



INSPIRING  
FINANCIAL  
LEADERSHIP

# SHAPING OUR FUTURE

Annual Report and Financial Statements

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2015  
/16

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Charity Finance Group is a charity that supports all charities to make the biggest difference possible. We do this by supporting them to make the most of their money and resources, by putting financial leadership at the heart of their decisions.

Charity Finance Group (CFG) exists to raise the standards of charity and voluntary sector financial management. We believe that effective financial management is core to a healthy and resilient sector. Our vision and purpose is to inspire the development of a financially confident, dynamic and trustworthy charity sector.

With this aim in sight, CFG delivers services to its charity members and the sector at large which enables organisations to develop and adopt best practice – including publications, guidance, training, conferences, peer support, helplines, forums, benchmarking and much more.

With 1,385 charities in membership, managing over £21 billion income, we are uniquely placed to work well with regulators to ensure that regulatory measures are appropriate and proportionate to ensure the effective use of charity funds.

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

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# VISION, PURPOSE, OBJECTS AND AIMS

## Why we exist

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

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

## How we achieve our objects

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

These outcomes each break down into a number of aims that clearly articulate how we are working towards each outcome. These aims will assist our Board and staff to drive through the changes needed to successfully move towards our vision. These are outlined in more detail on page 24.

## Outcomes

# 1

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

# 2

Inspired financial leadership means that finance is at the heart of effective decision-making.

# 3

Charities operate in a supportive environment

# FROM THE CHAIR AND CHIEF EXECUTIVE



The sector needs to start thinking about financial leadership as critical to achieving better outcomes for beneficiaries and as core to achieving it's charitable mission.

**Welcome to CFG's annual report for the year ending 31 March 2016. In 2015 we set out an agenda for growth, and throughout 2015-16 we have seen good progress.**

The Board and executive of CFG have continued to work hard to refine our understanding of CFG's role and to drive towards achieving our vision. We are clear about what we want to achieve and how we will get there, and it is a journey that will test and stretch us as an organisation. We are inviting charities and social organisations to challenge their thinking around finance, and we are focused on a shift from finance being put into a 'compliance box', to viewing it as an enabler.

We hope that this report will give you a strong sense of the difference CFG has made in the past year, the challenges we have faced, where we have not managed to deliver to all our plans as well as an understanding of the importance our relationships with members, corporate partners and wider stakeholders have to CFG's work. We would also like to take this opportunity to thank our members, corporate supporters and partners for their continued support.

CFG was initially formed to meet the needs of senior finance professionals in the sector who came together to be mutually supportive and raise standards. It was CFG and our members who predominantly pushed for the development of financial reporting standards - now an integral part of transparency within the sector.

Along this journey we have recognised the need to change the culture within charities and this has involved increasing our voice and influence. Our ambition is to be the 'go to' body on finance for charities, policy makers, regulators, the media and the public.

The past year has been challenging for charities and CFG has been at the forefront of responding to issues around the reputation and financial sustainability of the sector. But we also need to shape events and this year has seen the organisation shift from being reactive to being more proactive.

At the heart of our present strategy is the need to change the way we speak about finance and financial management. We believe that shifting from championing financial best practice to championing financial leadership will aid transformation within the sector. The sector needs to start thinking about financial leadership as critical to achieving better outcomes for beneficiaries and core to achieving its charitable mission.

We are proud that CFG is seen as an independent and measured contributor within the sector. We focus on ensuring that our policy work is evidence-based and constructive. We've taken on topics such as the apprenticeship levy, the future of business rates, regulation of charities and have raised important questions around reporting in the charity sector – leading the discussions not just responding to them.



We have again increased our membership during the year which is testimony to the value of membership to the organisations we serve. This isn't just about delivering high quality events or issuing timely publications on key topics facing the sector. It also about being able to champion the interests of our whole sector, not just a segment of our membership. We have sought to reach the smallest charities that are not, and probably will never be in CFG membership, and to support the interests of the wider sector. We pride ourselves on engaging with our members whilst making sure that the public interest guides our activities.

Last year we observed that the difficult media attention on the sector as a whole, some of it justified, showed no sign of abating. This continuing challenging environment spotlights the need to come up with creative solutions and sustainable support. CFG is striving to achieve both, and we believe we have made good progress.

But despite the gains that have been made, we mustn't lose focus. We are still in the midst of a critical time for the sector, a time which is likely to shape the future of our sector for many years to come. We must make sure that we use this opportunity to improve financial leadership in charities and put our sector on a strong footing to make the world a better place.

Our mission to create a financially confident, dynamic and trustworthy charity sector has never been more important. We ask all our members, and all charities, to continue to work with us to make 2016/17 another year of strong progress towards this goal.

**Ian Theodoreson**  
Chair of Trustees

**Caron Bradshaw**  
Chief Executive

## Meeting and reporting on public benefit

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

There are 165,334 charities in the UK plus thousands of exempted and excepted charities as well as many thousands of social enterprises and other non-for-profit entities. 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 non-for-profit sector and by regulators such as the Charity Commission.

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

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

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

Our Trustees' Annual Report 2015/16 demonstrates how our strategy and activities during the year have helped to improve the financial performance of non-for-profit organisations, particularly charities, through feedback from our members, relevant data on our activities and examples of our activities. We have also outlined our plans for 2016/17 in order to show our commitment to continuing to deliver public benefit in the years ahead.

# 2015/16 AT A GLANCE

## CFG MEMBERSHIP PROFILE

# 1,385

CHARITIES IN MEMBERSHIP  
(2% INCREASE)

# 156

CHARITIES JOINED CFG AS MEMBERS  
FOR THE FIRST TIME IN 2015/16.

### MEMBERS MAPPED ACROSS THE UK:

# 179

NORTHERN  
REGIONS  
(13%)

# 150

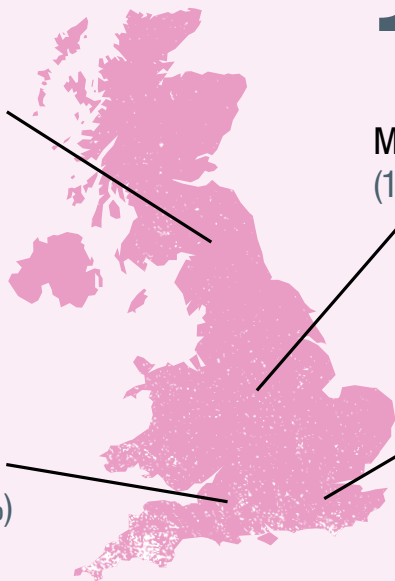
MIDLANDS  
(11%)

# 140

SOUTH WEST  
& WALES (10%)

# 916

LONDON &  
SOUTHEAST  
(66%)



Although a higher proportion of CFG members are based in London and the South East, this broadly reflects the distribution of charities in England and Wales. According to the NCVO UK Civil Society Almanac, 46% of general charities in England and Wales are based in London and the South East. However, we are continuing to make efforts to improve our offer across England and Wales.

### Distribution of all charities in England and Wales

(source: NCVO Civil Society Almanac 2016, information available from <http://bit.ly/charitiesbyregion>).

London and South East (46%)  
Midlands (16%)  
North (21%)  
South West and Wales (17%)

## PARTNERSHIPS

# 137

CORPORATE  
SUBSCRIBERS INCLUDING

# 22

NEW CORPORATE  
SUBSCRIBERS



# £219,741

  
GIFTS  
IN KIND

(INCLUDING IN KIND VENUE HIRE AND CATERING, DONATED  
MEDIA SPACE/ADVERTS AND DONATED PRIZES)

# 4,074

VOLUNTEER HOURS

(lower than last year due to fewer  
SORP courses being delivered)

## RAISING OUR PROFILE, INCREASING OUR INFLUENCE



**1,200**  
PEOPLE ARE INVOLVED WITH THE CFG LINKEDIN GROUPS

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**6,124**  
TWITTER FOLLOWERS  
(25% INCREASE)

**8**  
PUBLICATIONS AND BRIEFINGS




**71** BLOGS WITH

**12,184**

UNIQUE PAGEVIEWS OF BLOG.CFG.ORG.UK  
(251% INCREASE)

**337,863**

**24** CONSULTATION RESPONSES SUBMITTED ON KEY ISSUES FACING THE SECTOR

UNIQUE PAGEVIEWS OF CFG.ORG.UK (18% INCREASE)

## BUILDING SKILLS AND DELIVERING PROFESSIONAL DEVELOPMENT

**5,362**

CFG EVENT ATTENDEES

**86**



EVENTS RUN

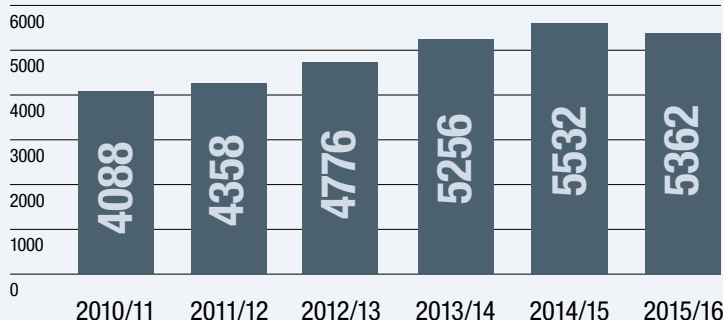
**↑ 119** EXHIBITORS AT OUR EVENTS (+8%)

**659**



ATTENDEES (INCLUDING SPEAKERS, SPONSORS AND EXHIBITORS) AT OUR ANNUAL CONFERENCE

NUMBER OF ATTENDEES AT CFG EVENTS, ANNUALLY



Note: there were a particularly high number of attendees in 2014/15 due to a series of training courses run on the 2015 Statement of Recommended Practice (SORP).



# REPORT OF THE BOARD OF TRUSTEES

Our 2014-17 organisational strategy was developed to better articulate our work and enable us to develop an outcomes framework and effective monitoring. At the time of writing, we are in the process of developing our strategy for 2017-2020.

The framework informs all aspects of the work we do – including internal reporting. Each team's Key Performance Indicators (KPIs) are based upon the objectives and aims in the framework, as is CFG's communications work.

## 1 DEVELOP SKILLS, LEARNING, KNOWLEDGE AND PRACTICE TO IMPROVE PERFORMANCE

### 🎯 Aim: Improve skills and knowledge in those responsible for charity finance

Improving skills and knowledge is a continuous process and one of the key ways CFG works to achieve this aim is through our membership scheme. We support our members to develop their skills and knowledge through events and networking activities that are specific to their needs.

### Keeping up to date with latest issues at our members' meetings

Throughout the year, we held 11 free members' meetings in London & the South East, and we aimed to hold 4 free meetings per year in each of the regions. We achieved this in all our regions, apart from South West and Wales where one meeting had to be cancelled.

### Developing Skills, Learning, Knowledge and Practice

Total Income (% compared with 2015 Accounts)	Total Expenditure (% compared with 2015 Accounts)
£1,117,328 <b>(+2.8%)</b>	£969,307 <b>(+2.4%)</b>

Our members' meetings are a valuable way for our members to network with each other and share knowledge and skills. This ensures that they are able to draw on the latest thinking to better support their charity. Members' meetings are also frequently cited by members as being an excellent way to keep their Continuing Professional Development (CPD) up to date by attending sessions on topical issues – meeting themes throughout the year included VAT updates, an overview of the Budget, governance and regulation updates and managing risk.

Over 850 delegates attended these meetings throughout the year, and over 80% reported an improvement in their skills and knowledge as a result of attending.



I regularly attend London members' meetings which always remind me where the boundaries of my knowledge are, and help to keep me up to date with technical finance issues.

Ruth Chapple, Head of Operations,  
Campaign for Better Transport



## WE ARE WORKING HARD TO INCREASE THE QUALITY AND FREQUENCY OF OUR REGIONAL ENGAGEMENT



Good opportunity to meet people involved in other charities. Relevant and interesting topics.

Delegate at the CFG Northern Conference

Very informative, helpful to network, well informed speakers.

Delegate at the CFG Midlands Conference

### Striving for better regional engagement

We acknowledge that our work can be seen as 'London-centric', given the high number of members we have in London and the South East. However, we are working hard to increase the quality and frequency of our regional engagement and our regional conferences have continued to be well attended and positively received by attendees.

These conferences are important as they ensure that charities working across England and Wales get access to quality financial advice and support. A frequent challenge we have faced is the difficulties of travelling within large regions (for example, an event in Bristol or Cardiff is too far to travel for someone based in Cornwall), we hope that the development of digital delivery mechanisms (such as webinars) in the coming year will overcome this challenge.

We have taken steps to redevelop our Regional Engagement Forums, which meet at regional members' meetings. These help us to improve communication with regional members on key issues and help to inform our policy work, ensuring we are representing the voices of regional members, too. A member of the Policy Team has been assigned to each region, to give members a regular point of contact and to ensure that our work remains relevant to issues being raised across the country.

We will continue to improve our regional presence – but we know we still have more to do to make our work in the regions as valuable as it is in the London and South East. So we are continuing to charge less for membership in these regions, with a view to improving our services.

### Sharing knowledge and networking via Special Interest Groups

CFG provided three Special Interest Groups in 2015/16 for members working in specific areas of the sector – these groups support those working in large charities, overseas and for Community Accountants. These operate online, via LinkedIn, and we hold regular meetings where expert speakers present and members network with their peers. 435

of our members attended Special Interest Group meetings in 2015/16, and 82% reported gaining skills, learning and knowledge to improve their performance.

### Improving skills through tangible benefits for members

Over 2,000 individuals from member organisations took advantage of CFG membership discounts in the year 2015/16. Our member discounts enable members to recruit staff and keep their professional development up to date at a very low cost to their organisations.

Over 80% of members who attended our training and events reported that doing so had given them more confidence to implement their learning, and identify what the next steps to take should be.

We have done more to support members to get access to the skills they need. For example, our partnership with Third Sector jobs has seen 785 jobs advertised via our jobs bulletin.

## LINKEDIN DISCUSSION GROUPS:

- Large Charities Special Interest Group
- Banking Forum
- Technical Accounting Forum
- Overseas Special Interest Group
- CFG Members group
- Community Accounting Special Interest Group

**CFG member and interested in joining a LinkedIn discussion group? Email [membership@cfg.org.uk](mailto:membership@cfg.org.uk)**

OVER  
**80%**  
OF MEMBERS WHO ATTENDED  
OUR TRAINING AND EVENTS  
REPORTED THAT DOING SO HAD  
GIVEN THEM MORE CONFIDENCE  
TO IMPLEMENT THEIR LEARNING,  
AND IDENTIFY WHAT THE NEXT  
STEPS TO TAKE SHOULD BE.

All CFG members can engage with our six LinkedIn discussion groups, posting questions and sharing expertise with other members. However, it has been challenging to engage with members on this new medium and we are considering ways to stimulate more online discussions or otherwise address members' needs.

Editorial production of our member's magazine, Finance Focus, was brought in-house during the year. This move enabled us to react to the latest policy developments and ensure that the content covered topics of most relevance to our members. It also improved our ability to link members to our forthcoming events and publications, ensuring that they do not miss out. The magazine continues to be well received by members with 93% of members stating that they thought the content was good or very good in our most recent membership survey.

### Boosting knowledge with a range of events and trainings

CFG's events and training courses are an important service for members as well as a valuable source of income.

Our annual conference is a highlight of our calendar every year. It kicks starts conversations on what will become some of the key issues for the sector throughout the year. Often, we then go on to explore these issues more fully in standalone training courses, members' meetings and in policy work. In 2015, we welcomed 659 attendees, and 86% of these delegates agreed that the conference completely or mostly met their expectations.

We routinely undertake event evaluations after our conferences and training events.

### Our conferences generated

# £631,226

**in income for CFG in 2015-16 from delegate fees, sponsorship and exhibition stands.**

The Annual Conference in particular is critical to our financial sustainability – generating a £194,384 surplus (31% of conference income). This valuable income allowed us to expand our activities and invest in improving the quality of existing projects.

This year, over 94% of delegates from conferences, and 98% of training course delegates agreed or strongly agreed that the event had improved their skills and knowledge. We managed to maintain this despite running 43 courses in 2015/16 – up from 28 the previous year.

One of the key issues for charity finance staff is having the right skills and knowledge for reporting against the charities Statement of Recommended Practice (SORP). At a time when charities are under increased scrutiny, it is important that charities understand their reporting obligations. Our SORP training courses alone trained over 560 people in 2014/15. 95% of these attendees agreed or strongly agreed that they were more confident about implementing the new SORP, or supporting it within their organisations, as a result of attending the training.



Getting the Finance Focus magazine regularly reassures me that there is a round-up of current issues in the sector coming to me

Damaris McDonald, Director of Finance & Operations, Spitalfields Music



A lot of choice, found myself wanting to go to more than one session at a time

Very good, a lot of information presented that I can go back to as a resource.

Feedback from delegates at Annual Conference 2015

# 95%

OF SORP TRAINING ATTENDEES  
WERE MORE CONFIDENT  
ABOUT IMPLEMENTING OR  
SUPPORTING THE NEW SORP  
IN THEIR ORGANISATION AS  
A RESULT OF ATTENDING  
THE TRAINING

## 🎯 Aim: Increase understanding and awareness of charity finance in non-finance staff and trustees

This aim reflects the shift in CFG's membership structure from individual membership, which was primarily aimed at finance staff, to organisational membership. This new membership structure allows us to ensure finance is at the heart of decision-making across each charity, and is not purely the remit of a finance team.

### Increasing financial capabilities in small charities

A significant new project that CFG has commenced in order to improve understanding and awareness of charity finance in non-finance staff and trustees has been our Small Charities Programme. This has been funded through a £135,000 grant by The Esmée Fairbairn Foundation.

The Small Charities Programme is ambitious and seeks to increase knowledge and financial capabilities for small charities through training and by generating simple resources for charities to use.

The programme at the same time seeks to strengthen Community Accountants – these are organisations which provide accounting services to small public benefit organisations such as charities and community interest companies - through fostering collaboration and increasing their resilience. This is important given their critical role in supporting small charities at a local level. The Programme aims to provide 1,000 places for small charities training as well as delivering roundtables and surgeries for Community Accountants.

It is our intention to build this project into a sustainable model delivering support to small charities over the long term.

The majority of the project will be delivered over 2016/17, but significant start-up activity was undertaken in 2015/16 to lay the groundwork, including the recruitment of a Programme Manager and identifying the support that small charities need. We have developed a Small Charities Finance Bulletin, which reaches thousands of small charities both directly and indirectly, with practical advice and links to resources.

This work will enable CFG to strengthen small charities that most need support with building their financial capabilities. The charity sector predominately consists of organisations under £1m. This is our target audience for the project as they are a part of the sector that has struggled to afford support in the past. It will also broaden our reach and raise the profile of charity finance. Boosting the financial capabilities of small charities will make a big difference to the quality of financial management in the sector and help the lives of their beneficiaries.

### Support non-finance staff with finance issues

The change in CFG's membership structure means that more of those outside of the finance function have the opportunity to attend and make full use of membership.

Our IT and Data Insight conference and Risk Conference were attended by those working in IT, Operations and Facilities – as well as finance staff.



What do I value most about CFG membership?  
Greater access to knowledge sharing with other charities – and firms that work with charities

Richard Penney, Director of Finance and Information Systems, Parkinson's UK

We had 55 delegate places at our events taken by chief executives and 76 delegate places taken by trustees – helping to spread financial knowledge across the organisation. This is part of continuing efforts to get the whole of organisations to take financial issues seriously and put finance at the heart of decision making within charities.

### **🎯 Aim: Improve understanding of performance and effectiveness of charities and foster continuous improvement**

Through this aim, CFG works to enable charities – our members and the wider sector – to be high performing, learning from each other and focussing on continuously learning and improving.

### **Improving performance and learning through enabling charities to benchmark**

In 2015/16, we re-launched our Finance Count benchmarking product for charities. The product had, in previous years, not achieved the level of growth that we wanted – only 61 participants took part in 2014. A benchmarking tool requires a strong base of participants in order for charities to make effective comparisons, and make the product more inclusive.

Recognising the importance of benchmarking for charities to make effective decisions, we decided to take the risk of changing the product. This involved bringing more of the operations involved in supporting it in-house, alongside significantly reducing the cost for charities taking part. We also innovated to improve the product by securing a corporate partner, Crowe Clark Whitehill, to deliver Action Learning Sets, in order to help charity participants to better use the data that they have been given. We set ourselves the target of getting 100 participants for the 2015 cycle.

Overall we have achieved real progress, with 125 participants in Finance Count by the end of 2015/16 year. This significantly exceeded our target, and we are scheduled to deliver Action Learning Sets in 2016/17 in London and across the regions. These will be delivered on a range of topics which emerged as key themes from the reports.

At the end of 2015/16 the product was on budget over the cycle. The lessons learnt from the successes of this relaunch will strengthen the product for the next cycle in 2017/18.

The successful redevelopment of Finance Count strengthened participants by enabling them to make better decisions for their charity and identify potential efficiencies by giving them information about the wider sector and a self-selected peer group.

It also raised awareness of the importance of investing in finance functions within charities. Finance Count has further had the positive side-effect of strengthening our research base and strengthening our advocacy work. For example, a section of the report released to the media highlighted the extent to which larger charities have subsidised public services. We also believe that Finance Count strengthens our engagement with our members, particularly in the regions, which have been asking for more targeted support.

### **Advocacy and voice via our policy work**

CFG's Policy team spoke at a number of events throughout 2015/16 and wrote a number of articles over the year that set out to improve understanding of the performance and effectiveness of charities amongst policy and decision-makers, those not familiar with the charity sector, and in mainstream press. This has been particularly important in a year where there have been significant concerns raised about the management and governance of certain charities – which reflect poorly on the whole of the sector. Highlights have included speaking at two conferences on the regulation of charities at the beginning of 2016, and our Chief Executive's regular columns in Finance Focus, Third Sector and Charity Times.



**I value CFG membership for the opportunities to share knowledge and to learn from others in the sector who are dealing with similar issues**

Karen Atkinson, then Director of Finance, Prostate Cancer UK



# 87.5%

OF ATTENDEES ACROSS ALL OF OUR CONFERENCES AGREED THAT THEY WERE MORE AWARE OF BEST PRACTICE AS A RESULT OF ATTENDING A CFG CONFERENCE.

## 🎯 Aim: Raise standards and create greater awareness of best practice

Feedback from our members indicates that there is a strong appetite to be kept up to date on best practice in the sector across a range of finance topics. The aim of raising standards across the sector, and sharing best practice with our members, directly contributes to the development of a financially confident sector. Improving standards leads to better outcomes, and can significantly improve the work of charities.

### Supporting best practice through forums and roundtable events

We have continued to hold regular forums and roundtable meetings on key issues facing the sector such as Pensions, Banking, Accounting and the Apprenticeships Levy. We held six forums and roundtable meetings over the course of 2015/16, with 195 attendees in total. This compares to the three forums and roundtable meetings held in 2014/15.

These meetings covered a range of specific issues such as the Local Government Pensions Scheme, the digitisation of charity accounts and the potential impact of the new Apprenticeships Levy. Our roundtable events have supported charities to get advice and support from experts, identified issues to be taken forward by the CFG Policy team, and have influenced policy makers.

Roundtables and forums depend on the support of our corporate members both in providing their time to answer questions and feed into discussions, but also through providing facilities and refreshments. They are a significant part of our engagement work with our members and our corporate supporters.

### Raising standards and awareness through briefings and guidance

CFG has also produced a number of briefings and guidance documents for charities on topics such as business rates and auto-enrolment, as well as the Budget and Autumn Statement. We have continued to produce our regular free Economic Outlook Briefings for charities which are important in providing the latest economic information directly to charities, supporting them to make informed decisions. At a time when charities are facing significant economic volatility, we have responded to the challenges by providing more regular, current guidance through our blog, which has seen its readership and activity grow significantly over the year.

We were not able to deliver as many lengthy publications within 2015/16 as we had planned, which was disappointing. In part this was due to significant change within the Policy and Engagement team which reduced capacity, combined with challenges in engaging with corporates who drive most of the content. This has not had a significant financial impact on CFG, but some publications that were due to be launched in 2015/16 will instead be completed in 2016/17. Steps are being taken to ensure that publications are delivered on time for next year.

### Gift Aid and VAT conferences supporting knowledge of best practice

In 2015/16, as a targeted move to raise standards and awareness of best practice, we have included more technical update sessions at our events. These updates, delivered by experts in the area, were well-received at both the Gift Aid Conference and the VAT Conference. The updates covered key issues and showed real examples from high-performing charities. In 2015/16, 87.5% of attendees across all of our conferences agreed that they were more aware of best practice as a result of attending a CFG conference.

# 90%

ATTENDEES AT THE CFG ANNUAL CONFERENCE STATED THAT AGREED OR STRONGLY AGREED THAT ATTENDING THE EVENT WOULD HELP THEM TO BE AN ENABLER OF THEIR BUSINESS

## 2 INSPIRE FINANCIAL LEADERSHIP TO PLACE FINANCE AT THE HEART OF EFFECTIVE DECISION-MAKING

### Inspiring Financial Leadership

Total Income (% compared with 2015 Accounts)	Total Expenditure (% compared with 2015 Accounts)
£487,133 <b>(+9%)</b>	£325,398 <b>(-2.5%)</b>



The Inspiring Financial Leadership course has been wonderful – it's something to really look forward to, not just because it's time out of the office, but because it's all stuff you can put into practice later on. It's been useful for my development, I think it has accelerated it. I really value the resources

Hannah Leyro Diaz,  
Head of Business Support,  
Prostate Cancer UK

### 🎯 Aim: Increase the understanding of and value placed on strategic financial management

A key theme for CFG has been opening up our membership offer to a wider range of charity professionals. This has supported a key aim of CFG's – that of moving towards financial information being seen as an enabler of the business, and not just a compliance tool.

#### Boosting strategic skills with Inspiring Financial Leadership course

The well-received Inspiring Financial Leadership course contains modules that focus on a strategic approach to finance, with the goal of imparting attendees with the skills and expertise required in order to put the learning into practice in their own organisation, and take them to the next stage in their leadership journey.

Our third Inspiring Financial Leadership course was completed in 2015/16, with 100% of respondents agreeing that as a result of the course, they were more aware of their own contribution as a leader of their teams, and what they can do to improve their leadership.

As the charity sector becomes bigger and more complex, developing the next generation of confident financial leaders is more important. Improving financial leadership at the top of organisations has a disproportionate impact on the work of charities, as these individuals are at the heart of taking critical decisions about the direction and operations of their charities.

#### Embedding finance as an enabler of the business through conferences and partnerships

An area in which we had hoped to further support this aim was in launching a mentoring programme for our members. We were not able to launch this in 2015/16 as originally planned however, we did achieve some progress. We continue to informally facilitate mentoring relationships between our members when the opportunity arises, and our second CEO Alumni dinner also resulted in informal mentoring and interest in our plans. The dinner, held in March, brought together a group of CFG members who were Chief Executives and had moved into their current role from a finance background.

Moreover, 90% attendees at the CFG Annual Conference agreed or strongly agreed that attending the event would help them to be an enabler of their business. This work is important for realising our goal of putting finance at the heart of decision making, making charities more strategically aware and improving their resilience.

**Increase organisational resilience as a result of more proactive and dynamic financial management and ownership**

We increased our work with foundations and other funders throughout the year. We are interested in engaging with these organisations to better embed a strategic approach to financial management in their grant-giving, and in turn in supporting the recipients of their grants with their financial management and leadership. Foundations also have a role to play in funding financial capacity building within the sector, a good example of this proactive approach has been the development of the Small Charities Programme with Esmée Fairbairn Foundation

In 2015, our Annual Conference included a stream of workshops and sessions under the banner of 'Leadership and Change'. Practical sessions focused on developing personal presence and brand, ways to make better decisions and being a financial leader in a creative environment. These sessions sat alongside technical updates on issues like reporting and internal audits – the broader approach, incorporating strategic leadership into the conference sessions, were well-received. These have improved the 'soft skills' of attendees so that they can have the biggest impact in their organisation. We believe that improving the ability of finance professionals to be leaders in their organisation will help to get other parts of the organisation to take financial issues more seriously and improve the quality of financial decision making by charities.

**🎯 Aim: Increase impact of finance communications and influence internally and externally**

The shift in our membership model from individual to organisational membership has increased the reach of our communications. In 2015/16 we added 600 additional contacts to our membership. Our membership model now has a lead contact who receives hard copies of our member publications, and who is the main contact for membership communications like renewals. The revised model launched in time for renewals in 2015 meant that key contacts can add as many additional people as they wish across their organisation, giving them access to financial best practice information, and to member benefits. In addition our monthly email newsletter, Finance Focus, now reaches over 2,100 individuals.



**I learned a lot on how to develop and become a leader**

Annual Conference delegate at the 'Leadership in a Creative Environment' session



PRESERVING BUSINESS RATE RELIEF ALONE IS WORTH OVER £1.8BN TO CHARITIES EVERY YEAR – DEMONSTRATING THE IMPORTANCE OF STANDING UP FOR THE INTERESTS OF CHARITIES SO THEY CAN CONTINUE TO SUPPORT THEIR BENEFICIARIES



## 3 ENCOURAGE A MORE SUPPORTIVE ENVIRONMENT FOR CHARITIES TO THRIVE

### Encouraging a Supportive Environment

Total Income (% compared with 2015 Accounts)	Total Expenditure (% compared with 2015 Accounts)
£126,861 <b>(-0.1%)</b>	£285,130 <b>(+32.5%)</b>

#### ⦿ Aim: Inform, instigate and shape policy and regulation and gain greater understanding and recognition from policy makers and decision-makers

An important part of our role as a membership body and the leading body on charity finance is to provide a voice for charities on key regulatory and policy issues affecting the sector. We achieve this through a variety of methods including membership of key networks, developing policy solutions, commissioning research, meeting officials and politicians and responding to consultations. Following a dip in capacity in 2014/15, we have significantly increased our expenditure and our ability to shape the operating environment for charities.

#### Protecting important charitable reliefs

We have seen a number of significant successes in the year, including protecting charitable business rate relief at Budget 2016 and securing a commitment to an early review of the Gift Aid Small Donations Scheme.

Preserving business rate relief alone is worth over £1.8bn to charities every year – demonstrating the importance of standing up for the interests of charities so they can continue to support their beneficiaries. However, there have been a number of areas where progress has not been achieved including on irrecoverable VAT, investing in financial capability and proportionate regulation of the charity sector.

#### Representing charities' views to policy- and decision-makers

In 2015/16, we responded to 24 consultations on a range of issues from the Gift Aid Small Donations Scheme to the digitisation of charity accounts, both on our own and as part of wider coalitions. This was an increase from 21 the year before, a mark both of the increasing level of government interest in charities and the central role of charity finance in recent discussions about the future of charities. We have relied significantly on the feedback from charities and corporates, and we are grateful to our members for their support. Responding to consultations is a vital way to ensure decision-makers consider the needs of and challenges facing charities, in turn creating a more supportive environment for charities to operate in.

Our regular Policy Update email for members was further developed throughout the year to maximise regular feedback from members and alerting them of important changes. As of the end of financial year 2015/16, there were 2,193 contacts signed up to receive it.

#### Informing and shaping policy through membership of key groups

Membership of key groups helps inform and shape policies for charities, and assists the creation of a supportive environment for them to operate in. These include the HMRC Charity Tax Forum, the SORP Committee, the cross-government Threat Group and Charity Sector Counter Fraud Group. These enable us to bring the concerns of our members directly to policy makers (e.g. government officials and regulators) and shape the views of other stakeholders including other membership bodies.

We work in close partnership with voluntary sector bodies such as NCVO, NAVCA, Institute of Fundraising, Small Charities Coalition, Locality, Association of Charitable Foundations, Children England, ACEVO and Charity Tax Group.

We have convened and led a number of joint projects to develop cross-sector policies ahead of the Budget and Autumn Statement and are core supporters of the Grants for Good campaign to highlight the importance of public sector grants for a sustainable charity sector.

This is an important part of our policy development work, and we have invested significant resources in order to support these cross-sector initiatives. We are confident that these will deliver long term solutions for our sector.

We have met regularly with officials and policy makers both within government and relevant regulators. However, we had only 1 direct meeting with Ministers in 2015/16 – this compares with 4 meetings in 2014/15. We are planning to do more to reach out to Ministers and Members of Parliament in 2016/17 in response to increase interest from politicians in the charity sector.

### **Using research for evidence-based policy work**

We have also worked to shape policy through commissioning research. Our regular research with PwC and Institute of Fundraising, *Managing in the New Normal*, was delayed in 2015/16. However, this was published in June 2016.

We undertook seven surveys of members throughout the year, on issues such as business rates and banking, compared with four in 2014/15. We received 610 responses to our surveys in 2015/16 compared with 465 in 2014/15, indicating that our members, and the wider sector, are willing and able to engage with us on key policy issues.

CFG also commissioned research from the University of Kent's Centre for Philanthropy on public perceptions of funding charity regulation. The research was undertaken in response to proposals for the Charity Commission to charge charities for their own regulation. Our research was launched with positive feedback from regulators and charities, highlighting the public's concerns about how charities paying for regulation could undermine the sector's independence. This research has had a significant impact on the debate around the future funding of charity regulation.

A strong evidence base is important for influencing policy makers, although it is resource intensive. This research was funded on a discretionary basis by CFG's Trustees, but we have now put in place a research budget for 2016/17, highlighting the growing importance of this area of work in helping us to achieve the outcome of a supportive operating environment for charities.

### **🎯 Aim: Enhance public understanding by supporting meaningful transparency and accountability and demonstration of effectiveness**

This aim undertakes to better inform donors, beneficiaries and the general public about how charities work. Our goal has been to represent charities, by presenting a factual, realistic narrative about how funds are spent and raised – and about the positive impact that charities have on people and communities.

### **Supporting meaningful transparency and accountability through the SORP**

CFG has supported meaningful transparency and accountability in the charity sector through working to influence charities' reporting, and the development of the Statement of Recommended Practice (SORP). Our Chief Executive, Caron Bradshaw, is a member of the SORP Committee and has written regularly on the importance of the SORP as well as explaining how charities are regulated in national broadcast media.

### **Representing the sector in the media**

The 2015/16 financial year saw Kids Company, a high profile children's charity, collapse. This resulted in significant media interest in the charity sector, and in scrutiny of its operations. In one day, for example, CFG's Chief Executive carried out 18 radio and TV interviews on the subject of charity finance and governance, and this has remained a significant aspect of our work. As a membership and representative body for charities, it is important that we make the voice of the sector heard. An increase in public interest in charity finance issues has meant that it is more important for CFG to respond to the media and ensure a rapid, but balanced, response. CFG has responded on behalf of charities in national media through television (BBC Sunday Morning Live, Victoria Derbyshire Show, BBC News), radio (BBC Radio 4) as well as print media (Financial Times & the Guardian). We have also continued to be heavily engaged with charity sector media in order to spread our message through the sector, and staff have published number of articles in Charity Finance, Third Sector and Charity Times magazines.

### **Boosting our social media presence to widen our reach**

Another method for increasing public understanding of charities has been through social media and the CFG blog. We have grown our Twitter followers by 25% over the year, from 4,873 to 6,124 and our CEO was again listed in the top 30 social CEOs. We have also encouraged our staff to be engaged personally with social media to expand CFG's presence online and encourage members to keep in touch. This has significantly increased our reach and enabled us to put charity finance issues in the mainstream. Both the public and charities are increasingly using social media as a way for gathering information, so we have worked to ensure we remain relevant to members and have a strong presence on these platforms.

WE HAVE GROWN  
OUR TWITTER  
FOLLOWERS BY  
25% OVER THE  
YEAR, FROM  
4,873 TO



6,124

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

We have worked to increase awareness of sources of support and have worked to develop our partnerships with providers and promote these to members – both through our Policy team's work to produce briefings and to signpost to other organisations, and through the partnerships we have with our corporate subscribers.

**Keeping members informed and up to date**

We have increased awareness of sources of support, infrastructure, providers and resources over the year in a number of ways. Our primary method continues to be our magazine, Finance Focus, which goes out to all of CFG's members. The magazine contains the latest information, best practice and resources for charities to improve their financial capability.

Our most recent membership survey found that 93% rated the quality of content in Finance Focus 'very good' or 'good'; 93% rated the relevance of content 'very good' or 'good' and 90% rated readability as 'very good' or 'good'. This is a strong platform from which we can continue to improve the quality of information which members receive.

We have also developed a Small Charities Bulletin, which reaches thousands of small charities and contains finance support and resources.

We have also grown our blog site significantly, from 3,953 unique pageviews in 2014/15 to 12,184 in 2015/16. This is the highest ever level of unique pageviews in the blog site's existence (a 251% increase on the previous year). Our blog site provides updates on regulatory changes impacting on charities, thought leadership for finance professionals, and links to resources and support. This has been a significant area of focus for the Policy and Engagement team and has yielded positive results, allowing us to keep members up to date on key issues. Timely and accurate information about the challenges facing the sector is critical in helping charities make the right decisions for their charity.

**Working with corporates to deliver expertise to charities**

Our 137 corporate partners, who we call our subscribers, work with us in a number of ways to provide support and resources for members. Our corporate subscribers are invaluable in allowing us to achieve the aim of making the best resources and support available to our members. The combined expertise and knowledge of our subscribers makes a significant contribution to our work, and without their intellectual and financial support, we would not be able to provide the breadth and depth of services we currently do.

Our corporate partners contributed 51 articles to Finance Focus, and authored publications and reports throughout the year, including a SORP checklist for charities, and a guide to pension auto-enrolment for small charities. We also drew upon our corporate partners' expertise when publishing briefings on the impact of the Budget and Autumn Statements on charities, with several

subscribers providing insights on technical aspects of each and the likely impact these would have on our members. Our corporate subscribers also contribute guest blogs to the CFG blog site on a regular basis.

In 2014/15 we took steps to improve the support offered via our helplines for members. These are run by corporate subscribers who offer free initial advice on accounting and tax, insolvency and property. We also launched two new helplines in 2015/16 – a general legal advice helpline and a HR and employment helpline. These offer valuable tailored support to members, and connect them with specialist service providers.

Throughout the year, we increased CFG's income generated from subscriber partnerships by 2.6%, to £209,951.

This income is vitally important to CFG, allowing us to deliver a range of benefits for members and the wider sector such as the helplines and publications. However, their support also allows us to advocate on behalf of the sector and undertake policy and research work.

A more targeted approach to recruitment alongside a more challenging economic environment contributed to a slight fall in the overall number of corporate subscribers. However, the quality and level of contribution from corporate subscribers has remained high and has ensured that charities continue to get access to the expertise that they need to do their work effectively.

# 93%

RATED THE QUALITY OF  
CONTENT IN FINANCE  
FOCUS 'VERY GOOD'  
OR 'GOOD'

**🎯 Aim: Increase sector, funder and donor understanding of the importance and value of investing in financial management**

We have significantly grown our public engagement with charities, donors and funders on the importance and value of financial management.

**Speaking to new audiences**

We have spoken to over 1,400 delegates at both CFG conferences and non-CFG events on a variety of issues related to charity finance management from impact measurement and reporting to transparency. This is significantly more delegates than we reached in 2014/15. Speaking publicly on issues of financial management is an important part of raising awareness and giving confidence for charities to invest in finance.

**Raising awareness of the value of community accounting services**

Community Accountants play a critical role in providing support for charities. We have worked with the City Bridge Trust to identify need for community accounting services in London.

Throughout the year, we continued to promote the services of Community Accountants. Community Accounting services operate all over the country, and provide low cost financial support to charities and community groups. We have worked to further develop our Special Interest Group for community accountants (formerly part of the Community Accounting National Network), promoting it via a number of features in Finance Focus as well on our blog.

CFG's Small Charities Programme incorporates a strategy for increasing awareness of Community Accounting services, including improving the information available online, which will be developed further and implemented in 2016/17. We also ran a successful Community Accounting Conference in February 2016, which was well attended.

““

**Very relevant and interesting.  
The venue and speakers  
were excellent.**

Delegates at the CFG Community Accounting Conference

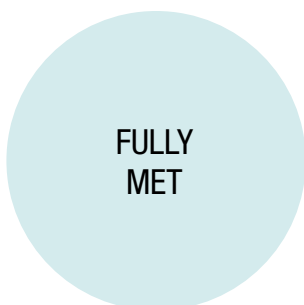
# 2015/16 AIMS: PROGRESS SUMMARY

In 2014, CFG launched a new Outcomes Framework. The framework aimed to help us better understand and articulate our impact, and we feel that it has been a real success. We have done this within the goals set out in our 2014-17 strategy which has aimed to grow our range of services, influence and reach.

When the strategy was developed, it was felt that we needed to inspire new thinking, and that a key way of achieving this would be to broaden our focus. We sought to expand our aims not just focusing on increasing financial skills in practice, but also wider change in the way financial management is seen and positioned within organisations, and how it is communicated internally and externally. At the core of our thinking was the idea that inspiring financial leadership will ultimately lead to a positive impact on charities' beneficiaries.

Our progress towards delivering on our objectives across the year is summarised in the following tables, using colour coding to measure how we have performed regarding our planned activities in year against each objective.

## COLOUR KEY:



CFG's purpose is to inspire the development of a financially confident, dynamic and trustworthy sector.

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

## WE HAD THREE KEY AIMS FOR THE YEAR:

# 1

Develop skills, learning, knowledge and practice to improve performance

# 2

Inspire financial leadership to place finance at the heart of effective decision-making

# 3

Encourage a more supportive environment for charities to thrive



# 1

## Develop skills, learning, knowledge and practice to improve performance

WE SET OUT TO	HOW WELL WE PERFORMED
<p><b>Improve skills and knowledge in those responsible for finance</b></p>	<p>In evaluation forms completed after our events, we routinely ask attendees if the session/s had improved their skills and knowledge. This year the response was more positive than ever: 94% of conference attendees and 98% of training course attendees agreed or strongly agreed that the event had improved their skills and knowledge.</p>
<p><b>Increase understanding and awareness of charity finance in non-finance staff and trustees</b></p>	<p>Our Small Charities Finance Programme kicked off in 2015/16. The programme aims to support all staff in smaller organisations with their financial management. A Programme Manager was appointed, and planning commenced to undertake training across England and Wales and to develop a set of practical finance resources for smaller organisations.</p> <p>Planning was underway for our Finance for Non-Finance Managers course (run in June 2016), and our Finance Training for Trustees course is due to commence in late 2016. A guide on the same topic is confirmed to be launched at a similar time. Corporate expert confirmed to sponsor both.</p>
<p><b>Improve understanding of performance and effectiveness in charities and foster continuous improvement</b></p>	<p>Finance Count benchmarking product was successfully re-launched, with over 125 charities taking part (previous survey had 61). Greater numbers taking part meant benchmarking amongst the charities involved was more insightful and allowed charities to make better decisions, more effectively understand their position and identify potential efficiencies.</p>
<p><b>Raise standards and create greater awareness of best practice</b></p>	<p>87.5% of respondents across all our conferences agreed that they were more aware of best practice as a result of attending a CFG conference.</p> <p>We also worked to support this objective by introducing ‘technical updates’ sessions in our conferences (e.g. Gift Aid conference), enabling expert speakers to share best practice with delegates.</p>

# 2

## Inspiring financial leadership to place finance at the heart of effective decision-making

### WE SET OUT TO

### HOW WELL WE PERFORMED

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

The CFG Annual Conference in 2015 was a great success, with over 512 attendees (our highest ever attendance). 90% of respondents to the conference evaluation stated that they agreed or strongly agreed that attending the event would help them to be an enabler of business.

**Increase organisational resilience as a result of more proactive and dynamic financial management**

Our third Inspiring Financial Leadership course was completed, with 100% of respondents agreeing that as a result of the course, they were more aware of their own contribution as a leader of their teams, and what they can do to improve their leadership.

Our fourth IFL course series is underway.

**Increase impact of finance communications and influence internally and externally**

The shift in our membership model from individual to organisational membership has increased the reach of our communications: we added 600 additional contacts, giving them greater access to financial best practice information, and to member benefits.

We also provided more engagement with non-finance executives, launching our first 'Finance for non-Finance Managers' training.



# 3

## Encourage a supportive environment for charities to thrive

### WE SET OUT TO

### HOW WELL WE PERFORMED

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

We have seen a number of significant policy successes in the year, including protecting charitable business rate relief at Budget 2016, and securing a commitment to an early review of the Gift Aid Small Donations Scheme. Preserving business rate relief alone is worth over £1.8bn to charities every year - demonstrating the importance of standing up for the interests of charities in charity finance.

Membership of key groups grew (including SORP committee, HMRC Charity Tax Forum and Charity Sector Counter Fraud Group among others), allowing us to bring concerns of members directly to policy-makers.

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

CFG responded to 24 consultations during the year (more than in the previous period), ensuring that our members' views were represented to government on key issues.

In response to prominent news stories about charities, our CEO undertook 18 radio and TV interviews to ensure that an accurate, balanced insight into the sector's finances and governance was presented to a wide audience.

Our CEO Caron Bradshaw is a member of the SORP Committee, and has worked to positively influence reporting requirements for charities. Caron also wrote extensively on this topic in member communications and in the press.

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

Successfully brought Finance Focus (member magazine) in-house in June 2015 (it was previously produced by an external agency), the magazine is now more responsive to the needs of members and better linked with our events and policy work.

Developed a Small Charities Bulletin, which reaches thousands of small charities and contains finance support and resources.

We grew our blog site significantly to 12,184 unique pageviews in 2015/16. This is highest ever level of unique pageviews in the blog site's existence (a 251% increase on 2014/15).

Eight publications and briefings were produced for members and wider charity sector in 2014/15 on key issues in charity finance, including SORP and pensions auto-enrolment.

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

A key way of achieving this aim is through representing the charity sector in the media: we received 145 press mentions in 2015/16 (an increase of nearly 30% compared to 2014/15).

Policy team spoke to over 800 delegates on a variety of issues related to charity finance management from impact measurement and reporting to transparency.

Built stronger links with funders of charities, including foundations.

Worked with the City Bridge Trust to identify gaps in Community Accounting in London.

# OBJECTIVES FOR 2016/17

We are entering the final year of CFG's 2014-17 organisational strategy, so we will be revisiting the strategy in late 2016. The 2014-17 strategy intended to more clearly articulate our work, and support us to better measure the impact of what we do. It has largely been successful in this aim.

Our strategy has been to grow our range, reach and influence. We have achieved this through a range of changes, including changing our membership model individuals to organisations, in increasing our reach within organisations, developing new products and services and trying to shift our policy work to being more proactive.

This is all part of a wider aim, that of moving from a focus on compliance to embedding finance at the heart of decision making and encouraging and supporting financial leadership.

Beyond 2015/16, CFG aims to continue to provide excellent support to members and also to positively shape and influence the environment charities operate in and how they're perceived in the media (and in turn by the public).

## OUR AIM IN 2016/17:

To maximise charities' positive impact on those they serve through improving the effectiveness of financial management.

We are in the process of considering our strategy, following the end of our current strategy in 2016/17. We will report on our new strategy and planned activities in our next annual report.

## WE WILL DO THIS BY:

# 1

Developing skills, learning, knowledge and practice to improve performance

# 2

Inspiring financial leadership to place finance at the heart of effective decision-making

# 3

Encouraging a supportive environment for charities to thrive

## HOW WE WILL WORK TOWARDS OUR OBJECTIVES

### 1 Developing skills, learning, knowledge and practice to improve performance

#### WHAT WE WILL SET OUT TO ACHIEVE

Improve **skills** and **knowledge** in those responsible for finance

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

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

Raise **standards** and create greater **awareness** of **best practice**

#### EXAMPLES OF HOW WE WILL ACHIEVE AND MONITOR IT

Attendees at conferences, training and members'/Special Interest Group meetings and proportions report improved knowledge and skills

Successfully deliver the Small Charities Programme and website to build resources and support awareness and performance improvement – and take up of resources.

Continue to deliver Finance Count through Action Learning Sets and begin recruitment for next year's round.

Members/delegates report greater awareness of best practice through attending CFG conferences/training/meetings, reading CFG publications or engaging in discussion groups

### 2 Inspiring financial leadership to place finance at the heart of effective decision-making

#### WHAT WE WILL SET OUT TO ACHIEVE

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

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

#### EXAMPLES OF HOW WE WILL ACHIEVE AND MONITOR IT

Annual Conference attendees report that attending will help them to be an enabler of the business

Participants in the Inspiring Financial Leadership programme report that they feel more confident of their leadership skills

Members report a greater value placed on financial information and management and they are able to influence more positively

Articles and talks to support proactive and dynamic financial leadership

### 3 Encouraging a supportive environment for charities to thrive

#### WHAT WE WILL SET OUT TO ACHIEVE

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

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

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

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

#### EXAMPLES OF HOW WE WILL ACHIEVE AND MONITOR IT

Membership of key networks, meetings with officials and politicians, consultation responses

Engagement of charities in influencing policy work including responses to consultations, survey responses, attending policy forums and calls for evidence

Publications and briefings produced for members and wider charity sector on key issues in charity finance

Coverage of key message/priorities in media/ third party sources including partnerships

Support Community Accountants and increasing awareness of them/services available for charities in need of support

# REVIEW OF FINANCIAL POSITION

## CFG's Business Model

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

Our funding model has been almost entirely based on earned income, with profits in some areas financially supporting other areas of our charitable delivery. Following on from some initial success in 2014/15 where we secured our first grant funding in recent years (£11,950 in total), we secured £135,000 from The Esmée Fairbairn Foundation to fund a Small Charities Programme. The income recognised in the Statement of Financial Activities represents the full grant received for the project which has been extended until August 2017. In addition a Designated Fund has been created to recognise the internal management and running costs that will be incurred on the project.

With our current business model it's harder for corporate partners to engage with small charities on limited budgets and therefore these charities do not attract the same level of corporate funding and time from our partners.

We are therefore very pleased that we have secured this financial support from The Esmée Fairbairn Foundation. We will continue to seek additional sources of funding to better reflect our service delivery needs and the outcomes we are aiming to achieve whilst retaining the solid foundations of our membership and earned income.

We also received £2,850 from the Big Lottery Fund's Big Assist Programme for training which was used for employee training in the year.

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

## Results for the year

We are pleased to report that 2015/16, building on the successes in 2014/15, was another positive year with total unrestricted reserves (including the Fixed Asset Reserve and Designated Funds) increasing from £306,709 to £549,614. The success in 2014/15 enabled the Trustees to set up a designated fund of £110,000 to cover the costs of much needed ICT Development work which started in 2015/16.

The first use of this funding was a successful move to the Cloud. The next stage, which is on-going, is an ambitious upgrade of our Customer Relations Management database, financial system and Website. The main aim is to build fully integrated systems where the user experience is improved and less time is spent internally on administration. To aid the completion of this upgrade, Trustees added an additional £40,000 to the ICT Development Designated Fund.

As stated earlier, the Trustees also designated £134,872 to cover the the internal management and running costs that will be needed to ensure the successful completion of the Small Charities Programme and have set aside a further £125,000 for further Business Improvements. Part of this funding will cover the costs of involvement required in unplanned policy engagement. In addition, we will be devising a Crisis Communications Plan which can then be disseminated to our members as an example of good practice. Some of the fund will be used to celebrate the 30th Anniversary of CFG, promoting the need for inspiring financial leadership within the sector. Finally, the fund will be used for any further organisational development required to improve user experience and to cover any necessary additional accommodation costs that will be required as we come closer to the end of our current property lease in 2018.

Expenditure increased from £1,568,552 in 2014/15 to £1,656,333 in 2015/16 (5.6%). Partially this is a result of expenditure relating to the ICT Designated Fund and the Small Charities Programme but also reflects a rise in employee costs as key roles, vacant for large parts of 2014/15, were filled. Expenditure on employee costs is anticipated to be higher in 2016/17 as most roles are now filled.

Income increased from £1,806,455 to £2,013,140 – an increase of 11.4% and topping £2m for the first time. This is partly due to the £135,000 Esmée Fairbairn grant but also reflects the continuing success of the change in strategic direction started in 2014/15 and the inclusion of new services such as Finance Count.

### Reserves policy

During the year the Finance and Audit Committee reviewed CFG's Reserves Policy. It was agreed 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).

After reviewing the above criteria in the context of our current business model the Board on recommendation from the Committee agreed a revised free reserve range of £175,000 to £275,000 with the target reserve level being £225,000. The previous target was within the range of £180,000 and £225,000.

Our available free reserves as at 31 March 2016 were £165,773 (2015: £168,886) just short of the target range. Based on the 2016/17 Budget, free reserves will have increased to at least £225,000 by 31st March 2017.

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.

### Appointment of auditors

As a result of our previous Auditors, BDO LLP, coming to end of term, CFG went through a tender process to appoint new Auditors for both CFG and CFGD Trading Ltd. A sub-group of Finance Manager, Treasurer and CEO was formed to manage the process. A long list of Audit Firms was compiled who were then sent an invitation to tender. Tenders received were then assessed against five criteria; price; quality of staff/staff turnover; experience of auditing similar charities; audit approach; and additional services. Three firms were then asked to attend an interview. From an extremely strong field Mazars LLP were chosen by the sub-group and approved by the two company Boards.

# 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. Non-member Trustees are appointed after an open recruitment process. The Chair and officers of the Board are appointed by the Trustees from among their number. The Board meets four times a year and holds additional strategy planning sessions and away days in order to closely engage with the work CFG delivers. This year the focus was on governance and how to ensure it is reviewed regularly to keep the relationship between the Board and executive team is functioning optimally.

The Board also receive bi-weekly updates on day to day activities, new risks and progress against key objectives. This provides the Board with regular and valuable information in order to carry out their duties and responsibilities as CFG Trustees. Sub-committees and ad hoc task and finish sub-groups of the Board are convened to expedite the execution of duties. Current sub-committees (Nominations Committee, Remuneration Committee and Finance and Audit Committee) are governed by their own terms of reference and delegated duties are approved by the full Board. Sub-committees are served by Trustees and co-opted independent appointees.

Special Advisors and expert forums provide support and advice to the Board and staff. Current forums are the Banking Forum and the Technical Accounting Forum.

Members are supported across England and Wales in four regions: London and the South East; Midlands; Northern; and the South West and Wales, through the use of regional engagement forums which were introduced in 2013.

## Board induction and conduct

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

## Management

Day-to-day management of CFG is delegated to the CEO. Performance and risk is monitored against strategic objectives. CFG's headcount is currently, as at 13 July 2016, 23 full time positions and 1 fixed term position.

## Risk management

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



CFG continues to develop an approach to embed active risk management into the day-to-day running of the organisation. Risk is the responsibility of every member of staff and all Trustees. It has been embedded into staff activities, reporting and Board meetings ensuring CFG has the best opportunity to prevent issues arising and minimise risks.

The senior management team review the risks on a regular basis, especially when considering changes to plans or new opportunities. The Trustees review the risk issues log at Finance & Audit Committee (twice a year) and Board meetings (once a year) in order to monitor the effectiveness of CFG's risk management. Key changes in risk are reported to the Board as required and it is a standing agenda item at every Board meeting.

The key risks experienced in 2015 – 2016 were:

- **People; Challenges around recruiting staff**

We recognise that this is an on-going risk for CFG as recruitment in the sector is always difficult. However we aim to work more collaboratively across the organisation to ensure that capacity and skills are shared better.

- **Systems; Improving systems and upgrading IT infrastructure**

We recognise that investment is required to update our systems and processes to ensure efficiency, quality of service, improvements in data quality and customer services. We are in the process of renewing the CFG website and support systems (Accounting and CRM)

- **Impact; Understanding and demonstrating our impact**

We recognise that the work we do as a charity is not always easy to demonstrate. Our work supports the delivery of other charities' activities. However we continue to focus our resources into articulating the difference we can make and adapting the work we do to have maximum impact on the sector we serve.

Looking forward into 2016/17 the Trustees believe that the major areas of risk that can be anticipated remain – people, systems and impact. CFG will continue to develop its new framework for managing risk and monitor closely how effective this new approach is.

## Our governance around remuneration

### How we decide how much to pay our staff

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

In accordance with the Charities SORP 2015 (FRS 102), the Companies Act 2006, and the Charities Act 2011, CFG discloses the following:

- All payments made to Trustees (no Trustees receive 'pay' although they are entitled to claim for appropriate expenses)
- The number of staff in receipt of more than £60,000 (in bands of £10,000)
- Pensions and other benefits



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

CFG has a Remuneration Committee, which meets annually, and is comprised of the CFG Chair, Vice-Chair, Treasurer and one other Trustee (who shall be appointed by the Chair), which sets the pay for all staff. The CEO is in attendance for the meeting (leaving for the discussion regarding the CEO's remuneration) and no members of the executive are members of the Committee.

#### **The main responsibilities of the Committee are to:**

- Review the CFG salary banding against an agreed market benchmarking tool and make sure amendments are appropriate to ensure that CFG salaries remain competitive
- Determine the remuneration package of the CEO
- Approve the annual percentage increase in the payroll for all staff (which can be zero) taking into account RPI as at 31 December for the previous year
- Approve any consolidated pay awards and staff salary increases outside of the annual review process as recommended from time to time by the CEO
- Approve any non-consolidated pay awards (bonus) as recommended by the CEO
- Determine pension arrangements, and
- Ensure that contractual terms on termination are fair to the individual and the charity, that poor performance is not rewarded and a duty to mitigate loss is recognised.

#### **Our remuneration policy**

In determining CFG's remuneration policy the Remuneration Committee takes into account all factors which are deemed necessary. The objective of the policy is to ensure that the CEO and staff team are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Charity. The appropriateness and relevance of the remuneration policy is reviewed annually including reference to comparisons with other charities ensuring CFG remains sensitive to the broader issues e.g. pay and employment conditions elsewhere.

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

Delivery of CFG's charitable vision and purpose is primarily dependent on our staff, which is the largest single element of charitable expenditure. In 2015/16 CFG awarded staff 1.5% cost of living uplift in salary. One member of staff earned more than £60,000 in the year. The Chief Executive Officer, Caron Bradshaw, is the highest paid member of staff. Her salary during the year was £91,967. Further information on pension arrangements and on the salary costs for the year with comparisons to the previous year are presented in the notes to the financial statements in note 5 on page 39.

## Our ethical policy

Our ethical policy states that:

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

This policy was reviewed by the Finance and Audit Committee during the year. It was agreed that the policy did not need to change.

## Valuing volunteers

CFG relies on the voluntary input of finance professionals and experts. Time given as speakers, trainers, helpline advisers and in other ways supporting CFG's work enables us to provide a wide range of services to members and the sector; often free at the point of use. Value attributed to volunteer time (4,074 volunteer hours valued at £73 per hour) would come to £297,402 (2015: £314,352, being 4,366 volunteer hours valued at £72 per hour). This value is not recognised as either income or expenditure in the Statement of Financial Activities.

## Donated resources

We also value the donated resources that our corporate sponsors and other third parties make towards helping CFG achieve its objectives. We could not deliver our events without the support of our corporate partners.



# 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 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 on-going 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 and will be proposed for re-appointment in the coming year.



**Ian Theodoreson**  
Chair

# FINANCIAL STATEMENTS

## Consolidated Statement of Financial Activities

For the year ended 31 March 2016 (Incorporating the income and expenditure account)	UNRESTRICTED FUNDS		RESTRICTED FUNDS	TOTAL	TOTAL
	NOTES	2016	2016	2016	2015
<b>INCOME FROM:</b>	<b>1</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
					Note 13
<b>Donations &amp; Legacies</b>		4,471	137,850	142,321	11,950
<b>Charitable Activities</b>					
Developing Skills, Learning, Knowledge & Practice		1,117,328	-	1,117,328	1,086,681
Inspiring Financial Leadership		487,133	-	487,133	446,830
Encouraging a Supportive Environment		126,861	-	126,861	127,030
<b>Other trading Activities</b>					
Annual Fundraising Dinner		133,526	-	133,526	131,972
<b>Investments</b>		3,215	-	3,215	1,950
<b>Other</b>		2,756	-	2,756	42
<b>TOTAL INCOME</b>		<b>1,875,290</b>	<b>137,850</b>	<b>2,013,140</b>	<b>1,806,455</b>
<b>EXPENDITURE ON:</b>					
<b>Raising Funds</b>					
Annual Fundraising Dinner		76,427	71	76,498	72,801
<b>Charitable Activities</b>					
Developing Skills, Learning, Knowledge & Practice		951,935	17,372	969,307	946,862
Inspiring Financial Leadership		324,934	464	325,398	333,747
Encouraging a Supportive Environment		279,089	6,041	285,130	215,142
<b>Other</b>		0	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>3</b>	<b>(1,632,385)</b>	<b>(23,948)</b>	<b>(1,656,333)</b>	<b>(1,568,552)</b>
<b>NET INCOME</b>	<b>4</b>	<b>242,905</b>	<b>113,902</b>	<b>356,807</b>	<b>237,903</b>
<b>TOTAL FUNDS BROUGHT FORWARD AT 1 APRIL</b>		<b>306,709</b>	<b>14,277</b>	<b>320,986</b>	<b>83,083</b>
<b>TOTAL FUNDS CARRIED FORWARD AT 31 MARCH</b>	<b>10</b>	<b>549,614</b>	<b>128,179</b>	<b>677,793</b>	<b>320,986</b>

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

For Companies Act purposes, total income is £1,793,399 (2014: £1,558,985) and total expenditure is £1,436,592 (2014: £1,321,082), which is total income and expenditure as shown

above, both net of gifts in kind of £219,714 (2014: £247,470). All the above amounts relate to continuing activities.

## Balance sheets

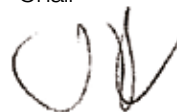
As at 31 March 2016 Company no. 03182826	NOTES	2016		2015	
		GROUP	CHARITY	GROUP	CHARITY
FIXED ASSETS		£	£	£	£
<b>Tangible Assets</b>	6	29,013	29,013	24,650	24,650
<b>Investments</b>	7	-	10,000	-	10,000
<b>TOTAL</b>		<b>29,013</b>	<b>39,013</b>	<b>24,650</b>	<b>34,650</b>
<b>CURRENT ASSETS</b>					
<b>Debtors</b>	8	834,802	499,938	693,653	249,044
<b>Short term deposits</b>		630,582	630,582	378,265	378,265
<b>Cash at bank and in hand</b>		292,903	204,910	258,147	203,541
<b>TOTAL</b>		<b>1,758,287</b>	<b>1,335,430</b>	<b>1,330,065</b>	<b>830,850</b>
<b>LIABILITIES</b>					
<b>Creditors: amounts falling due within one year</b>	9	(1,109,507)	(696,650)	(1,033,729)	(544,514)
<b>NET CURRENT ASSETS</b>		<b>648,780</b>	<b>638,780</b>	<b>296,336</b>	<b>286,336</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>677,793</b>	<b>677,793</b>	<b>320,986</b>	<b>320,986</b>
<b>FUNDS</b>					
	10				
<b>Unrestricted funds</b>					
Free Reserves		165,772	165,772	168,886	168,886
Fixed Asset Reserves		29,013	29,013	24,650	24,650
<b>Designated Funds</b>					
ICT Development		120,853	120,853	110,000	110,000
Inspiring Financial Leadership		3,414	3,414	3,173	3,173
Business Improvements		125,000	125,000	-	-
Small Charities Programme		105,562	105,562	-	-
<b>Restricted funds</b>					
Community Accountants Network		9,277	9,277	14,277	14,277
Small Charities Programme		118,902	118,902	-	-
<b>TOTAL</b>		<b>677,793</b>	<b>677,793</b>	<b>320,986</b>	<b>320,986</b>

The financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies. The notes on pages 31 to 43 form part of these accounts.

The accounts were approved and authorised for issue by the Board of Trustees on 4th October 2016 and signed on their behalf by:



**Ian Theodoreson**  
Chair



**Kevin Barnes**  
Treasurer

## Consolidated Statement of Cash Flows

	2016	2016	2015	2015
<b>Cash-flows from Operating Activities</b>				
Net Income	356,807		237,903	
Adjustments for:				
Depreciation	11,929		9,027	
Interest Expense	3,215		1,950	
Trade and Other Receivables	(141,149)		56,210	
Trade and Other Payables	75,778		(61,870)	
<b>Cash-flows generated from operations</b>		<b>306,850</b>		<b>243,220</b>
Interest Paid		(3,215)		(1,950)
<b>Net Cash-flow from operating activities</b>		<b>303,365</b>		<b>241,270</b>
<b>Cash flows from investing activities</b>				
Purchase of Equipment	(17,386)		(4,325)	
Proceeds on disposal of Equipment	1,094			
		(16,292)		(4,325)
<b>NET INCREASE IN CASH</b>		<b>287,073</b>		<b>236,945</b>

	AT 1ST APRIL 2015	CASH-FLOWS	AT 31ST MARCH 2016
Cash at bank	258,147	34,756	292,903
Cash on deposit	378,265	252,317	630,582
	<b>636,412</b>	<b>287,073</b>	<b>923,485</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Accounting policies

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

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

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

### Consolidation

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the charity and of its subsidiary undertaking, namely 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 revenue on a straight-line basis over the terms of the leases.



### Going concern

Free unrestricted reserves of CFG at the year-end amount to £165,773. After consideration of the current business plan to 2017 and with a balanced budget planned for the next two financial years, the Trustees consider there is a reasonable expectation that the CFG group has adequate resources to continue in operational existence for the foreseeable future. The Trustees are also satisfied with the controls in place for monitoring and flexing the budget throughout the year. There are no material uncertainties that would impact on the charity's ability to continue. Accordingly we continue to adopt the going concern basis in preparing this annual report and financial statements.

### Fixed assets

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

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

### Investments

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

### Transition to FRS 102

The opening fund balances at the date of transition have been restated (see below) for the following items:

- Liability for holiday pay (short term compensated absences);and
- Reclassification of governance costs between fundraising costs and charitable activities.

No subsequent restatement of items has been required in making the transition to FRS 102. The transition date was 1 April 2014.

### Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required. At the date of transition in applying the requirements of FRS 102 the following adjustment were required:

- Liability for holiday pay (short term compensated absences);

No other restatements were required. In accordance with the requirements of FRS 102 a reconciliation of opening balances is provided.

RECONCILIATION OF FUND BALANCES	31 MARCH 2015 £	31 MARCH 2014 £
Fund balances as previously stated	336,371	90,938
Short-term compensated absences	(15,385)	(7,855)
<b>Fund balances as restated</b>	<b>320,986</b>	<b>83,083</b>

## 2. Results from the trading activities of the subsidiary

	2015 £	2015 £
<b>CFDG Trading Limited</b>		
Turnover	597,616	554,477
Cost of Sales	(190,345)	(152,765)
<b>Gross Profit</b>	<b>407,271</b>	<b>401,712</b>
Audit Fee	(2,285)	(2,794)
<b>Operating Surplus</b>	<b>404,986</b>	<b>398,918</b>
Interest receivable	218	56
<b>Profit before tax and Gift Aid distribution</b>	<b>405,204</b>	<b>398,974</b>
<b>Fund balance brought forward</b>	-	-
Charitable distribution to shareholder	(405,204)	(398,974)
Retained in subsidiary	-	-
<b>Balance sheet</b>		
Current Assets	581,847	594,138
Current liabilities	(571,847)	(584,138)
<b>Net assets</b>	<b>10,000</b>	<b>10,000</b>
Share capital	10,000	10,000
Reserves	-	-
<b>TOTAL FUNDING</b>	<b>10,000</b>	<b>10,000</b>

The charity has one wholly owned subsidiary which is incorporated in Great Britain. CFGD Trading Limited was incorporated on 5th February 2009 to raise funds via commercial activities and sponsorship for CFG. CFGD Trading Limited donates its taxable profits to CFG under Gift Aid subject to its working capital requirements being maintained.

### 3. Expenditure Analysis

#### a) Analysis of total expenditure

	STAFF COSTS £	SUPPORT £	OTHER DIRECT COSTS £	TOTAL 2016 £	TOTAL 2015 £
<b>Raising Funds</b>					
Annual Fundraising Dinner	20,667	5,847	49,984	76,498	72,801
<b>Charitable activities</b>					
Developing Skills, Learning, Knowledge & Practice	481,018	143,777	344,512	969,307	946,862
Inspiring Financial Leadership	130,623	39,494	155,281	325,398	333,747
Encouraging a Supportive Environment	166,676	48,720	69,734	285,130	215,142
<b>TOTAL EXPENDITURE</b>	<b>798,984</b>	<b>237,838</b>	<b>619,511</b>	<b>1,656,333</b>	<b>1,568,552</b>
<i>TOTAL EXPENDITURE 2014/15</i>	<i>710,734</i>	<i>200,432</i>	<i>657,386</i>		

Within total expenditure the 'Other direct costs' column includes costs of £219,741 (2014: £247,470) relating to services donated to CFG that were not incurred by CFG (see note 4b). Had these services not been donated CFG would have incurred this cost.

#### b) Analysis of support costs

	RAISING FUNDS £	DEVELOPING SKILLS, LEARNING, KNOWLEDGE AND PRACTICE £	INSPIRING FINANCIAL LEADERSHIP £	ENCOURAGING A SUPPORTIVE ENVIRONMENT £	TOTAL 2016 £	TOTAL 2015 £
Premises	1,633	39,433	10,639	13,604	65,309	68,827
Office Supplies	151	3,649	985	1,259	6,044	5,987
IT & Communications	2,413	58,282	15,724	20,106	96,525	47,019
HR, Recruitment & Training	921	22,239	6,000	7,672	36,832	37,264
Financial costs	53	3,833	1,738	441	6,065	7,951
Depreciation	298	7,203	1,943	2,485	11,929	9,027
Governance (incl External Audit)	378	9,138	2,465	3,153	15,134	24,357
<b>TOTAL</b>	<b>5,847</b>	<b>143,777</b>	<b>39,494</b>	<b>48,720</b>	<b>237,838</b>	<b>200,432</b>

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

## 4. Net outgoing income

### a) These are stated after charging:

	2016 £	2015 £
<b>Auditor's remuneration</b>		
Audit - current year	7,000	6,136
Non-audit services	824	1,250
<b>Depreciation</b>	11,929	9,027
<b>Operating lease premises (see note below)</b>	41,840	41,850

### Operating lease commitments

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

	GROUP AND CHARITY PROPERTY	
	2016 £	2015 £
Leases which expire:		
Within one year	45,640	45,640
Within one to two years	45,640	45,640
Within two to five years	16,756	62,396
<b>TOTAL</b>	<b>108,036</b>	<b>153,676</b>

### b) Valuation of donated resources

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

	2016 £	2015 £
<b>Raising Funds</b>		
Annual Fundraising Dinner	2,551	835
<b>Charitable activities</b>		
Developing Skills, Learning, Knowledge & Practice	180,042	207,917
Inspiring Financial Leadership	9,434	4,102
Encouraging a Supportive Environment	27,714	34,616
<b>TOTAL</b>	<b>219,741</b>	<b>247,470</b>

## 5. Trustees and employee information

### a) Trustee information

No remuneration was paid to, or waived by, any Trustee during the year (2015: £Nil). Expenses of £2,206 for travel were reimbursed to four Trustees during the year (2015: £4,001, five Trustees).

### b) Employee information

EMPLOYEE NUMBERS	2016 NO.	2015 NO.
The full time equivalent number of staff employed during the year was:	19.6	17.0
The average headcount during the year was:	20	17
<b>Employee costs during the year were :</b>	<b>£</b>	<b>£</b>
Salaries	690,435	563,976
Social Security	70,669	57,798
Pension	34,704	29,312
<b>Subtotal salaried staff</b>	<b>795,808</b>	<b>651,086</b>
Contractors	2,550	52,118
Holiday Pay Accrual	728	7,530
Other Costs	(102)	-
<b>TOTAL EMPLOYEE COSTS</b>	<b>798,984</b>	<b>710,734</b>

As can be seen from the table above, there was an increase in salaried staff as posts were filled following vacancies although some were not filled until later in the financial year.

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

	2016 NO.	2014 NO.
£90,001 – £100,000	1	-

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

The one member of staff included in the above bandings for 2016 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 £9,197 (2015: £9,197).

There were eleven active members of staff in total accruing benefits under the group personal pension scheme as at 31 March 2016 (2015: seven).

### c) Remuneration of Key Management Personnel

The total of employee benefits received by Key Management Personnel in 2015/16 is £135,514 (2015: £91,967). CFG's Board had defined that "key management personnel" would be limited to the CEO on the grounds that the significant delegation of control was to the CEO only. However, in December 2015 the Board agreed an amended scheme of delegation which delegated significant control to the CEO and others; namely Directors or those making decisions of a significant nature. The increased cost in 2015/16 relates largely to the inclusion of Director/Senior Managers from January 2016 in addition to the CEO.

### d) Pensions

CFG offers eligible staff a group personal pension scheme which is currently administered and managed by Aegon. CFG pays twice the percentage that the employee contributes up to a maximum of 10%. The amount of outstanding contributions at 31 March 2016 was £4,856 (2015: £4,048).

## 6. Tangible fixed assets - Group and Charity

	OFFICE FURNITURE £	COMPUTERS £	TOTAL £
<b>Cost</b>			
At 1 April 2015	19,666	26,448	46,114
Additions	8,117	9,269	17,386
Disposals	(2,100)	(11,318)	(13,418)
<b>At 31 March 2016</b>	<b>25,683</b>	<b>24,399</b>	<b>50,082</b>
<b>Depreciation</b>			
At 1 April 2015	(6,590)	(14,874)	(21,464)
Charge for the year	(5,668)	(6,261)	(11,929)
Disposals	1,006	11,318	12,324
<b>At 31 March 2016</b>	<b>(11,252)</b>	<b>(9,817)</b>	<b>(21,069)</b>
<b>Net book value</b>			
<b>At 31 March 2016</b>	<b>14,431</b>	<b>14,582</b>	<b>29,013</b>
<i>At 31 March 2015</i>	<i>13,076</i>	<i>11,574</i>	<i>24,650</i>

The above fixed assets are used to support all of CFG's activities. At 31st March 2016 CFGD Trading Limited had no fixed assets.



## 7. Investments

		SHARES IN SUBSIDIARY UNDERTAKING NO.	CHARITY £
At historic cost:			
At 1 April 2015 and at 31 March 2016		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

	2016		2015	
	GROUP	CHARITY	GROUP	CHARITY
Trade debtors	552,093	67,433	609,978	71,843
Other debtors	16,412	16,412	9,561	9,561
Prepayments & accrued income	266,297	259,716	74,114	72,716
Amounts owed by subsidiary	-	156,377	-	94,924
	<b>834,802</b>	<b>499,938</b>	<b>693,653</b>	<b>249,044</b>

## 9. Creditors

	2016		2015	
	GROUP £	CHARITY £	GROUP £	CHARITY £
Trade creditors	188,817	188,817	63,400	63,400
Deferred income	798,190	385,275	820,693	333,237
Pension contributions outstanding	4,857	4,857	4,048	4,048
Taxation & social security creditors	78,231	77,926	93,958	93,993
Other creditors and accruals	39,412	39,775	36,245	49,836
	<b>1,109,507</b>	<b>696,650</b>	<b>1,018,344</b>	<b>544,514</b>

All deferred income brought forward at the beginning of the year was released to income during the year (2015: same).

## 10. Outline Summary of Fund Movements

FUND	BALANCE B/F 1ST APRIL 2015 £	INCOME £	EXPENDITURE £	TRANSFER BETWEEN FUNDS £	BALANCE C/F 31ST MARCH 2016 £
<b>Unrestricted Funds</b>					
Free Reserves	168,886	1,875,290	(1,573,928)	(304,476)	165,772
Fixed Asset Reserves	24,650			4,363	29,013
<b>Designated Funds</b>					
ICT Development	110,000		(29,147)	40,000	120,853
IFL Training	3,173			241	3,414
Business Improvements	-	-	-	125,000	125,000
Small Charities Programme	-	-	(29,310)	134,872	105,562
<b>Restricted Funds</b>					
Small Charities Programme	-	135,000	(16,098)	-	118,902
Training (Big Assist Voucher)	-	2,850	(2,850)	-	-
Community Accountants Network	14,277	-	(5,000)	-	9,277
<b>TOTAL FUNDS</b>	<b>320,986</b>	<b>2,013,140</b>	<b>(1,656,333)</b>	<b>-</b>	<b>677,793</b>

## 11. Capital commitments

At 31 March 2016 there were no capital commitments (2015: none).

## 12. Related party transactions

During the year ending 31 March 2016 there were no related party transactions.

## 13. Comparative statement of financial activities

	UNRESTRICTED FUNDS 2015 £	RESTRICTED FUNDS 2015 £	TOTAL 2015 £
<b>INCOME FROM:</b>			
<b>Donations &amp; Legacies</b>	11,950	-	11,950
<b>Charitable Activities</b>			
Developing Skills, Learning, Knowledge & Practice	1,086,681	-	1,086,681
Inspiring Financial Leadership	446,830	-	446,830
Encouraging a Supportive Environment	95,803	31,227	127,030
<b>Other trading Activities</b>			
Annual Fundraising Dinner	131,972	-	131,972
<b>Investments</b>	1,950	-	1,950
<b>Other</b>	42	-	42
<b>TOTAL INCOME</b>	<b>1,775,228</b>	<b>31,227</b>	<b>1,806,455</b>
<b>EXPENDITURE ON:</b>			
<b>Raising Funds</b>			
Annual Fundraising Dinner	72,801	-	72,801
<b>Charitable Activities</b>			
Developing Skills, Learning, Knowledge & Practice	946,862	-	946,862
Inspiring Financial Leadership	333,747	-	333,747
Encouraging a Supportive Environment	198,192	16,950	215,142
<b>TOTAL EXPENDITURE</b>	<b>(1,551,602)</b>	<b>(16,950)</b>	<b>(1,568,552)</b>
<b>NET INCOME</b>	<b>223,626</b>	<b>14,277</b>	<b>237,903</b>
TOTAL FUNDS BROUGHT FORWARD AT 1 APRIL 2014	<b>83,083</b>	-	<b>83,083</b>
TOTAL FUNDS CARRIED FORWARD AT 31 MARCH 2015	<b>306,709</b>	<b>14,277</b>	<b>320,986</b>

# INDEPENDENT AUDITOR'S REPORT

We have audited the financial statements of the Charity Finance Group for the year ended 31 March 2016 which comprise the consolidated statement of financial activities, the consolidated and charity balance sheets, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102.

## Respective responsibilities of Trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 36, the Trustees (who are also the directors of the 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

## Scope of the audit of the financial statements

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

## Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and of the charity's affairs as at 31 March 2016 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.

## Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Annual Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit;
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Annual Report



**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

1st November 2016

# TRUSTEES, OFFICERS AND ADVISORS

## Board of Trustees

Ian Theodoreson (Chair)  
 Nicki Deeson (Deputy Chair  
 from 21 March 2016)  
 Diane Bassett (Deputy Chair  
 until 21 March 2016)  
 Kevin Barnes (Treasurer from  
 15 Sept 2015)  
 Mark Hilton (Treasurer until  
 15 Sept 2015)  
 Rosie Chapman  
 Gary Forster (from 15 Sept 2015)  
 Samantha Husband (from  
 15 Sept 2015)  
 Brigid Janssen (from 21 Jan 2016)  
 Sally O'Neill (until 15 Sept 2015)  
 Kerry Shea (from 15 Sept 2015)  
 Uday Thakkar (until 27 June 2015)  
 John Tranter (from 15 Sept 2015)

## Finance & Audit Committee

Kevin Barnes (Chair from 15 Sept 2015)  
 Mark Hilton (Chair until 15 Sept 2015)  
 Diane Bassett (from 20 Nov 2015)  
 Rosie Chapman  
 Samantha Husband (from 20 Nov 2015)  
 Mark Cornish  
 Liz Fosbury (from 03 March 2016)  
 Martin Hughes (until 03 March 2016)

## Nominations Committee

Nicki Deeson (Chair from 15 Sep 2015)  
 Sally O'Neill (Chair until 15 Sep 2015)  
 Gary Forster (from 09 Dec 2015)  
 Rodney Buse  
 Julia Oliver

## Remuneration Committee

Ian Theodoreson (Chair)  
 Diane Bassett  
 Kevin Barnes (from 15 Sept 2015)  
 Gary Forster (from 09 Dec 2015)  
 Mark Hilton (until 15 Sept 2015)  
 Uday Thakkar (until 27 June 2015)

## Special Advisor

Pesh Framjee

## Chief Executive Officer

Caron Bradshaw

## Head Office and Registered Office

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

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

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  
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