		£	£		
	Other creditors and accruals	4,788	11,866		
	Taxation and social security costs	4,250	-		
	Deferred income	86,670	44,500		
		95,708	56,366		

8. Designated funds

These are monies set aside by the Executive Committee as a Research Fund.

## CHARITY FINANCE DIRECTORS' GROUP

Chantrey Vellacott,  
Russell Square House,  
10-12 Russell Square,  
London,  
WC1B 5LF.

Dear Sirs,

We confirm to the best of our knowledge and belief, and having made appropriate enquiries of officials of the company, the following representations given to you in connection with your audit of the company's financial statements for the year ended 31 March 1998.

1. We acknowledge as the Executive Committee our responsibility for the financial statements, which you have prepared for the company. All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the company have been properly reflected and recorded in the accounting records. All other records and related information including minutes of all Governors and management meetings, have been made available to you.

2. No events have occurred and no facts have been discovered since 31 March 1998 which could materially affect the true and fair view of the financial statements, or although properly excluded from the financial statements needs to be disclosed to the members in some other way.

3. All information required by the Companies Act in relation to:

i) loans or borrowing assistance given by the company or trustees or connected persons; and

ii) any other transaction in which trustees or connected persons have a material interest,

is disclosed in the financial statements.

4. All grants, donations and other income, the receipt of which is subject to specific terms or conditions, have been notified to you. There have been no breaches of terms or conditions during the year in the application of such income.

Yours faithfully,