



INSPIRING
FINANCIAL
LEADERSHIP

EMPOWERING YOUR PEOPLE

ANNUAL REPORT &
FINANCIAL STATEMENTS

2017/18



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

Charity Finance Group (CFG) is the charity that inspires a financially confident, dynamic and trustworthy charity sector. We do this by championing best practice, nurturing leadership and influencing policy makers.

Our 1,482 member charities turn to us to develop their finance management knowledge and skills. Collectively, these charities manage £21bn of funds – that represents around a third of the entire charity sector's income.

For more information, please visit: www.cfg.org.uk

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VISION, PURPOSE, OBJECTS & AIMS

WHY WE EXIST

Charity Finance Group is committed to inspiring the development of a financially-confident, dynamic and trustworthy charity sector.

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

At a challenging time for charity funding, it's more vital than ever to ensure that money is making the biggest impact possible; it's our role to empower charities to do this through championing best practice, nurturing leadership and influencing policy makers.

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

HOW WE ACHIEVE OUR OBJECTS

Our aim is to maximise charities' positive impact on those they serve through improving the effectiveness of financial management.

To achieve this impact our work is focused on achieving three main outcomes:

OUTCOME 1

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

OUTCOME 2

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

OUTCOME 3

Charities operate in a supportive environment

LEADERSHIP STRATEGY 2017/20

Our three-year leadership strategy involves three strands.

Firstly, we will strengthen ourselves as a leader and champion in the sector. Secondly, we will enable leaders in our sector to better understand finance and turn more finance professionals into sector leaders. This will improve standards of leadership in charities and deliver lasting change. Finally, we will lead by example, sharing CFG's experiences in transforming management and governance systems with our charity finance community.

STRATEGIC GOALS:

1. Be the go-to body
2. Financial skills for leaders and leadership skills for finance professionals
3. Leading by example

“

Finance is getting bigger. When CFG started, finance was mostly about producing accounts and paying invoices - now it's become a strategic function within charities, with a growing range of responsibilities.

”



FROM THE CHAIR AND THE CHIEF EXECUTIVE

We are delighted to present CFG's annual report for the year ending 31 March 2018.

It has been both an exciting and challenging year for CFG and we've made some notable strides forward in the delivery of our objectives. Our new strategy for 2017-20 is ambitious by design and, like many charities and organisations, we've made great progress and faced some tough challenges over the year. On a purely numbers basis we have much to celebrate, having achieved most of our targets, but we're not just about the numbers!

We pride ourselves on continuously pushing forward to achieve maximum impact for our beneficiaries and are pleased with our achievements. Inevitably, some things have taken longer to get off the ground than we anticipated. We've got better at identifying the challenges that can throw us off course, and we are quick to respond in more innovative and creative ways to keep up the momentum.

One year into our strategy, which focuses on putting financial leadership and skills at the heart of not-for-profit organisations, we have retained our focus on three major strands;

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

- Ensuring that we bring finance skills to all leaders (whatever their discipline) and continue to build leadership skills in all levels of our finance professionals – truly putting finance at the heart of effective charities.
- Building CFG as the 'go to' brand on all things finance, broadening our audiences and our influence ever more, making sure we support and lead social change agents to be effective and impactful.

We have both personally committed to championing the introduction of a mentoring scheme and the development of a programme of activities aimed at supporting the next generation of CEOs from a finance background. During the year we made great progress in both areas, with the mentoring scheme pilot opening for mentee applications at year end and the inclusion of sessions and a drop-in clinic, in the annual

conference programme, focused on career development and cultivating emerging leaders.

The biggest change during the year has been our clear commitment to showcasing the very best of leadership in the sector. As an organisation, we are determined to lead the way in placing wellbeing, productivity and innovation at the heart of everything we do. It's early days, but this focus on our people is really beginning to resonate with you, our members and stakeholders.

We successfully implemented our new finance and Customer Relationship Management (CRM) system during the financial year, and our new website went live shortly before the Annual Conference. We're really pleased with the results, and hope you notice the improvements too!

Thank you for sharing another year with us. As always we really value our relationship with our members and stakeholders, so tell us what you think of what we've achieved this year and what else you expect from us to be the inspiring financial leaders the sector needs.



Caron Bradshaw

Caron Bradshaw
Chief Executive



Nicki Deeson

Nicki Deeson
Chair of Trustees

MEETING AND REPORTING ON PUBLIC BENEFIT

The trustees confirm that they have complied with the duty in section 4 of the Charities Act 2011 to have due regard to the Charity Commission’s general guidance on public benefit, ‘Charities and Public Benefit’. The Trustees are volunteers and do not receive any private benefit from being on the Board of Charity Finance Group.

There are 167,972 charities in England and Wales registered with the Charity Commission plus many more exempted and excepted charities. They work across a range of issues providing help to the vulnerable, delivering social change and making the world a better place to live. In order to do their work effectively and achieve the biggest possible impact for their beneficiaries, they need to be financially well-led and managed. This is accepted across the charity sector and by regulators such as the Charity Commission.

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

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

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

The structure of the Trustees’ Annual Report allows us to report on each of our strategic aims, CFG’s activities and achievements during the year and our plans for 2018/19 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.

CHARITABLE OBJECTIVE FINANCIALS AT A GLANCE

	Income (2017)	Income (2016)	Expenditure (2017)	Expenditure (2017)
Outcome 1: Well-developed skills, learning, knowledge and practice result in high performing charities	£1,064,201 (-5%)	£1,122,560	£1,052,271 (-3%)	£1,079,307
Outcome 2: Effective governance and leadership, with finance at the heart of effective decision-making	£468,066 (-1%)	£472,368	£319,452 (0%)	£319,873
Outcome 3: Charities operate in a supportive environment	£114,063 (-18%)	£138,354	£366,250 (+5%)	£348,504



THE YEAR AT A GLANCE

129
(-2%)

CORPORATE MEMBERS

20 NEW CORPORATE MEMBERS (+33%)

81 EXHIBITORS AT EVENTS (-5%)



CONFERENCES

118
NORTHERN

115
SWW



99
MIDLANDS

TOTAL NUMBER OF DELEGATES AT ALL CFG EVENTS:
3,885

EVENTS

113 PROFESSIONAL DEVELOPEWNT (CPD) EVENTS (-7%)

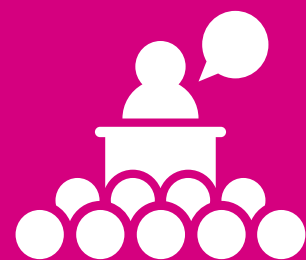
16 TOTAL NUMBER OF CONFERENCES (+60%)

640

ANNUAL CONFERENCE ATTENDEES (ALL) (+4%)

466

ANNUAL CONFERENCE CHARITY DELEGATES (-5%)



CHARITY MEMBERSHIP

1,482 (+5%)

CHARITY MEMBERS

3,391 (+17%)

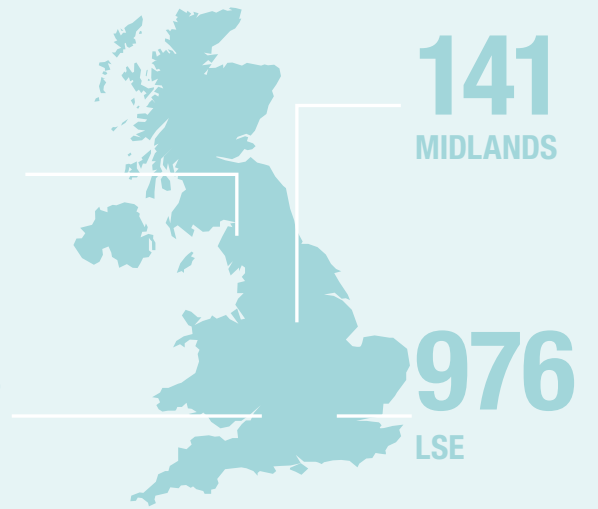
PRIMARY AND SECONDARY CONTACTS

193 (+2%)

CHARITIES JOINED CFG AS MEMBERS FOR THE FIRST TIME IN 2017/18

187
NORTHERN

178
SWW



7 NUMBER OF HELPLINES (NEW TREASURY HELPLINE)

11 NUMBER OF SIG MEETINGS

484 ATTENDANCE AT SIG MEETINGS



4,343
VOLUNTEER HOURS

Total number of delegates at CFG events

In 2017/18 we held fewer Small Charities Programme training events than we did the previous year, as the programme was mainly delivered in 2016/17, so we expected the total number of delegates for all CFG events to be lower than in 2016/17.

Overall, the total number of delegates at conferences increased. This can be attributed to an increase in the number of conferences we delivered. In 2016/17, we ran 10 conferences with an average attendance of 77. This year we held 16, with an average attendance of 59.

We've seen a reduction in the overall numbers attending members' meetings. The new format is more focused on deeper engagement for corporate members and discussion, requiring smaller groups but longer meetings.

As with any change there is a risk that it does not resonate with the audience although in general feedback has been positive from those attending. The decrease in the number of members attending regional members' meetings has been offset by the increased number of regional conferences.

MEDIA

8,791
TWITTER FOLLOWERS

11,048
UNIQUE PAGE VIEWS OF CFG BLOG

66 BLOG POSTS

356,447
WEBSITE TOTAL PAGE VIEWS

283,260
WEBSITE UNIQUE PAGE VIEWS

SMALL CHARITIES PROGRAMME

9,738 WEBSITE UNIQUE VIEWS

706 TWITTER FOLLOWERS

350 NUMBER OF TRAINING PLACES DELIVERED

611 RESOURCE DOWNLOADS

112 FACEBOOK PAGE LIKES

STRATEGIC PRIORITY: 1

BE THE 'GO TO' BODY

AIMS

1 We will have produced new guidance on financial governance, data protection and other challenges facing the sector.

4 We will have created online resources, training and support for Community Interest Companies (CICs).

2 We will have increased the number of online resources to help charities (large and small) manage their finance effectively.

5 We will launch a new website to enable charities, CICs and the wider not-for-profit sector to access our resources.

3 We will have created a new product to help banks better serve their charity customers.

6 Numbers attending our training, conferences and membership meetings will continue to grow to meet the needs of charities for advice and support.

OVERVIEW

We have focused on producing new guidance in a range of online and offline formats to help charities grapple with the biggest issues facing them. These have been prioritised according to the scale of the challenge and the needs of the sector. The three major issues we focused on in our guidance for charities in 2017/18 were: governance, General Data Protection Regulation (GDPR) and the Apprenticeship Levy.

ESSENTIAL CHARITY FINANCE FOR TRUSTEES

Charity Commission investigations and research have repeatedly shown that financial governance is a blind spot for many organisations. Charities need good financial governance if they are going to be sustainable and use their resources effectively.

In collaboration with MHA MacIntyre Hudson we produced a guide for new and existing trustees. The guide has all the relevant regulatory information, best practice and helpful checklists on financial governance in one place. *Essential Charity Finance for Trustees* has been well received and we have also used the guide to support training for charities on financial governance.

Our work on governance crosses two strategic aims, and is explored more fully on page 19.

THE 'BEST FREE GUIDE' ON GDPR FOR CHARITIES

GDPR has been one of the biggest issues facing charities. As well as running a number of training events, in collaboration with the FSI, for small charities and hosting webinars for charities to prepare for GDPR, we also produced a guide. This resource, developed with Buzzacott, Crowe, and Kingston Smith had over 3,500 unique downloads in the weeks after its publication and received very positive reviews from charity users. It was noted in one article on the Guardian Voluntary Sector as the 'best free guide' on GDPR for charities.

CFG has been campaigning and supporting charities on the Apprenticeship Levy as soon as it was implemented. Over 1,000 charities are caught by the Levy, but there has been no specific guidance for them. Working with Grant Thornton, we developed a new Apprenticeship Levy Guide and launched it with a conference so that charities can better understand their responsibilities.

As well as delivering publications for charities on GDPR, Apprenticeship Levy and Financial Governance, we have created a checklist and resources for charities to combat fraud, including a guide specifically designed for small charities. A new factsheet for small charities on Gift Aid has been created plus a briefing for new charity employers on their pension responsibilities.

We have also run a number of webinars on topics such as budgeting, Gift Aid, fraud and GDPR, giving a wider pool of organisations a chance to access support. These have been attended by over 150 charities.

CASE STUDY



Philippa Frankl,
Director of programmes and learning,
School of Social Entrepreneurs (SSE)

Preparing for GDPR was a bit of a leap into the unknown for everyone. Advice, guidance, training and articles were popping up everywhere, and in the third sector the majority of the advice seemed to focus heavily on fundraising, which is only part of the picture.

We found the CFG guide to be the clearest and easiest to follow of the many resources we looked at, and the division into separate sections on governance, financial, fundraising, beneficiary and employee data helped us to review all the areas of the organisation impacted by GDPR - not just fundraising.

At SSE we engage a huge range of beneficiaries, freelancers, speakers, experts and volunteers - the bringing together of people is central to what we do. The guide helped us to review how and why we engage

with each of those groups and to update both documentation and processes to support that engagement while ensuring compliance. Key for us was clarifying for each of those groups the legal basis on which we were processing data and distinguishing between operational and promotional activities.

Inevitably we will continue to tweak and update our approach over time, and we will continue to refer to the CFG guide as we do that.



CASE STUDY



David Fardell,
Managing Director,
Buzzacott Giving Solutions

Buzzacott has a long history of working with charities in different capacities and they are a very important part of our client base. We have always taken a leading role in the development and promotion of best practice, whether it's helping charities manage their finances, review their practices, assist with people management or support with their grant-making. At Buzzacott we define ourselves by the needs of our clients and understanding and foreseeing the difficulties they will face is a necessity.

When GDPR was adopted in April 2016 and given an enforcement deadline of a little over 2 years, we knew that the charity sector was going to be one of the areas impacted the hardest – so, we took the opportunity to help them get ahead and start planning for the changes as soon as possible. Working with CFG was the best way to get this message out.

Two of Buzzacott's specialist teams; HR Consultancy and Giving Solutions, put their heads together to help CFG produce a definitive General Data Protection guide that's been highly praised. In this guide, we focused on two key areas within GDPR. Firstly, how GDPR is governed and how it would eventually be enforced, giving an overview of the new regulation, some key principles, data breaches and the regulators. In the second area, we looked at an often underestimated aspect of the GDPR legislation – how charities need to handle the data of their employees and what practical changes charities will have to implement.

We were happy to work with CFG to help the charity sector navigate through the change.



BUILDING OUR OFFER TO COMMUNITY INTEREST COMPANIES (CICS)

In partnership with Social Enterprise UK we have started a new training programme for CICS on financial management. This covers budgeting, planning, financial strategy, cash flow, forecasting and reporting. These have been hosted by CFG's corporate partners and have been well received. This programme launched in March 2018 and will run for six months. The training is also supported by a number of webinars which have covered issues such as full cost recovery.

LAUNCHING A NEW, MORE USER-FRIENDLY WEBSITE

Building a new website which integrated with a bespoke finance and CRM system was a far more complex project than we originally anticipated. As the integration was key to improving and simplifying the user experience, making it easier for all users to get to the information they needed and to book events quickly, we decided to delay the launch until we were confident the quality of the user experience would not be compromised. The first phase of the new website was in late May 2018, a week before our Annual Conference. A second phase which includes a 'My CFG' area where members can manage their membership, resources and event bookings is due to come online later in the year.

GETTING THE MOST OUT OF MEMBERS' MEETINGS

After a successful pilot in 2016/17, we rolled out a new interactive format to half of our members' meetings in London and the regions. The new format encourages greater discussion and knowledge-sharing between delegates.



I thought the content was excellent – every bit was relevant



RESPONDING TO THE NEEDS OF THE SECTOR WITH NEW EVENTS

Keeping up to date with changing policy and regulation is a key priority for charity finance teams. We kept up the momentum on our topic-specific conferences, rolling out our popular Gift Aid and VAT conferences to our three regions outside of London (Northern, Midland and South West and Wales), delivering eight conferences on Gift Aid and VAT in total.

In response to feedback from members, we also launched a new event in London in March, dedicated to technical updates. This short one-day conference covered: regulation; accounting and reporting; legal; HR; Gift Aid; VAT and tax; and governance.

100% of conference delegates agreed or strongly agreed that they had a greater understanding of performance and effectiveness in charities and 99% agreed or strongly agreed that they had improved their skills and knowledge.

As the Apprenticeship Levy was such a key policy development in this period, in conjunction with our free guide we held two events on the topic in April 2017 and March 2018.

ANNUAL CONFERENCE: EMPOWERING YOUR PEOPLE

Our Annual Conference 2018 at the QEII Centre attracted 466 charity delegates. Evaluation forms showed that levels of satisfaction and confidence across three indicators were either the same as last year or higher.

HELPING BANKS SERVE CHARITIES BETTER

One of the deliverables for this year was a product to help improve the service between banks and their charity clients. This is a two-way process, helping banks and charities to understand each other's needs. The initial part of this project was to reach out to banks to collaborate on developing training. This has proven difficult, as many of the larger, more established banks already have

programmes in place, albeit not specifically targeted at the sector. We need to therefore change our approach and consider whether potential partnerships in 2018/19 would better meet this need and, if so, what form those partnerships should take. In the meantime, we have rebooted our Banking Forum, with plans for a meeting before the end of 2018 between banks, the Charity Commission, Treasury, and CFG members.

TRAINING AND DEVELOPMENT

The total number of training and development sessions planned was 41. Of these, 35 were delivered and six were cancelled because bookings were low. Regional engagement continues to be a challenge for CFG - four of the six cancelled events were outside of London. We have made some internal changes designed to assist in focussing on engagement with members and we hope to see improvements in the way we serve all our members materialising in the near future.

In total, 744 delegates attended a CFG training session. This is a lower figure than the previous year (844) which can partly be attributed to us piloting training on new topics and partly due to a review of the model of corporate-hosted training with the aim of increasing our reach and widening our audience.

We trialled three new topics for training: Finance for decision makers; Preventing fraud; and GDPR. We also diversified into a new area and a new format for training and development, with four briefing breakfasts focusing on topical HR issues. Whilst we would have liked to have more delegates attend, the feedback evaluations overwhelmingly showed that the sessions were well received and most commented that they could have been longer. We were pleased that all sessions ran and are committed to trialling new content and delivery methods, using feedback to refine our offer to meet the needs of members.

Our GDPR training was very well attended, and we are delighted to be able to offer support on a topic that was causing so much anxiety and confusion across the sector.

OF THE ANNUAL CONFERENCE 2018 DELEGATES:

97%

said that their knowledge and skills had been improved (same as 2017)

95%

said that they felt more confident about the next steps they need to take and how to implement them (+1%)

94%

94% reported that they had greater awareness of best practice in charity finance (+5%)

1,543 CONFERENCE DELEGATES
1,475 IN 2016/17

To find out more about our work in developing skills for the sector, see Strategic Priority 2 on page 18.

BEING THE 'GO TO' BODY: POLICY IN 2017/18

Advocating on behalf of our members and charities to create a more supportive operating environment remains a central mission for Charity Finance Group. The operating environment as a whole for charities remains challenging with continued media scrutiny and political pressure. It is our goal to be a leading voice in the charity sector on finance issues as well as the future of our sector more broadly.

MULTI-EMPLOYER PENSION REFORM ACHIEVED

A long standing area of work for CFG has been reforming pension rules. We believe that pensions remain a significant risk, a 'ticking time bomb' which could have significant financial and reputational risk for charities if it is not properly managed. Our campaigning on this topic has helped to improve sector understanding of the risks but a barrier for many charities has been regulation around multi-employer pension schemes. Many charities are part of these schemes. They cannot afford to accrue further liabilities and they cannot leave these pension schemes without triggering so-called "Section 75 debt" payments (which can be unaffordable) – a 'catch 22' situation.

After many years of campaigning, the government has changed the rules so that charities and other employers can put in place a deferred debt agreement (DDA). This means that employers can stop accruing debt without triggering Section 75 debt payments. This will allow charities to stop adding to their liabilities and get on top of their pension deficits over time, making both themselves and their pension funds more sustainable. This is an excellent development and we are very proud to have driven this change.

REDUCING THE BANKING RISK OF CHARITIES FROM 'MEDIUM-HIGH' TO 'LOW'

CFG has been working at national and international level to combat bank de-risking. Members working at home and abroad are finding it is harder to keep access to banking services and they are facing increasing delays when they do need payments transferred through their bank. This is a critical issue because without access to banking services, charities cannot pay for goods, staff or other essential supplies that they need to do their work.

In summer 2017, the government updated its National Risk Assessment in advance of the then upcoming Financial Action Task Force Mutual Evaluation of the UK Counter-Terrorism and Money Laundering legislation and regulation. CFG held a roundtable with HM Treasury to consider the risks facing the UK charity sector and filed a written submission based on a survey of charities. Thanks to this work, the UK charity sector's risk rating was reduced from "medium-high" to "low" risk with charities working overseas having a "higher" (but not "high") risk rating. This should help to reduce the paperwork that charities have to do and encourage banks to keep channels open for charities to send money overseas.

ENCOURAGING CHARITIES TO TAKE ACTION AGAINST FRAUD

Around £2bn is lost every year in the charity sector due to fraud. CFG has been the leading voice on the sector in combating fraud, working closely with the Charity Commission, National Cyber Security Centre and other interested partners. In July 2017, we launched a 'fraud pledge', asking organisations to take measures to combat fraud in their charities. Research indicates that charities can reduce the cost of fraud by 40% if active counter-fraud measures are implemented within 12 months. These can involve simple things like reviewing controls, training staff to identify the signs

of fraud and improving office culture. 129 charities took the pledge in its first year. If they take active fraud measures over the year, we expect them to save around £23.6m – a significant saving. Alongside the pledge we developed a checklist for charities to combat fraud, which will help organisations to develop new counter-fraud policies. We also produced a dedicated guide for small charities.

A VOICE FOR CHARITIES ON BREXIT

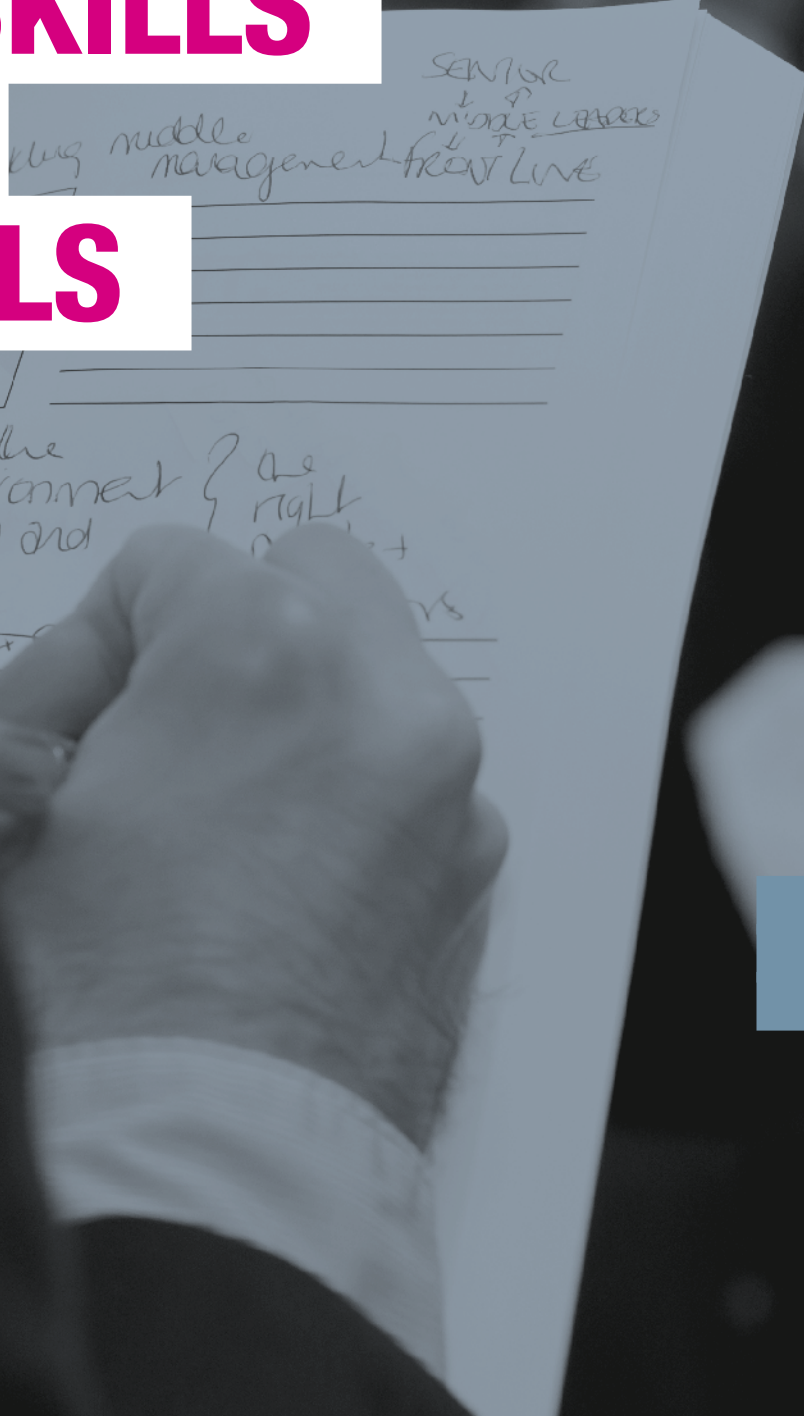
In July 2017, CFG published a report on the potential impact of Brexit for charities and their beneficiaries, to bring some balance to an ongoing debate which has focused primarily on the impact on business. We were also very conscious that those leading the debate from a 'leave' perspective had little or no engagement with the sector. Our research showed that only 2% of the public believed that disadvantaged people and communities were a top priority in the Brexit negotiations. A Brexit that works for everyone included a six-point plan for the government to deliver a successful Brexit outcome for charities.

CFG had, and continues to have, a neutral position on Brexit. Our aim was to move the discussion forward and make sure the voluntary sector has a voice in any deal. It was also important to open the debate up wider than the loss of funding and raise awareness of issues relating to regulation and workforce. The main conclusion, that a clean Brexit would give the government more freedom to unlock financial resources and cut back the red tape which holds the charity sector back, jarred with many other sector bodies. However it received widespread attention in sector press and opened new channels of communication with decision makers. Work on Brexit has continued into 2018/19, with two subsequent reports concluding that Brexit as it is currently being managed will be bad for both charities and their beneficiaries.



STRATEGIC PRIORITY: 2

FINANCIAL SKILLS FOR LEADERS AND LEADERSHIP SKILLS FOR FINANCE PROFESSIONALS



AIMS

1 We will have refreshed our offering for trustees and chairs of charities through a combination of face-to-face training and online resources to boost financial governance.

2 We will have strengthened our CEO Alumni Network to support finance leaders that have made the transition to become chief executives, and to encourage CEOs of the future.

3 We will have launched a Mentoring Scheme to partner experienced charity finance professionals with the next generation of financial leaders in the sector.

“

TO SAY I WAS BLOWN AWAY BY IT IS AN UNDERSTATEMENT. HERE WAS A FRAMEWORK THAT ENABLED THE FINANCE FUNCTION TO LEAD THE ORGANISATION AND DEVELOP INDIVIDUAL FINANCE TEAM MEMBERS AND THE TEAM AS A WHOLE SIMULTANEOUSLY.

”

OVERVIEW EFFECTIVE FINANCIAL GOVERNANCE

Good governance has been a mainstay of our work since we were founded in 1987. This year we sought to directly address the lack of finance skills and competencies on charity boards, escalating our work to build capacity and promote effectiveness by providing practical and accessible resources for trustees. Together with our partner and long-standing corporate member MHA

MacIntyre Hudson, we developed training sessions. All too often, effective financial strategy is seen as the responsibility of the treasurer who ‘understands the financials’. However, the better the understanding all the trustees have of strategic financial management, the more effective they are in their role in appraising and steering financial strategy.

We ran a survey with MHA MacIntyre Hudson which found that, although organisations were confident of the financial skills on their board, they rarely checked or assessed their needs, or sought training. This creates a concern that charities may have a ‘shallow’ confidence in their own governance which is based more on assumptions or hope rather than objective assessment of their situation.

This year we delivered two rounds of training: Essential charity finance for trustees. The free-to-download guide of the same name, was launched in November, during Trustees’ Week, to ensure that we reached as many charities and trustees as possible.

To help trustees understand and support investment decision making, we continued to work with Sarasin and Partners to offer training for trustees on investment strategy. This year we delivered four sessions at foundation level and three at advanced level.

In order to reach an even bigger audience and encourage members to really think about the financial skills on their board, we dedicated a whole stream of sessions at our Annual Conference to Governance.

With this targeted activity, conference sessions, regular articles in Finance Focus and CFG’s Pink Book, we’ve elevated the importance of financial governance with our core audiences. But there is more work to be done, and we’ll continue to support financial governance in charities in the years ahead.

NURTURING FUTURE LEADERS: THE JOURNEY FROM FD TO CEO

Our CEO Alumni Network is designed to support CEOs from finance backgrounds in their roles as charity leaders. In the last year, the network has not received the attention it deserved, giving way to other priorities. The plan to reinvigorate the network has been rolled over into 2018/19 to allow CFG more lead time to create a robust plan and resource it effectively.

We continue to believe in supporting former FDs who have made the transition to CEO, demonstrating that finance professionals have the credentials to be effective CEOs. We believe that it’s important to continue to encourage and equip future leaders to take the next steps in the leadership journey.

We plan to re-launch in 2018. A strategy for developing the group is being finalised at the time of writing this report.

A BRAND NEW MENTORING SCHEME FOR CHARITY FINANCE

A pilot scheme was launched this year to our members, with the aim of supporting them to share their skills and experience and learn from each other. Mentoring is a personal experience and it is important to us to match mentors with mentees where they can both develop and grow as individuals and experts within the sector.

The concept behind our mentoring scheme, which is the first of its kind for charity finance professionals, is to give support to both mentors and mentees throughout their journey by providing training and resources to ensure their individual goals are met and both parties get the most from their experience.

We originally planned to run a small pilot of the scheme with ten pairs of mentors and mentees. However, the initial response was overwhelmingly positive, so we have extended the pilot to take in up to 30 pairs, in order to offer support to a greater number of people from the outset.

CASE STUDY



Pete Knight,
Head of Finance,
The Varkey Foundation

Inspiring Financial Leadership – the Finance Journey

Keen to improve my skills as a financial leader I enrolled on the Inspiring Financial Leadership (IFL) programme. Having attended CFG events in the past I had high expectation of obtaining significant benefits from participating.

One of the first things received, prior to the first seminar, was the Participant Preparation Form - I didn't realise then the significant impact that this fairly innocuous form would have. It contained a number of questions intended to focus one's mind on the desired outcomes of the programme. I duly answered the questions but one in particular stood out – 'what are the areas that you wish to develop as a Financial Leader?'. My response was, to focus more on people as a means of achieving high performance as, despite being a qualified coach and NLP practitioner, I realised that I have tended to focus on the attainment of high performance and achievement of outcomes with insufficient consideration for people – despite my belief that people are everything.

I immediately put this into practice, enhanced by what I learned on IFL and almost instantaneously saw positive results. We still achieved our goals but my team felt so much better and this was reflected in their performance.

As a finance professional, this experience vastly improved my leadership skills.

Module 1 – Leadership from the Finance Function, introduced Simon Hopkins' excellent Finance Journey model. To say I was blown away by it is an understatement. Here was a framework that enabled the finance function to lead the organisation and develop individual finance team members and the team as a whole simultaneously.

I attended a Senior Leadership Team (SLT) away day shortly after Module 1 and presented the Finance Journey to my SLT colleagues. I was pleasantly surprised that they immediately got it, saw its benefits for the Foundation and clearly shared my passion for it.

Following this, I presented the Journey to my direct reports, who greeted it with similar enthusiasm and passion and over the following weeks created their own development journeys and got their reports to do likewise.

Over the subsequent weeks I heard of the Country Director in Argentina presenting the Journey to Centre Leaders and how the Ghana Finance team were really embracing their journeys.

It occurred to me that, while I understood what each of the levels of the Journey represented, I was unclear what Synthesis involved. Who better to explain than Simon Hopkins himself? I cheekily approached Simon on LinkedIn with an invite to be my mentor and was overjoyed when he agreed. I had several meetings with Simon, including a demonstration of the scenario planning model that he developed at Turn2us. The penny well and truly dropped!

We still have some way to go in implementing the Finance Journey at the Foundation but we have total buy in from the Finance team and SLT and are committed to fully reaping the benefits.

I would have paid the fee for Module 1 alone but each module resulted in new insights and new inspiration and I literally left each one buzzing.

The Finance Journey – both the Model and IFL, gave me new financial skills as a leader and improved my leadership skills as a finance professional.



**STRONG GOVERNANCE
AND BOLD LEADERSHIP IS
ARGUABLY THE PRIMARY
SAFEGUARD TO ENSURING
THE EFFECTIVENESS OF
ANY CHARITY, AND IS
ESSENTIAL TO MAXIMISING
BENEFICIARY IMPACT.**



Sudhir Singh,
Head of Not for Profit,
MHA MacIntyre Hudson

STRATEGIC PRIORITY: 3

LEADING BY EXAMPLE



AIMS

1 We will have embedded our new IT systems and created an effective system for monitoring our performance internally, sharing our experiences with the wider sector.

2 We will have made progress towards building a culture of innovation and collaboration within CFG.

OVERVIEW

Sharing best practice is at the very heart of CFG's purpose. Commonly, we're a conduit for sharing knowledge and experience (whether good or bad) between members and with the wider charity finance community, to inform and support their work. This strategic priority turns the spotlight on our internal systems and processes – not only to improve performance and to deliver better value to our members and charity finance community, but also to share our experience in the hope that in doing so, we are helping others.

BREAKING DOWN THE SILOS

We have worked hard this year to embed a culture of collaboration and innovation at CFG. Several cross-organisation working groups have been established which focus on different business strands, from innovation, membership recruitment and engagement to content and customer service. The groups are open to all staff, regardless of their job, directorate or position. We recognise that improvement and excellence is everyone's responsibility and people should not feel limited by their job role. The aim is to fully engage all areas of the organisation in delivering the best products and services to meet member needs. This collaborative approach has proven very popular with staff and has generated new ideas and thinking for future development.

The most successful of these groups focuses on innovation, using a Dragon's Den style format to pitch and appraise new ideas. Initial ideas for new activity were mapped and analysed using business-planning tools such as SWOT and Ansoff's matrix, following which the group decided which ideas to take forward, splitting into sub groups to develop and deliver pitches.

MANAGING PERFORMANCE

Our aspiration was to create a system to not only measure performance, but to drive our impact. We wanted to create a system that helped us to make decisions

CASE STUDY



Dawn McNish,
Director of Business Development and Events,
Charity Finance Group

"Our innovation group has previously enabled underdeveloped ideas to get back on the table and new staff the chance to develop their own ideas - the benefit of having a fresh perspective.

The group not only enables all involved to contribute to various areas of the organisation but also strengthens the combined understanding of product development processes and the CFG business model. In groups, staff develop and present their own pitches which must cover the resources required, cost, development time, business case, and link to CFG outcomes. One of the most important factors is creating an open and trustworthy environment where everyone feels able to join in, ideas are not shut down and questions are communicated in a positive manner. The aim is not to find the reason why an idea might not work, but to ensure that we cover all bases, mitigate unnecessary risks, fail fast and move on.

From a long list of ideas, 12 ideas were taken through to pitch stage to the whole group, with each project group presenting. The work that went into the pitches enabled us to work on more realistic timeframes and build in time for further research and development where required. Currently, three products are due to be launched by the end of our next financial year and we can't wait to share more details with you!"



that would serve our strategy and remain focused on reaching our goals, but that was also dynamic, allowing us to take advantage of opportunities as they arise.

Like many organisations we struggled to create a system that would be useful and used on a regular basis rather than a piece of work we complete once a year. The risk is that these performance tools become obsolete almost as soon as they're agreed.

We have been inspired by a popular process known as OKRs (Objectives and Key Results), and created something similar, tailoring it to our needs at CFG. The system takes ambitious and challenging objectives for the year and breaks them into quarterly measurable goals. To encourage ownership, these objectives are created by the individuals and teams that will be delivering them.

We have tested the system with each of the directorates and made some improvements that make it easier to use, ensuring its led from the bottom-up

rather than top-down. Having made these refinements, the full system is being piloted with the Customer and Member Support team.

A NEW IT SYSTEM TO IMPROVE CRM AND FINANCIAL MANAGEMENT

One of the biggest projects for CFG this year was the development and implementation of a bespoke CRM and financial management system to improve our internal processes and make it easier for members to manage their membership and payments, and to book events online.

IT projects are notoriously complex and ours was no exception. We worked with suppliers to shape and refine the system, carried out comprehensive user acceptance testing and internal training. The integration with the new website added a further layer of complexity as the two were being developed in parallel, so there were a large number of unknowns and challenges along the way.

CASE STUDY

“ Martin Hubbard,
 Director of Customer and
 Business Support,
 Charity Finance Group

One of the main reasons given by members on why they continue to be part of CFG is the sharing of knowledge and experience. Why reinvent the wheel? At past CFG events we have been successful in giving a platform to experienced charity professionals so that they can pass on what they know. CFG, as a charity itself, therefore feels that it is important to share its own experience. For this reason, Dawn McNish, our Director of Events and Business Development, and I gave a presentation in February at the CFG Conference in Birmingham, sharing how CFG had changed its Management Accounting processes and how this had impacted on budget holders.

The session covered CFG’s decision to delegate budgets to as close to the front line of activity as possible so that

decisions could be taken effectively by the most appropriate level of staff and not dictated by job title or seniority. Dawn explained how her team had experienced an increase in motivation after delegating decision making and that people felt more invested in trying to achieve both financial and other targets. There had been problems however as some people found it challenging and time consuming.

From a finance perspective, the changes have led to a more accurate budget being created, forecasts being more accurate and quicker corrective plans of action. However, improving the information has come at a cost in terms of extra complexity in the coding structure and the additional time needed to deal with more budget holders; for us, a price worth paying.

Feedback from delegates was generally very good with one delegate saying “It was very brave of CFG to be so open with the warts and all assessment of the process”. Questions and comments during the session and conversations afterwards confirmed the usefulness of these types of presentations. Some delegates confirmed that the changes CFG had made were similar to those being made or to be made in their charities giving them the confidence to carry on.

”

OBJECTIVES 2018-19

1. BE THE GO TO BODY: BROADENING OUR INFLUENCE TO BE THE MOST TRUSTED AND RESPECTED SOURCE OF GUIDANCE ON FINANCIAL MANAGEMENT FOR NON-PROFITS.

- We will Contribute to improving decision making by providing up-to-date, expert guidance on Foreign Exchange, Making Tax Digital and other challenges facing the sector.
- We will conduct further research into the impact of Brexit on charities and their beneficiaries
- We will increase the number of online resources to help charities (large and small) manage their finance effectively.
- We will deliver, in collaboration with Social Enterprise UK (SEUK) a suite of training for Community Interest Companies (CICs) and explore how we can leverage this work to create online resources, training and support for them.
- Event Season ticket – providing the very best value for our members and attracting new members, and cementing CFG’s position as one of the most important sector membership bodies.

2. EXPAND OUR SCOPE TO BETTER SUPPORT LEADERS

- We will deliver new content for Trustees and Chairs of charities through a combination of face-to-face training and online resources to boost financial governance.
- We will continue to strengthen our CEO Network to support finance leaders that have made the transition to become chief executives and encourage the next generation of rising FD to CEOs and deliver a range of new products to support career development including, but not limited to, further work with CASS.
- Non finance staff –we will develop products and services to meet the needs of non-finance staff in our core areas.
- Scotland – we will strengthen our presence in Scotland in response to demand from charities and corporates (through partnerships where possible).

3. CFG AS AN EXEMPLAR

- Key performance indicators (KPIs) and objectives, results and activities (ORAs). We will embed our new IT systems and improve the effectiveness of systems for monitoring our performance internally - looking in 2019-20 to share our experiences with the wider sector.
- We will refine our piloted approach to risk management and create a toolkit to share our learning.



HENRY STEWART, FOUNDER, CEO AND CHIEF HAPPINESS OFFICER, HAPPY LTD, CLOSES CFG’S ANNUAL CONFERENCE 2018.

REVIEW OF FINANCIAL POSITION

CFG'S BUSINESS MODEL

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

Our funding model has been almost entirely based on earned income, with profits in some areas financially supporting other areas of our charitable delivery.

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

RESULTS FOR THE YEAR

We are pleased to report that 2017/18 was a very stable financial year for CFG with a minor surplus generated of £2,261 within unrestricted funds. Once restricted funds are included there was a deficit of £34,282 as income received in previous years was spent.

The ambitious upgrade of our Customer Relations Management database, financial system and Website continues and our Fixed Asset Reserve now includes the costs to date of this project. Approximately £70,000 remained to cover the completion of the project and to invest in phase 2 so that the customer experience can be further enhanced. The main project aim was to build fully

integrated systems where the user experience is improved and less time is spent internally on administration.

A designated fund of approximately £50,000 remains of the designation held at 31st March 2017 (£85,000) for additional Business Improvements. Part of this fund covered the costs of completing our Brexit Workplace Survey. The remaining funds are currently planned to be used to devise a Crisis Communications Plan which can then be disseminated to our members as an example of good practice, to fund a culture change programme within CFG and to cover any necessary additional accommodation costs that will be required as a consequence of renewing our property lease in 2018.

A new designated fund (£30,000) was approved by the Board in March to fund valuable market research to ensure that CFG continues to provide products and services that the charity and not for profit sector requires. Expenditure remained at roughly the same level at £1,810,712 compared to £1,815,554 in 2016/17. Overall income reduced from £1,871,464 to £1,776,430 – a decrease of £95,034. There was a general reduction across different streams with no single area being responsible for the fall in income.

For 2018/19 and 2019/20 we plan to break even in our "Business as Usual" budget but will generate an overall deficit as designated funds are exhausted and the depreciation charges relating to IT system updates are incurred.

In previous years, we have had high levels of both debtors and deferred income as membership subscriptions were renewed in advance of the financial year. Renewals for 2018/19 have largely been undertaken in year so these figures are substantially lower as at 31 March 2018. In 2019/20 the timing of renewals will revert to February/March and therefore the Debtor/deferred income figures will once again increase.

RESERVES POLICY

As part of the 2018/19 Budget setting process, our Finance and Audit Committee reviewed CFG's Reserves Policy. It was confirmed that the policy agreed previously was still valid and that

CFG maintained free reserves:

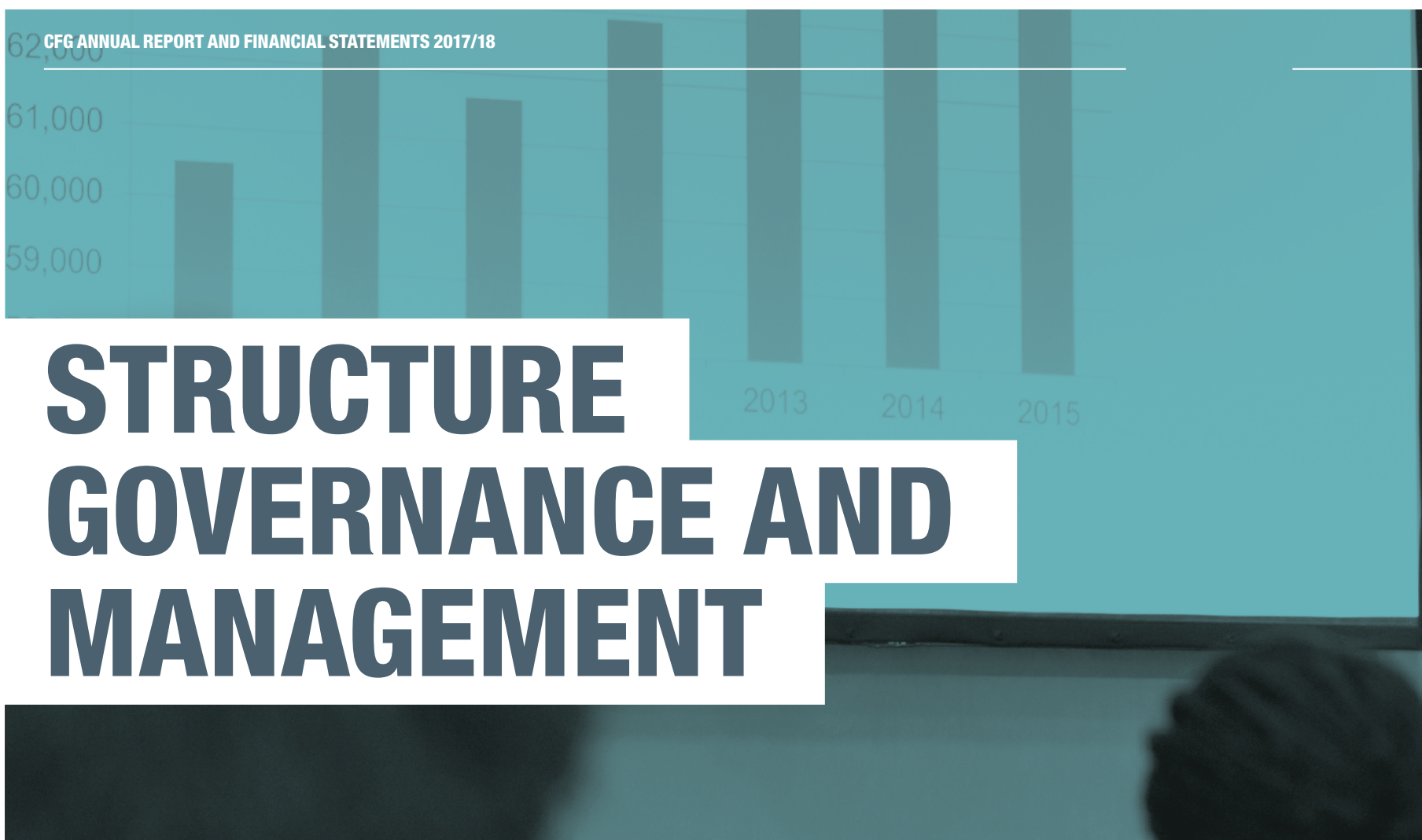
- to provide a sustainable and appropriate level of working capital;
- to allow for periods of unexpected drops in planned income;
- to cope with sudden short-term increases in planned expenditure;
- to provide cover for other risks, contingencies or unforeseen events (these would have a low likelihood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

The free reserve range of £175,000 to £275,000 was therefore maintained. Our available free reserves as at 31 March 2018 were £305,576 (2017: £278,360) marginally above the top of the target range. The Board will at times designate funds from free reserves for specific costs that fall outside the normal business as usual expenditure.

INVESTMENT POLICY

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

As a result, it considers that it is not appropriate for CFG to adopt an ethical investment policy at this time.



STRUCTURE GOVERNANCE AND MANAGEMENT

STRUCTURE

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

BOARD

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

elected by their fellow members. A constitutional amendment was approved by the board in October 2017 to allow the chair a further period of appointment if they would have less than two years in the chair role due to their appointment date, subject to a maximum period of service as trustee of eight years.

Non-member trustees are appointed after an open recruitment process. The chair and officers of the board are appointed by the trustees from among their number. The board meets four times a year and holds additional strategy planning sessions and away days in order to closely engage with the work CFG delivers.

The board also receive bi-weekly updates on day to day activities, new risks and progress against key objectives. This provides the board with regular and valuable information in order to carry out their duties and responsibilities as CFG trustees. Sub-committees and ad hoc task and finish sub-groups of the board are convened to expedite the execution of duties. Current sub-committees (nominations committee, remuneration

committee and finance and audit committee) are governed by their own terms of reference and delegated duties are approved by the full board. Sub-committees are served by trustees and co-opted independent appointees. Special advisors and expert forums provide support and advice to the board and staff. Forums relate not just to technical content (such as pensions or accounting) but are also there to ensure that we have engagement with our members across England and Wales.

BOARD INDUCTION AND CONDUCT

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

The board is conscious of the introduction of the new Charity Governance Code, chaired by former CFG trustee Rosie Chapman, and will be

taking steps to review CFG's procedures against the content. It is our intention to use the Governance Code as a prompt to ensure that CFG is an exemplar of how charities should be governed.

MANAGEMENT

Day-to-day management of CFG is delegated to the CEO. Performance and risk are monitored against strategic objectives. CFG's headcount was, on 4 September 2018, 19 full-time positions.

RISK MANAGEMENT

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

The board of trustees is satisfied that reasonable steps are being taken to limit the probability and the impact of risk.

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

Under this approach to risk, we monitor the issues encountered on an ongoing basis. We are able to state that the three key areas of risk that most frequently arose during the period were

categorised as 'reputation', 'people and development' and 'systems, policies and procedures'. Two further areas were considered as important, not because issues arose frequently but because of their content, namely 'financial and resource management' and 'independence/engagement'.

Over the next 12 months we believe that we will need to focus on:

Reputation: As we have become bolder in our approach and have publicly taken a position on matters which are arguably more controversial (such as the potential impact of Brexit on the sector and charging charities for regulation) we have encountered higher levels of potential risk. We recognise the importance of our reputation to our policy and engagement work and will continue to ensure that we remain balanced, evidence-based and brave in the stances we take.

People and Development: As we work hard to become an exemplar of how social change organisations should operate we have focussed more on culture and people development. This presents some wonderful opportunities for CFG but also will present risks as the organisation changes.

Systems: We have invested in upgrading our systems and website and recognise the importance of ensuring this investment results in more efficient and effective digital delivery to our beneficiaries.

Financial and resource management: In common with many others providing support and services to the sector, income is becoming harder to generate and the environment is ever more competitive. We are focussing on being creative and flexible in our products and services. This will mean taking more risks to provide new services which can meet the needs of the sector and continuously refreshing and reviewing our more established programme of activities as well as new partnerships and greater collaboration.

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

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

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

- all payments to trustees (no trustees receive 'pay')
- the number of staff in receipt of more than £60,000 and above (in bands of £10,000)
- pensions and other benefits

CFG has a remuneration committee, which meets annually, is comprised of the CFG chair, vice-chair, treasurer and one other (who shall be appointed by the chair), which sets the pay for all staff.

The CEO and director of people and performance are in attendance for the meeting (leaving for the discussion regarding their remuneration respectively) and no members of the executive are members of the committee.

The main responsibilities of the committee are to:-

- Review the CFG salary banding and make sure amendments as are appropriate to ensure that CFG salaries remain competitive
- Determine the remuneration package of the chief executive
- Approve the annual percentage increase in the payroll for all staff (which can be zero) taking into account the average RPI for the previous year.
- Approve any consolidated pay awards and staff salary increases outside of the annual review process as recommended from time to time by the chief executive.
- Approve any non-consolidated pay awards (bonus) as recommended by the chief executive
- Determine pension arrangements and ensure that contractual terms on termination are fair to the individual and the charity, that poor performance is not rewarded and a duty to mitigate loss is recognised.

In determining CFG's remuneration policy, the remuneration committee takes into account all factors which are deemed necessary. The objective of the policy is to ensure that the chief executive and staff team are provided with appropriate incentives to encourage enhanced performance and are, in a fair

and responsible manner, rewarded for their individual contributions to the success of the charity.

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

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

Delivery of CFG's charitable vision and purpose is primarily dependent on our staff, which is the largest single element of charitable expenditure. In 2017-18 CFG awarded staff a 2% cost of living uplift in salary. One member of staff, chief executive Caron Bradshaw, earns more than £60,000 per annum (being remunerated £95,213).

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



TRACEY CROUCH MP, PARLIAMENTARY UNDER SECRETARY OF STATE FOR SPORT AND CIVIL SOCIETY ADDRESSES CFG'S ANNUAL CONFERENCE 2018.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

THE TRUSTEES ARE RESPONSIBLE FOR PREPARING THE STRATEGIC REPORT, THE REPORT OF THE BOARD OF TRUSTEES AND THE FINANCIAL STATEMENTS IN ACCORDANCE WITH APPLICABLE LAW AND REGULATIONS.

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

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

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

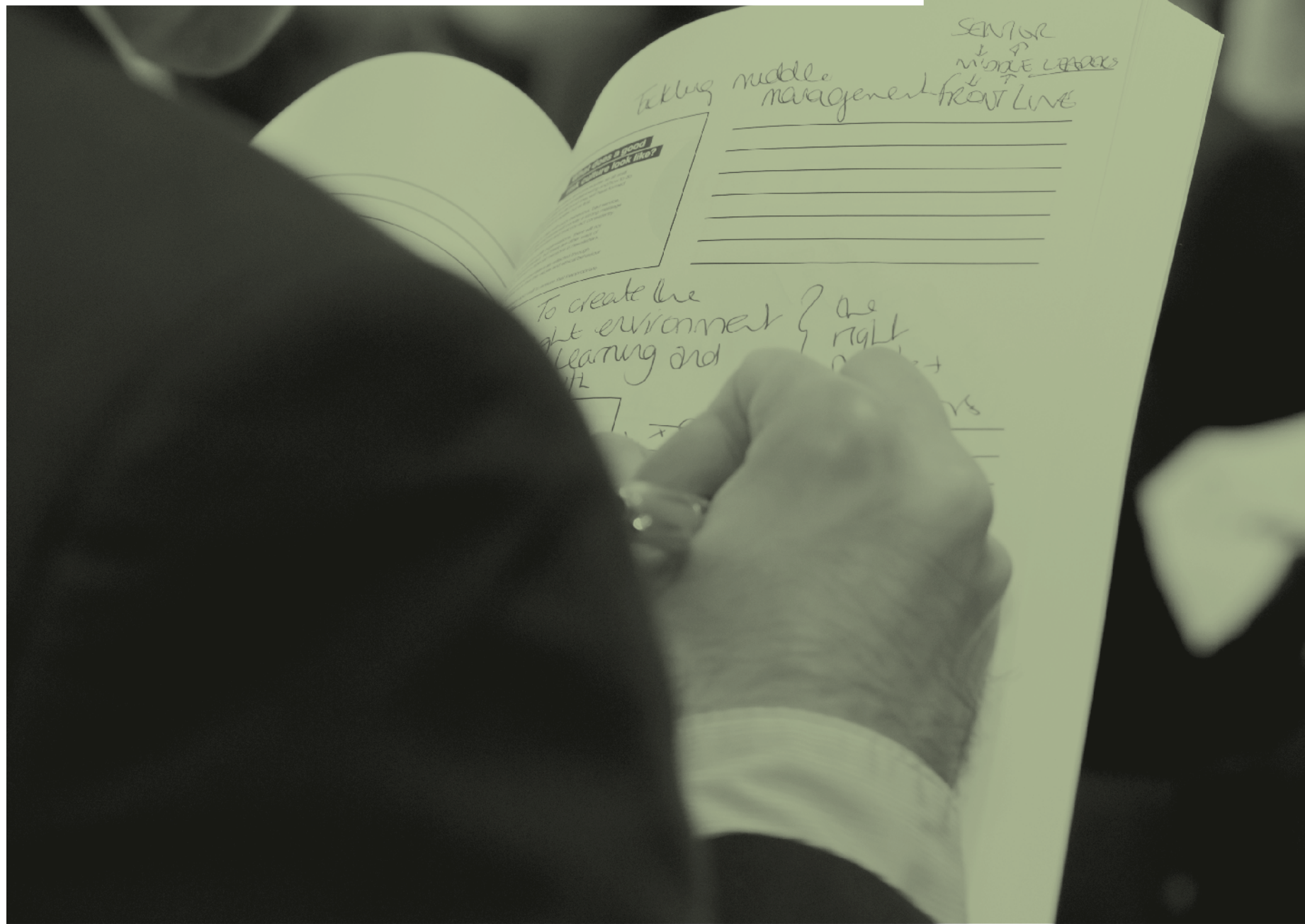
The trustees have confirmed that, so far as they are aware, there is no relevant audit information of which the charitable company's auditors are unaware, and that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information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

Appointment of auditors

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



Nicki Deeson
Chair of Trustees



FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 March 2018 (Incorporating the income and expenditure account)	Unrestricted Funds		Restricted Funds	Total	Total
	Notes	2018	2018	2018	2017
INCOME FROM:	1	£	£	£	£
					Note 13
Donations & Legacies		2,281	-	2,281	814
Charitable Activities					
• Well Developed Skills, Learning, Knowledge & Practice		1,064,201	-	1,064,201	1,122,560
• Effective Governance & Leadership		468,066	-	468,066	472,368
• Operating in a Supportive Environment		114,063	-	114,063	138,354
Other Trading Activities					
• Annual Fundraising Dinner		126,280	-	126,280	135,207
Investments		1,539	-	1,539	2,161
TOTAL INCOME		1,776,430	-	1,776,430	1,871,464
EXPENDITURE ON:					
Raising Funds					
• Annual Fundraising Dinner		72,739	-	72,739	67,870
Charitable Activities					
• Well Developed Skills, Learning, Knowledge & Practice		1,024,320	27,951	1,052,271	1,079,307
• Effective Governance & Leadership		319,452	-	319,452	319,873
• Operating in a Supportive Environment		357,658	8,592	366,250	348,504
TOTAL EXPENDITURE	3	(1,774,169)	(36,543)	(1,810,712)	(1,815,554)
NET INCOME/(EXPENDITURE)	4	2,261	(36,543)	(34,282)	55,910
TOTAL FUNDS BROUGHT FORWARD AT 1 APRIL		684,151	49,552	733,703	677,793
TOTAL FUNDS CARRIED FORWARD AT 31 MARCH	10	686,412	13,009	699,421	733,703

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 £1,553,944 (2017: £1,641,068) and total expenditure is £1,588,226 (2017: £1,585,158), which is total income and total expenditure as shown above, both net of gifts in kind of £222,486 (2017: £230,396). All the above amounts relate to continuing activities.

For the charity, total income is £1,760,716 (2017: £1,855,934) and total expenditure is £1,787,583 (2017: £1,808,842).

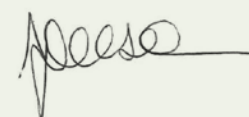
BALANCE SHEETS

As at 31 March 2018 Company no. 03182826		2018	2017	Total	
	NOTES	Group £	Charity £	Group £	Charity £
FIXED ASSETS					
Intangible assets	6	180,902	180,902	119,154	119,154
Tangible assets	6	22,853	22,853	34,341	34,341
Investments	7	-	10,000	-	10,000
		203,755	213,755	153,495	163,495
CURRENT ASSETS					
Debtors	8	148,143	118,721	734,604	493,032
Short term deposits		583,563	583,563	632,024	632,024
Cash at bank and in hand		88,122	69,536	293,780	235,505
		819,827	781,820	1,660,408	1,360,561
LIABILITIES					
Creditors: amounts falling due within one year	9	(324,161)	(287,557)	(1,080,200)	(799,172)
NET CURRENT ASSETS		495,666	494,263	580,208	561,389
TOTAL ASSETS LESS CURRENT LIABILITIES		699,421	698,018	733,703	724,884
FUNDS	10				
UNRESTRICTED FUNDS					
• Free Reserves		305,577	304,174	278,360	269,541
• Fixed Asset Reserves		203,755	203,755	153,495	153,495
Designated funds (Note 10)		177,080	177,080	252,296	252,296
Restricted funds (Note 10)		13,009	13,009	49,552	49,552
		699,421	698,018	733,703	724,884


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 38 to 46 form part of these accounts.

The accounts were approved and authorised for issue by the Board of Trustees on 10th October 2018 and signed on their behalf by:

Nicki Deeson
Chair



John Tranter
Treasurer



CONSOLIDATED STATEMENT OF CASH FLOWS AT 31 MARCH 2018

	2018	2018	2017	2017
CASH-FLOWS FROM OPERATING ACTIVITIES				
Net (Expenditure)/Income	(34,282)		55,910	
Adjustments for:				
• Depreciation	14,702		13,245	
• Loss on Disposal of tangible fixed asset	625		-	
• Interest Expense	1,539		2,161	
• Trade and Other Receivables	586,462		100,197	
• Trade and Other Payables	(756,039)		(29,306)	
Cash-flows (used in)/generated from operations		(186,993)		142,207
Interest Paid		(1,539)		(2,161)
Net Cash-flow (used in)/from operating activities		(188,532)		140,046
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of IT Systems/Equipment	(65,587)		(137,727)	
Cash flows used in investing/activities		(65,587)		(137,727)
NET (DECREASE)/INCREASE IN CASH		(254,119)		2,319

	At 1st April 2017	Cash-flows	At 31st March 2018
Cash at bank	293,780	(205,658)	88,122
Cash on deposit	632,024	(48,461)	583,563
	925,804	(254,119)	671,685



NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1. ACCOUNTING POLICIES

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

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

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

CONSOLIDATION

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the charity and of its subsidiary undertaking, namely 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 2015 recommends that the value of donated facilities is included in voluntary income, they are included under the relevant category of income for charitable activities because CFG considers this gives a fairer presentation.

MEMBERS' SUBSCRIPTIONS AND EVENTS & CONFERENCES AND DEFERRED INCOME

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

PENSIONS

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

EXPENDITURE

All expenditure is accounted for on an accruals basis and has been listed under headings that aggregate all the costs related to that activity. Liabilities are

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

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

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

OPERATING LEASES

Rentals paid under operating leases are charged to expenditure on a straight-line basis over the terms of the leases. In accordance with FRS102, 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. five years.

GOING CONCERN

Free unrestricted reserves of CFG at the year-end amount to £205,576. After consideration of the current strategic plan to 2019/20 and with an aligned three year budget agreed, the Trustees consider there is a reasonable expectation that the CFG group has adequate resources to continue in operational existence for the foreseeable future. The Trustees are also satisfied with the controls in place for monitoring and flexing the budget throughout the years. There are no material uncertainties that would impact on the charity's ability to continue. Accordingly we continue to adopt the going concern basis in preparing this annual report and financial statements.

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.

	2018	2017
CFDG TRADING LIMITED	£	£
Turnover	506,512	539,600
Cost of sales	(162,260)	(128,173)
Gross profit	344,252	411,427
Administrative Expenses	(2,849)	(2,720)
Operating profit	341,403	408,707
Interest receivable	-	111
Profit before tax and distribution	341,403	408,818
Fund balance brought forward	18,818	30,204
Distribution to parent charity	(348,818)	(420,204)
Retained in subsidiary	11,403	18,818
Balance sheet		
Current assets	61,090	414,401
Current liabilities	(49,688)	(395,583)
NET ASSETS	11,403	18,818
Share capital	10,000	10,000
Reserves	1,403	8,818
TOTAL FUNDING	11,403	18,818

3. EXPENDITURE ANALYSIS

A) ANALYSIS OF TOTAL EXPENDITURE

	Staff costs	Support costs	Other direct costs	Total 2018	Total 2017
	£	£	£	£	£
Raising Funds					
• Annual Fundraising Dinner	17,086	4,056	51,597	72,739	67,870
Charitable activities					
• Well Developed Skills, Learning, Knowledge & Practice	538,826	127,115	386,330	1,052,271	1,079,307
• Effective Governance & Leadership, Operating in a Supportive Environment	147,509	35,203	136,740	319,452	319,873
• Environment	222,260	52,815	91,175	366,250	348,504
TOTAL EXPENDITURE	925,681	219,189	665,842	1,810,712	1,815,554
Total Expenditure 2016/17	943,950	198,163	673,441	1,815,554	

B) ANALYSIS OF SUPPORT COSTS

	Raising Funds	Developing Skills, Learning, Knowledge and Practice	Inspiring Financial Leadership	Encouraging a Supportive Environment	Total 2018	Total 2017
	£	£	£	£	£	£
Premises & Office Services	1,372	43,151	11,835	17,838	74,196	80,172
IT & Communications	1,320	41,492	11,379	17,151	71,342	53,703
HR, Recruitment & Training	706	21,755	6,307	9,262	38,030	28,320
Financial costs	104	3,286	901	1,358	5,649	9,030
Depreciation	283	8,914	2,445	3,685	15,327	13,244
Governance (incl External Audit)	271	8,517	2,336	3,521	14,645	13,694
Total	4,056	127,115	35,203	52,815	219,189	198,163

All support costs are allocated on the basis of staff time. Staffing support costs have not been analysed as the majority of CFG staff work directly on activities and the amount that can be allocated to support is therefore not material.

4. NET OUTGOING RESOURCES

A) THESE ARE STATED AFTER CHARGING

	2018	2017
	£	£
Auditor's remuneration		
• Audit - current year	7,663	8,070
• Non-audit services	1,100	1,100
Depreciation	14,702	13,245
Operating lease premises	45,523	44,259

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

GROUP AND CHARITY PROPERTY

	2018	2017
	£	£
Leases which expire:		
• within one year	7,663	8,070
• within one or two years	1,100	1,100
Total	14,702	13,245

B) VALUATION OF DONATED RESOURCES

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

	2018	2017
	£	£
Raising funds		
• Annual Fundraising Dinner	1,981	1,016
Charitable activities		
• Developed Skills, Learning, Knowledge & Practice	197,542	187,018
• Effective Governance & Leadership	6,152	6,008
• Operating in a Supportive Environment	16,810	36,354
Total	222,485	230,396

5. TRUSTEES AND EMPLOYEE INFORMATION

A) TRUSTEE INFORMATION

No remuneration was paid to or waived by, any Trustee during the year (2017: £Nil). Expenses of £2,362 for travel and subsistence were reimbursed to four trustees during the year (2017: £2,978, six trustees).

B) EMPLOYEE INFORMATION

Employee numbers	2018	2017
	No.	No.
The full time equivalent number of staff employed during the year was:	21.3	21.8
The average headcount during the year was:	21.7	21.9
Employee costs during the year were :	£	£
Salaries	805,405	811,531
Social security	80,304	82,277
Pension	49,139	44,474
Subtotal salaried staff	934,848	938,282
Contractors	26,367	2,120
Holiday Pay Accrual	(12,892)	5,668
Other	-	-
Total employee costs	948,323	946,070

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

	2018	2017
	No.	No.
£90,001 – £100,000	1	1

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

The one member of staff included in the above bandings for 2018 has benefits accruing under CFG's group personal pension arrangement. The employer contributions into the group personal pension scheme during the year on behalf of this member of staff amounted to £9,671 (2017: £9,335).

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

C) REMUNERATION OF KEY MANAGEMENT PERSONNEL

The total of employee benefits received by Key Management Personnel in 2017/18 is £304,691 (2017: £278,931). CFG's Board had defined that "key management personnel" would be based on our scheme of delegation where significant control had been delegated to the CEO and others; namely Directors or those making decisions of a significant nature. As a result, the following roles have been included; CEO, Director of Events and Business Development, Director of Policy and Engagement, Director of People and Performance and Director of Customer and Business Support.

D) PENSIONS

CFG offers an auto-enrolment compliant group personal pension scheme which is currently administered and managed by the Peoples Pension. For previously signed up employees CFG has a group personal pension scheme which is currently administered and managed by Aegon. New employees are enrolled at an employee contribution rate of 3%. CFG pays twice the percentage that the employee contributes up to a maximum of 10%. The amount of outstanding contributions at 31 March 2018 was £9,683 (2017: £12,168).

6. TANGIBLE AND INTANGIBLE FIXED ASSETS - GROUP AND CHARITY

	Office Furniture (Tangible Fixed Assets)	Computers (Tangible Fixed Assets)	Total Tangible Fixed Assets	Software (Intangible Fixed Assets)
	£	£	£	
Cost				
At 1 April 2017	25,683	42,972	68,655	119,154
Additions	3,839	-	3,839	61,748
Disposals	(2,000)	-	(2,000)	-
At 31 March 2018	27,522	42,972	70,494	180,902
Depreciation/Amortisation				
At 1 April 2017	(17,673)	(16,641)	(34,314)	-
Disposals	1,375	-	1,375	-
Charge for the year	(5,300)	(9,402)	(14,702)	-
At 31 March 2018	(21,598)	(26,043)	(47,641)	-
Net book value				
At 31 March 2018	5,924	16,929	22,853	180,902
At 31 March 2017	8,010	26,331	34,341	119,154

The above fixed assets are used to support all of CFG's activities. At 31st March 2018 CFDG Trading Limited had no fixed assets. Depreciation of the Intangible Fixed Assets will begin in 2018/19 as the software will be fully operational.

During the year ending 31 March 2018 the Charity charged its subsidiary £141,980 for management fees relating to CFDG Trading Ltd's activities (2017: £124,180). CFDG Trading Limited Donated £348,818 to CFG from its profits (2017: £424,204). At 31 March 2018 there was a balance of £3,117 (2017: £109,693) owed to CFG by CFDG Trading Ltd. In addition CFG owed £8,807 (2017: £2,362) to CFDG Trading Ltd. There were no other related party transactions.

7. INVESTMENTS

	Shares in subsidiary undertaking	Charity
	No.	£
At historic cost:		
At 1 April 2017 and at 31 March 2018	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

	2018		2017	
	Group	Charity	Group	Charity
	£	£	£	£
Trade debtors	31,028	16,919	534,002	182,737
Other debtors	15,088	15,088	17,309	17,309
Taxation Debtors	3,297	2,118	-	-
Prepayments & accrued income	98,729	81,479	183,293	183,293
Amounts owed by subsidiary	-	3,117	-	109,693
	148,142	118,721	734,604	493,032

All amounts fall within one year.

9. CREDITORS

	2018		2017	
	Group	Charity	Group	Charity
	£	£	£	£
Trade creditors	100,724	91,761	133,950	132,630
Deferred income	110,675	76,577	795,302	512,283
Pension contributions outstanding	9,683	9,683	12,168	12,168
Taxation & social security creditors	27,187	27,187	78,751	81,250
Other creditors and accruals	75,892	73,542	60,029	58,479
Amounts owed to subsidiary	-	8,807	-	2,362
	324,161	287,557	1,080,200	799,172

All deferred income brought forward at the beginning of the year was released to income during the year (2017: same).

10. OUTLINE SUMMARY OF FUND MOVEMENTS

Fund	Balance b/f 1st April 2017	Income	Expenditure	Transfer between Funds	Balance c/f 31st March 2018
Unrestricted Funds					
Free Reserves	278,360	1,776,430	(1,729,968)	(19,245)	305,577
Fixed Asset Reserves	153,495			50,260	203,755
Designated Funds					
ICT Development	131,699	-	-	(61,748)	69,951
IFL Training	5,081	-	-	733	5,814
Business Improvements	85,000	-	(35,421)	-	49,579
Market Research	-	-	-	30,000	30,000
Small Charities Programme	30,516	-	(8,780)	-	21,736
Restricted Funds					
Small Charities Programme	45,275	-	(32,266)	-	13,009
Community Accountants Network	4,277	-	(4,277)	-	-
Total Funds	733,703	1,776,430	(1,810,712)	-	699,421

Free reserves are those reserves that are wholly at the discretion of the trustees to utilise for our charitable objectives. The Fixed Asset reserve equates to the Net Value of CFG's Fixed Assets and therefore cannot be easily converted into cash balances. Approximately £70,000 remains of the ICT Development Designated fund which will be used to complete the upgrade of our Finance and CRM systems and new website, including a phase 2. The remaining £50,000 under Business Improvements has been set aside to devise a Crisis Communication Plan, to complete a culture change programme and to cover any additional accommodation costs that will be required as we renew our property lease in 2018. £21,736 and £13,009 remains of our designated and restricted funds to help fund the cost of additional work with Small Charities. A new designated fund has been created to fund market research of the sector.

11. CAPITAL COMMITMENTS

At 31 March 2018, CFG aims to spend an additional £69,951 on its IT development programme for which a designated fund had been set up (2017: £131,699).

12. RELATED PARTY TRANSACTIONS

During the year ending 31 March 2018 the Charity charged its subsidiary £141,980 for management fees relating to CFGD Trading Ltd's activities (2017: £124,180). CFGD Trading Limited Donated £348,818 to CFG from its profits (2017: £424,204). At 31 March 2018 there was a balance of £3,117 (2017: £109,693) owed to CFG by CFGD Trading Ltd. In addition CFG owed £8,807 (2017: £2,362) to CFGD Trading Ltd. There were no other related party transactions.

13. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds	Restricted Funds	Total
	2017	2017	2017
	£	£	£
Income from:			
Donations & Legacies	814	-	814
Charitable Activities			
Developing Skills, Learning, Knowledge & Practice	1,122,560	-	1,122,560
Inspiring Financial Leadership	472,368	-	472,368
Encouraging a Supportive Environment	138,354	-	138,354
Other trading Activities			
Annual Fundraising Dinner	135,207	-	135,207
Investments	2,161	-	2,161
Total Income	1,871,464	-	1,871,464
Expenditure on:			
Raising Funds			
Annual Fundraising Dinner	67,870	-	67,870
Charitable Activities			
Developing Skills, Learning, Knowledge & Practice	1,017,906	61,401	1,079,307
Inspiring Financial Leadership	319,873	-	319,873
Encouraging a Supportive Environment	331,279	17,225	348,504
Total Expenditure	(1,736,928)	(78,626)	(1,815,554)
Net Income	134,536	(78,626)	55,910
Total funds brought forward at 1 April	549,615	128,178	677,793
Total funds carried forward at 31 March	684,151	49,552	733,703

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



OPINION

We have audited the financial statements of Charity Finance Group (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 March 2018 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees' have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Report of the Trustees which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Report of the Trustees have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In light of the knowledge and understanding of the group and the parent charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included within the Report of the Trustees.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the trustees' responsibilities statement set out on page 32, the trustees (who are also the directors of the parent charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF THE AUDIT REPORT

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

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

Chartered Accountants and
Statutory Auditor

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

Date: 19 December 2018

TRUSTEES, OFFICERS AND ADVISORS

Board of trustees

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

Brigid Janssen
(Deputy Chair from 5 October 2017)

John Tranter
(Treasurer from 5 October 2017)

Gary Forster

Samantha Husband

Kerry Shea

Arati Patel
(from 5 October 2017)

Liz Fosbury
(from 5 October 2017)

Simon Hopkins
(from 5 October 2017 until
September 2018)

Stella Smith
(from 3 July 2018)

Ian Theodoreson
(Chair until 5 October 2017)

Kevin Barnes
(Treasurer until 5 October 2017)

Diane Bassett
(until 5 October 2017)

Rosie Chapman
(until 5 October 2017)

Finance & Audit Committee

John Tranter
(Chair from 27 September 2017)

Samantha Husband

Liz Fosbury

Mark Cornish

Kevin O'Brien
(from 5 October 2017)

Kevin Barnes
(Chair until 27 September 2017)

Diane Bassett
(until 5 October 2017)

Rosie Chapman
(until 5 October 2017)

Nominations Committee

Gary Forster
(Chair from 5 October 2017)

Simon Hopkins
(from January 2018)

Rosie Chapman
(from 5 October 2017)

Kai Adams
(from 5 October 2017)

Nicki Deeson
(Chair until 5 October 2017)

Rodney Buse
(retired 17 January 2017)

Julia Oliver
(until January 2018)

Remuneration Committee

Nicki Deeson
(Chair from 5 October 2017)

Brigid Janssen
(from 5 October 2017)

John Tranter
(from 5 October 2017)

Gary Forster

Ian Theodoreson
(Chair until 5 October 2017)

Diane Bassett
(until 5 October 2017)

Kevin Barnes
(until 5 October 2017)

Special Advisor

Pesh Framjee

Chief Executive Officer

Caron Bradshaw

Head Office and Registered Office

Charity Finance Group (CFG)
15-18 White Lion Street
London
N1 9PG
Website: www.cfg.org.uk
Telephone: 0845 345 3192
Fax: 0845 345 3193

Registered charity no. 1054914
Company no. 3182826

Auditors

Mazars LLP
Times House
Throwley Way
Sutton
Surrey
SM1 4JQ

Solicitors

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

Bankers

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

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



Charity Finance Group (CFG)

**15-18 White Lion Street
London N1 9PG**

www.cfg.org.uk

info@cfg.org.uk

Telephone: 0845 345 3192

Registered charity no. 1054914

Company no. 3182826