



INSPIRING
FINANCIAL
LEADERSHIP

CHARITY FINANCE GROUP
ANNUAL REPORT AND FINANCIAL STATEMENTS 2012/13

A year of growth and development



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

Our vision is 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 enable those with financial responsibility to develop and adopt best practice.

With more than 2,200 members managing over £19 billion, we are uniquely placed to challenge regulation which threatens the effective use of charity funds, to drive efficiency and to help charities to make the most out of their money.

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

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WHY WE EXIST

Vision and purpose, objects and aims

2,237
members, with

£19bn
combined income

Our vision and purpose:

CFG; inspiring the development of a financially confident, dynamic and trustworthy charity sector.

Our objects:

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

Our aims:

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

We will be delivering our objectives if we are:

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



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



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



From the Chair and CEO



This report is the next step in our impact journey; reporting our activities, impact and ambitions.

Welcome to CFG's 2012/13 annual report, taking a somewhat fresh look at our performance and setting out our vision for the future. This is the first joint statement by Chair and Chief Executive and is a very deliberate step – reflecting the driving force behind CFG and the importance of effective partnership between the governance and leadership of charities.

In our 25th year we set out to tackle the issues of financial capability and leadership, and to shine a light on the challenges for charities, of all sizes, in effectively understanding and reporting on their impact. We are proud of what we have achieved in both respects but always understood that these were issues which could not be solved overnight. This report is the next step in our impact journey; reporting our activities, impact and ambitions. In it you will find examples which we believe give a flavour of our achievements and CFG's impact. As well as setting out our ambitions for the future, we have been candid in addressing those issues which have not gone quite to plan and in identifying the distance yet to travel in delivering on our charitable objectives. Additionally, through the use of case studies, we have shared the views of our members on the role we play in supporting their work.

We believe inspiring financial leadership is the key to a thriving sector. Finance professionals have a unique view of their organisations which, if nurtured and supported, can be a powerful positive force for change. Yet recognition of this critical role is not universal, skills across the sector are not uniformly high and 'charity' itself is at a crossroads in confidence and identity; the government, public sector and private entities are all reviewing and reconsidering engagement with organisations addressing social needs. Competence, effectiveness and the ability to demonstrate the difference made rely on financial skills, yet the financial capability of organisations

and individuals striving to deliver such change is mixed. While the number of individuals in membership continues to grow, our engagement remains with the tip of the iceberg, and we do not underestimate the scale of the challenge in ensuring financial competence across the sector – a sector that we feel has a critical role to play in the creation of a strong society.

As a sector we are in challenging times that are testing our morale, ambition and competence. We believe that the vision of our role laid out by our founder, Adrian Randall, was to innovate, shape and drive standards in the sector. In his memory we have launched a prize for inspiring financial leadership which is designed to carry on Adrian's legacy and inspire a new passion and enthusiasm for our work.

We hope you enjoy this report and find the contents interesting and engaging. We thank all those who have supported us during the last year, and look forward to continuing to increase the voice of finance professionals and to further shaping the operating environment for charities throughout 2013/14.


Ian Theodoreson
 Chair of Trustees


Caron Bradshaw
 Chief Executive

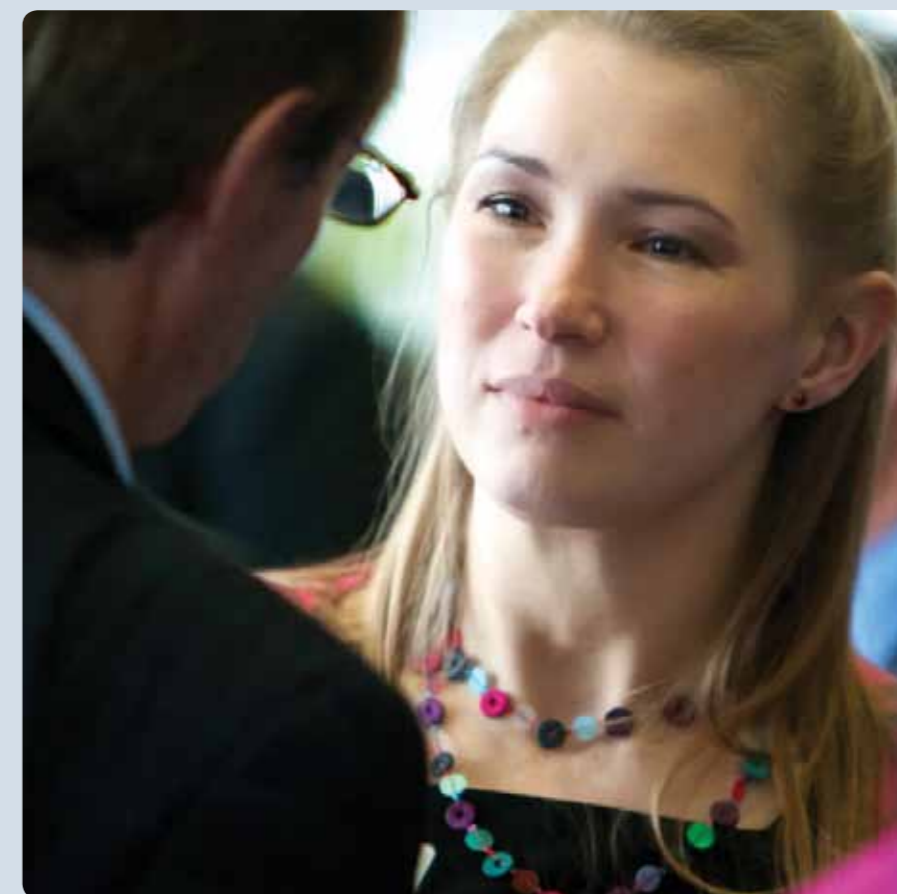


We believe inspiring financial leadership is the key to a thriving sector. Finance professionals have a unique view of their organisations which, if nurtured and supported, can be a powerful positive force for change.



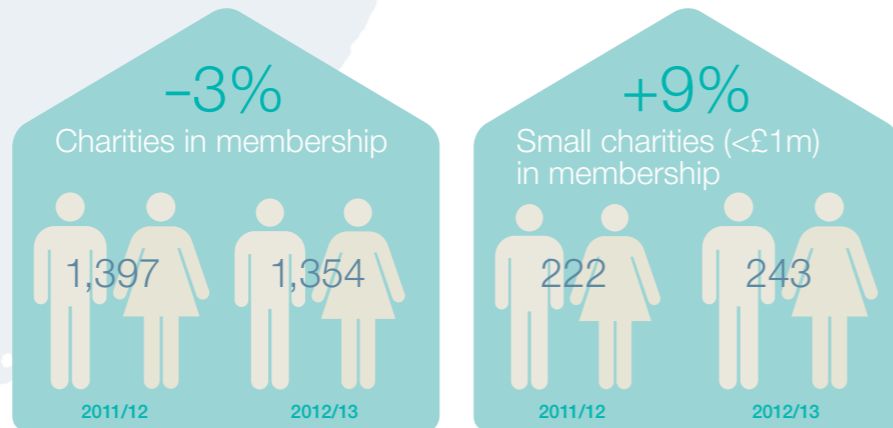
I welcome CFG's work on improving the operating environment for charities. It is characterised by bringing financial expertise to the table along with a sensible approach to partnership working. In the last year I have seen this in the way CFG has engaged in the Charities Act review – particularly in proposals relating to social investment, and in addressing difficult pensions issues for charities. It is clear CFG's approach benefits not only its members, but the wider charity sector too.

Nick Hurd, Minister for Civil Society



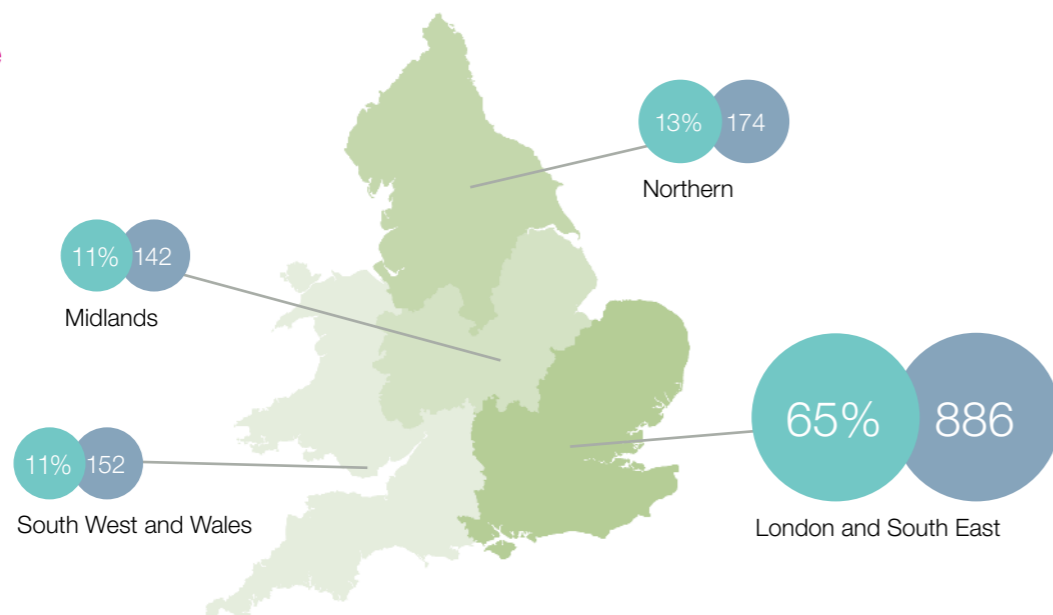
2012/13 at a glance

CFG membership profile



Representing finance professionals across England and Wales

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



Securing support for our work

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



3,747
Volunteer hours



£254,796
Volunteer worth

Corporate support from in-kind venue hire
£168,404

Corporate support from exhibiting at events and sponsorship of events and publications
£284,660

Building skills and delivering professional development

4,776
Event attendees



90%
of event attendees declared their objectives had been fully or mostly met



Raising our profile, increasing our influence

20
Consultation responses

1,412
Survey respondents

7
Meetings with ministers

2,417
Twitter followers

9
New briefings and publications

359
Press mentions

Advising, informing and developing

Supporting the wider finance team

CFG strongly believes that finance should not be seen as a back office function which is segregated from the rest of the organisation. By amending our membership scheme we encourage whole teams to join and aim to provide more comprehensive support for the charity's finance function. The British Red Cross Society sees the benefit in this and currently holds eight CFG memberships.

"I have found the CFG updates to be practical, helpful and relevant. The training courses are also very good, particularly for those who are new to the sector." Tracey Enderby, Head of International Finance

"Access to information that is specifically relevant to the work that I do means I can anticipate challenges and have a wider appreciation of the charity sector. I get a heads up about new legislation likely to affect my work, feel that I have a forum for influencing via the open consultations, and am better able to respond to enquiries from external persons about the charity sector as a whole." Tanya Greenwell, UK Business Analysis Manager

"CFG provides excellent value for money, with high-quality seminars and conferences together with great opportunities for networking. I have been able to save considerable sums of money and time from ideas, example policies and procedures, and introductions to cost-effective suppliers." Rohan Hewavisenti, Director of Finance and Business Development

Financial capability programme

During 2012, as part of our anniversary year, we focused, as one of our two themes, on a strategy to raise the standards of charity finance by improving financial capability at both ends of the income spectrum. We set out to work with partners to bring together a comprehensive range of materials to improve and enhance financial management and leadership across the sector.

Inspiring financial innovation

It was Adrian Randall's vision for a better, stronger, more self-supportive sector that led to the creation of CFG. Sadly in February 2012, Adrian lost his fight against cancer. In his memory we created the Adrian Randall Prize for Inspiring Financial Leadership. This formed part of our 25th anniversary year focus on financial capability and leadership, and aims to attract and develop the brightest and most innovative proposals to advance and improve charity finance. The 2013 prize was awarded to Hilary Seaward, whose proposal was to create a toolkit for the production of accessible and readable management accounts. This dovetails with our aspiration to support charity Trustees and those managing the finances of smaller charities.

Developing capability in smaller charities

Smaller organisations (those with annual income between £100,000 and £500,000) are traditionally under-represented in our membership. Yet arguably we can have the greatest impact in terms of raising the standards of charity finance by engaging small charities with CFG. To do so, we determined that we must better understand their needs and develop services to meet them.

We undertook exploratory work which, in partnership with a range of umbrella organisations, resulted in a survey being circulated to small charities. 323 respondents provided us with useful results that will shape our work:

- Fewer than half (41%) of charities surveyed with an annual turnover of less than £1m employed someone with specific financial expertise.
- In charities with a turnover of less than £1m, Treasurers were more than twice as likely to have a professional accounting qualification as CEOs, other staff and other Trustees who were responsible for financial management. However, even among Treasurers, only 46% had a professional accounting qualification.
- Training courses are available. However, there are many barriers to these being utilised by those responsible for financial management in small charities, principally price, location, time and content covered.
- The topics in which additional training would be most valuable for small charities were impact reporting, trading, measuring financial performance over time, and tax/VAT.
- There is an appetite for face-to-face training – online alone is not a viable alternative.

These findings were brought together in a report which was produced in collaboration with the Small Charities Coalition and launched in May 2013.

We are continuing to develop our relationships with Community Accounting Self Help (CASH), the Association of Charity Independent Examiners (ACIE) and others to support a wider range of smaller organisations.

We have introduced a small charity rate for charities under £250,000



My CFG membership is a lifeline. The newsletters, conferences and consultations are apposite, timely, clear and accessible. The online resources are magnificent – both for me and for our Head of HR and IT, who is a free second member.

Jane Weaver, International Spinal Research Trust

323

respondents to our financial capability in small charities survey

Advising, informing and developing

Supporting a smaller finance team

CFG aims to support charities irrespective of their size. Age UK Leicester Shire and Rutland, as an organisation with a smaller finance team, has found CFG membership to be an affordable solution to its need for information, skills-building and access to peers.

"We believe that CFG membership affords us many benefits at an affordable price. Keeping abreast of legislative and best practice changes, updating IT knowledge and tracking more general sector trends can be difficult for smaller organisations, especially if there are only one or two staff working at that level in the organisation. The library of articles and presentations on the website has also proven a very useful resource and the national conferences are very informative.

Engaging as a CFG member in the Midlands has enhanced the links I have with finance staff in other charities and this sharing of experience with one's peers is the greatest benefit in my opinion. This has led to many meetings outside of CFG where we have visited members and in return provided similar support to others in the region. I have also appreciated being able to influence the content of local meetings to include items that will be of specific benefit to me and other members."

Paul O'Donnell, Finance Director

turnover and are exploring cost-effective membership for micro charities (those with annual income under £100,000).

Engaging with the wider sector

We have agreed in principle with the Charity Commission to run a pilot face-to-face and modular training programme for Trustees of small charities.

We have engaged with Dame Mary Marsh's Government-backed review of leadership and skills within the sector to ensure that finance related need is considered.

We are currently exploring the opportunities offered by online training with a view to making this available via CFG.

We continue to work collaboratively with a wide range of partners, including a commitment to deliver two training sessions at NCVO's Evolve 2013 and having a presence at Directory for Social Change's Charity Fair, in partnership with one of our corporate subscribers (Foster Denovo).

Nurturing Careers: developing a mentoring scheme

Securing funding for the development of a mentoring scheme was unsuccessful. However, during the year we informally supported a number of members by setting up mentoring partnerships in response to requests for support. Using that experience, and by investing in the support of an experienced mentoring coach, CFG has subsequently developed a scheme.

Mentoring is a widely recognised way of developing people – both those who are mentored and, less obviously, the mentors themselves. Many of our members will work in organisations which offer mentoring support, but our scheme responds to the clear aspiration from our members to be able to seek

mentoring guidance in issues specific to their charity finance role.

There is growing recognition that finance professionals can be overlooked when it comes to the most senior Board positions, particularly the appointment of Chief Executives. Our scheme is designed to provide mentors who can respond to the needs of those at both ends of this spectrum – newer/less experienced, and those who are ready to make the move from Finance Director to Chief Executive. By recruiting around 20 mentors who have 'been there, done that' in the sector, we can support and equip the finance professionals and charity leaders of the future.

Our scheme is fully supported by standards, processes and resources, which include mentor development workshops, a mentoring pack for mentors and mentees, a 'matching criteria' system, and milestone and end-of-year evaluation criteria.

With a clear vision for the mentoring scheme agreed, and its implementation grounded in an understanding of the needs of individuals, we will formally launch the scheme in 2013/14.

Informing and advising through publications and briefings

In 2013, we continued our development of good practice resources, with new additions including banking, fraud, using volunteers to measure impact, ethical investment, and the ever topical question of reserves. We also launched a new quarterly briefing on key economic indicators and trends.

Our *Banking for Charities* guide was produced in collaboration with the British Bankers' Association and is the first resource of its kind to outline the key considerations that charities should bear in mind when devising their banking policy. It has been widely disseminated and is used as a key

reference point for charity customers by all the main banks. Within the first month the guide was disseminated by 10 organisations, each with unique memberships/audiences, ranging from the Charity Commission to the Sport and Recreation Alliance. Over the following months, the guide was promoted by a further 36 organisations, both national and local, on their websites or online newsletters.

CFG initiated and project-managed the production of the *Charity Fraud* guide, a sector-owned good practice resource developed in partnership with 14 other charity bodies and public sector organisations. The guide has been described as "a great resource" and 2,200 hard copies of the report were distributed within weeks of the launch by Community Matters, the Fraud Advisory Panel and the Small Charities Coalition.

Beyond Reserves is a case study-based and member-led guide, developed in partnership with the Association of Chief Executives of Voluntary Organisations (ACEVO), the Institute of Fundraising (IoF) and Sayer Vincent, that encourages charities to think creatively and strategically about their reserves policies.

CFG also responded to requests from members to provide more information on the direction of the economy and sector trends with the production of the quarterly *Economic Outlook Briefing for Charities*, exclusively for members. One member described it as being "a useful resource" that he disseminates around his team, while others have said it is "a welcome addition" and "just the right length, great layout and very readable."

Developing Finance Focus

We undertook a review of our newsletter, *Finance Focus*, and its place in member communications with

a view to strengthening its role as a tangible member benefit. The review was underpinned by an in-depth survey of members, run by an independent consultant experienced in the production of charity sector publications.

The outcome of the review was generally positive, with those who read *Finance Focus* complimentary about the content and the value it offers for their work. Most ranked the newsletter highly in terms of quality of content, writing and contributors. However, aspects relating to the general layout and some elements of content were identified as areas for improvement.

Following a tender process and the appointment of a design agency, the newsletter has been re-designed and resources for the production process increased in order to achieve the following:

- Greater consistency in the quality and nature of content
- A wider range of contributors and subjects covered
- Content more closely aligned to the CFG strategy
- Improved production values – introduction of colour printing and graphics
- Increased sustainability – greater opportunities for advertising and sponsorship by corporate supporters
- More features on and contributions from members and subscribers
- Increased readership so that two-thirds of members read every issue

Early indications are that the sale of advertising space is a strong opportunity, and we are confident that it will cover the costs of developing *Finance Focus*.



This excellent, succinct and easily accessible guidance, produced in partnership with 15 public law enforcement and charity sector organisations including the [Charity] Commission, provides a single reference point for charity trustees and managers on preventing, identifying and responding to fraud.

The Charity Commission on CFG's *Charity Fraud* guide



Connecting and supporting

Partnerships to promote good practice

CFG believes the very best guidance and support comes as a result of pooling the right knowledge from the right partners, whether they are expert practitioners, charity finance professionals or others working for the benefit of the sector.

CFG developed the *Beyond Reserves* publication in partnership with IoF, ACEVO and Sayer Vincent.

Sayer Vincent advised on the content of the guide and, along with ACEVO, led on interviews, case studies and drafted much of the technical content. Reserves are a fundamental consideration not just for finance professionals but also for fundraisers, meaning the IoF's involvement was incredibly useful.

When it came to production, Sayer Vincent kindly supported the design and print costs. This enabled the guide to be set out in an accessible format and hard copies to be provided for the launch event.

The guide has been widely disseminated by the partners and has provided a platform for regular debate on reserves, an issue we know is always topical for members. One CFG member said of the guide: "This approach is much better than some of the very dry material that exists elsewhere."

Increasing our accessibility and reach

The challenge of ensuring CFG membership is accessible to and appropriate for all charities and their finance staff has been addressed in a review of our membership bands. From 1 April 2012 we gave member charities with income over £250,000 the opportunity to enrol a free second member, reduced the cost of additional paid members for charities with a gross annual income of less than £10m and introduced a new membership fee band for charities with gross annual income of over £50m. By implementing these revisions we have delivered the following:

- Increased value for member charities with incomes of under £10m.
- A wider membership base, thereby –
 - Increasing the pool of experience upon which members can draw.
 - Enabling CFG to cater for a wider range of member interests, through more special interest groups and targeted events.
- A more equitable distribution of membership fees through a structure that reflects income levels across the sector.

Combined with removing 'Directors' from our name, these changes are intended to communicate that membership of CFG is open to anyone fulfilling a finance-related role within the charity sector. We hope that a larger number of individuals will be able to benefit from membership earlier in their career and that a wider and more diverse range of job functions/roles will be represented among members.

Reforming our regional engagement

The growth of CFG's membership in the North, Midlands and South West and Wales regions has been a priority for the past five years. In that time we have increased the proportion of member charities from 30% to 35% and have extended our training and conference programme. This has included holding conferences in the North and South West and Wales and running training courses on performance management and reporting, trading and the law, investment and charity finance essentials.

A review of the role and structure of our regional groups, conducted in partnership with a small committee of members from each region, highlighted the additional demand that was being created as a result of a growing and diversifying membership that required new and different activities. The establishment of Regional Engagement Forums, which will support the shaping of CFG activities in each region, aims to address this by ensuring we meet the needs of members and create more opportunities to engage non-members.

Shaping policy – The Gift Aid Small Donations Scheme

CFG was instrumental in shaping the Gift Aid Small Donations Scheme to ensure it is as effective and useful for the charity sector as possible. We engaged constructively with HM Treasury (HMT) and HM Revenue and Customs (HMRC) throughout the consultation process and actively engaged in the parliamentary process during the Bill's passage. CFG's Chief Executive, Caron Bradshaw, also met with the Economic Secretary and gave oral evidence at Committee stage.

Our input has been considerable at all stages of the process, particularly

35%
of member charities come from outside London



As a charity which understands the sector, CFG enables us to network and discuss topical issues but also provides a great opportunity to showcase CAF's products and services to key financial decision-makers.

Colin Walton, Charities Aid Foundation (CAF)



Connecting and supporting



£85m
the value of
Gift Aid Small
Donations scheme
to charities by
2017/18.

on the technical aspects. We led on a joint consultation response with NCVO and Charities Aid Foundation (CAF) which also developed into coordinated campaign work with these and other bodies during parliamentary stages. We are sure the Bill would not have been amended to such an extent or achieved such a positive outcome without such a coordinated campaign effort.

The Bill was amended to reflect our concerns about the accessibility of the scheme. This included watering down the 'matching' to Gift Aid claims (a principle we opposed) from a ratio of 2:1 to 10:1 and the excessive three-year eligibility rule to two years. Both Government and opposition commended the involvement of the sector, including CFG, describing the Bill as being in better shape at the end of the process – our ultimate aim. By HMT's estimates, the changes will be worth an additional £85m to charities by 2017/18.

While the Gift Aid Small Donations Scheme will benefit all charities, it is smaller organisations that will be the primary beneficiaries; this is an excellent example of CFG using its expertise and influence to support the wider charity sector.

Connecting charities and experts

CFG believes the charity sector is better supported when we work closely with advisers and experts from the private sector. An essential part of what we do, therefore, is bringing together charities and service suppliers. Not only does this mean that suppliers have a greater understanding of the needs of charities and an improved capability to develop more effective products and services, but it also helps charities identify and achieve improvements in how they support their beneficiaries.

ThankQ, part of Access Group, has developed a close relationship with CFG over a number of years, as its CRM provider, as a corporate member and as a regular supporter of CFG events.

It was at a recent members' meeting in Birmingham that John Bird, Head of thankQ, met Roger Chester, CFG member and Head of Finance at LionHeart, The Royal Institution of Chartered Surveyors' Benevolent Fund.

An informal discussion around the challenges of managing grant applications and fundraising data led to a more formal web demonstration and LionHeart's subsequent decision to invest in thankQ software.

The open discussions at the outset proved invaluable in later formalised meetings, as thankQ already had a deep understanding of the challenges and frustrations LionHeart had experienced with its existing solutions. Additionally, a level of trust, brought about by the circumstances of the initial meeting, had already been built. Lionheart and thankQ plan to build on this first collaboration.

Understanding and representing



Several bodies, including CFG, engaged with us on the Bill and helped us to scrutinise it effectively and properly... The Bill is undoubtedly a better one as it leaves this place because of the input of those organisations and their commitment to do the best they can for the charitable sector.

Cathy Jamieson MP

Better understanding through joint working and collaboration

The rise in member numbers has resulted in a much wider range of individuals for CFG to serve. However, this increase carries the inherent risk of diluting the overall service offered by CFG. We have therefore started to segment our membership in order to better cater for individual needs, and are increasing the number of special interest groups (SIGs) accordingly. We are also developing a work strand specifically to meet the needs of smaller charities.

During the year we have established two new groups in response to member-led demand. First, a Cash and Treasury Management SIG is being supported by CFG to help meet the needs of those in this specialist role. Membership of this group is initially by invitation only and restricted to NGOs working internationally, but in time will be opened to all interested CFG members. Second, a group has been set up to assist those who are new to a charity finance role. Two experienced members are supporting this group by making themselves available to provide advice and guidance. In addition, initial steps have been taken, again in response to member demand, to establish a SIG for those member charities in receipt of NHS funding, which is likely to go live in 2013/14.

We recognise the added value and increased sustainability that comes from developing partnerships with existing networks. We are working closely with CANn, which is composed of individuals and organisations that provide community accountancy services and over the year have laid the foundations for the network to become a special interest group of CFG. Equally, by working with its

members, we have gained wider access to smaller charities, which has improved our knowledge and understanding of their needs.

Understanding impact measurement and reporting

A focus for our work in the past 12 months has been impact measurement; one of our 25th anniversary year themes. We recognised the increasing pressure being placed on charities to demonstrate their impact, the challenges this represents, and the changes that many finance professionals will be instrumental in bringing about if organisations are to move to reporting on outcomes and the impact of their work.

In January 2013, CFG held an Impact Leadership Conference – a first for CFG in terms of subject matter, and a first joint-venture conference with New Philanthropy Capital (NPC). Our vision for the conference was ambitious; it was structured so charities could bring a cross-section of their leadership team – from those with responsibility for finance, funding or operations through to communications.

In the morning, four streams concentrated on concepts and theory while in the afternoon, delegates could choose from three streams of practical, interactive workshops tailored for differing levels of progress depending where they were in their impact journey. Every delegate received a 'learning journal' that prompted them to record key learning, concepts and ideas throughout the day.

In addition to the conference, a significant programme of activities was conducted that aimed to increase understanding and facilitate shared learning in this area. We held member meetings on impact reporting in each of the four regions; included sessions at

Understanding and representing

Representing finance professionals

We have invested in policy and public affairs to ensure charities are not an afterthought in policymaking. There are many benefits the sector can bring in relation to understanding key issues, thereby improving policy and delivering real results. Collaboration between CFG and the National Fraud Authority (NFA) has been one such success in protecting the charity sector against fraud.

In June 2011, together with the Charity Commission, the NFA set up the Voluntary Sector Steering Group, which aims to help the sector reduce losses attributable to fraud. By doing so, it hopes to increase awareness and prevention, and improve the enforcement response. CFG is an important member of the steering group and from its inception has driven forward key fraud awareness-raising initiatives.

CFG led on the work stream to develop a substantive piece

of guidance for the sector on recognising, countering and reporting fraud. This guidance complemented a piece compiled by the Fraud Advisory Panel, a charity that aims to lead the counter fraud community, for dissemination to the public on how to donate safely, which was cross-badged with organisations from the steering group, including CFG.

CFG's role as a charity sector membership body proved particularly beneficial during the production of the guidance. As well as drawing on the experience and knowledge of its charity members to inform the guide's content, CFG was able to utilise its corporate partners and experience in holding events to launch the guides at a successful fraud seminar with over 100 attendees. This, combined with its press work and links with corporate and sector partners, ensured the guide was widely disseminated. The guide has been well received by charities and is seen as a valuable source of information on identifying and countering fraud.

Community Action (NAVCA) to the Pensions and Growth consultation to raise concerns about the long-term affordability of pension deficits to the sponsoring employer, and once again raised our concerns with Steve Webb MP. We were delighted that between the year end and the publishing of this report the Minister delivered a warmly received keynote speech at our 2013 Annual Conference, making several positive statements that reflected our recommendations.

We are pleased there now appears to be recognition within DWP and the Cabinet Office of the seriousness of the issue and that officials are actively engaging in reaching a solution. We plan to continue working on this with our corporate subscribers, DWP and the Pensions Regulator.

our 2012 Annual Conference; featured good practice case studies in *Finance Focus*; delivered five learning seminars that enabled charities to work on shared issues (international development, health, etc); and coordinated the *Principles into Practice* publication with ACEVO and NPC.

Tackling pension challenges

Pension liabilities pose a challenge for charities, including many of our members. The situation is particularly challenging for those in multi-employer schemes and does not show any sign of improvement. In 2012/13, a number of charities became insolvent or were

forced to abandon a merger due to pension liabilities.

CFG represented the interests of members and the wider charity sector in raising this issue with Government. In May 2012, we published The case for consultation on multi-employer pension schemes. We, along with some of our members, met with the Pensions Minister Steve Webb MP in November 2012 and have been engaged in on-going discussion with the Department for Work and Pensions (DWP). In March 2013, we submitted a joint response with NCVO and National Association for Voluntary and



Supporting those moving into a new role in charity finance through our Special Interest Group.



CFG provides great representation for the sector, never seeming to miss an opportunity to express opinions in the interest of its members.

Andy Gibb, The British Red Cross

2012/13 aims – progress summary

Key

| | |
|--------------------|--|
| Fully met | |
| Nearly there | |
| Made some progress | |
| Still to achieve | |

Advising, informing and developing

| We set out to... | How did we match up? |
|---|--|
| Continue to develop methods to objectively assess whether events and training meet delegates' learning objectives. | Feedback is always sought on: <ul style="list-style-type: none"> How well delegates' objectives were met The quality and relevance of content Feedback is used to monitor whether events meet delegates' expectations and to develop future activities. |
| Provide more support and guidance on the challenges of outcome measurement and impact reporting. | Support included: <ul style="list-style-type: none"> Principles of good impact reporting Briefings in Finance Focus Impact breakfast seminar Impact Leadership Conference Member meetings throughout regions focusing on impact See also <i>Understanding impact measurement and reporting</i> (page 13). |
| Provide a professional development programme that includes a focus on the role of the charity finance professional as an organisational leader. | The 2012/13 programme delivered training, conferences and member meetings throughout England and Wales. Content included technical briefings/up-skilling, becoming a learning organisation, staff development and financial leadership. |
| Focus on strengthening our offering to support finance professionals, at all stages in their careers. | Training programme has been extended to include: <ul style="list-style-type: none"> Charity finance – the essentials I'm new to the charity world Prepare for change See also <i>Financial capability programme</i> (page 6). |
| Provide greater opportunities for networking and forums through associated special interest groups based on greater segmentation of membership. | Development of special interest groups (SIG): <ul style="list-style-type: none"> Cash and Treasury Management SIG (launched). New to Charity Finance SIG (launched) Healthcare SIG (in development) Community Accountancy SIG (in development) See also <i>Better understanding through joint working and collaboration</i> (page 13). |
| Create a mentor scheme. | Research and preparation work completed and scheme architecture ready for launch. See also <i>Nurturing careers: developing a mentoring scheme</i> (page 8). |
| Create a financial capability programme for smaller charities. | Research and preparation work undertaken in respect of a smaller charity financial capability programme. See also <i>Developing capability in smaller organisations</i> (page 6). |

Connecting and supporting

| We set out to... | How did we match up? |
|---|--|
| Increase membership among our core audience (charities with an income >£1m). | The number of individual members representing those organisations increased by 23% in number over the course of the year and now stands at 2,237. |
| Revise the membership structure to increase access to our services and to connect with and support more widely organisations we serve. | From 1 April 2012 member charities >£250k could nominate a free secondary member. The cost of further additional members for charities with annual income <£10m was reduced. See also <i>Increasing our accessibility and reach</i> (page 10). |
| Further strengthen our corporate subscriber base by improving relationships with existing partners and by welcoming new ones. | We welcomed 26 new subscribers. We surveyed subscribers in the autumn of 2012. Results included (on a scale of 1-7): <ul style="list-style-type: none"> 4.75 for 'How important is CFG to your business?' 5 for 'How fairly do you think we treat subscribers?' |
| Target any corporate subscriber growth at smaller companies and companies headquartered outside London. | Of the 26 new subscribers in the year: <ul style="list-style-type: none"> 13 are headquartered outside London Seven have a turnover <£1.8m (nearly double 2011/12) |
| Explore opportunities of distance learning. | We held discussions with organisations providing distance learning who are willing to develop a CFG online programme. 12 potential online courses have been identified together with a suitable mechanism for incorporating access through our website. See also <i>Engaging with the wider sector</i> (page 8). |
| Nurture organisations with limited financial support, focusing on financial capability to improve provision for those with the most need through joint working and collaboration. | Activities/achievements included: <ul style="list-style-type: none"> Collaboration with other relevant networks Starting development of a support programme specifically for smaller organisations Survey of finance skills and finance related training needs of small charities Policy work on the Gift Aid Small Donations Scheme Banking for Charities guide Beyond Reserves good practice guide Introduction of a small charity membership rate 9% increase in the number of member charities with < £1m income See also <i>Developing capability in smaller charities</i> (page 6) and <i>Shaping policy – Gift Aid Small Donations Scheme</i> (page 10). |
| Research the non-member market to ensure we understand the challenges that they face and how CFG can seek to address those challenges. | In a challenging year for funding this planned research was put on hold. However we surveyed smaller charities to help us better understand what support would be most valued by them. Survey findings were used to develop our first event specifically for smaller charities. We also began a programme of research into specific charity sub-sectors with the aim of connecting with existing networks and developing special interest groups. |
| Open up further opportunities for corporate subscribers to engage regionally. | We now have at least two subscriber hosts in each of the regions (In 2011/12 we were limited to two in the Midlands). The number of regional secondary subscribers has increased from 33 to 37. |

2012/13 aims – progress summary

Connecting and supporting *continued*

| We set out to... | How did we match up? |
|--|--|
| Review and develop our website, including the document library, the functionality of the members' directory, online membership renewal and the development of online forums. | <p>We have not made as much progress as we would have hoped. However, we continued to develop CFG's online presence:</p> <ul style="list-style-type: none"> ● Increasing Twitter followers (to over 2,300) ● Regularly blogging ● Exploring LinkedIn's capabilities for improving the user experience (e.g. for Overseas Special Interest Group) <p>We are reviewing the document library. We have started negotiations with existing and potential new suppliers to identify the most cost-effective solutions for improving the range of online services.</p> |
| Increase the number of charities with a member of staff in CFG membership (by 1%) to 1,411. | The number of charities in membership fell by 3% during the year, reflecting the tough economic conditions affecting the sector. A number of losses were attributable to the merging of charities in membership and closures of others. |

Understanding and representing

| We set out to... | How did we match up? |
|---|---|
| Build on our work on pensions to support those charities that face crippling schemes and limited options. | <p>We actively engaged with the Department for Work and Pensions (DWP) and the Pensions Regulator on multi-employer pension schemes, with a view to finding a lasting solution. In November 2012 we met with the Pensions Minister Steve Webb MP and have continued dialogue with DWP officials.</p> <p>See also <i>Tackling pensions challenges</i> (page 14).</p> |
| Shape developments in accounting standards. | CFG has continued to engage in the development of revised accounting standards and the new sector SORP via our Technical Accounting Forum, consultation responses and CEO's presence on the SORP committee. |
| Follow up the Charities Act reform. | <p>Engagement in Lord Hodgson's review of the Charities Act 2006 and subsequent activities included:</p> <ul style="list-style-type: none"> ● Our CEO and Chair meeting with Lord Hodgson to discuss CFG's position ● Responding to Lord Hodgson's report ● Responding to Minister for Civil Society Nick Hurd's request for further sector input ● Contributing to Charity Commission-led follow up to a number of Lord Hodgson's recommendations <p>One long-standing measure that CFG called for, the abolition of the Summary Information Return, was announced by the Charity Commission in Autumn 2012.</p> |
| Achieve a reversal of measures from Budget 2012 and ensure that the role charities play in our economic and social life is recognised as being central to the Government's policy agenda. | We have continued to work closely with HMRC, the Cabinet Office and HMT throughout the year, ensuring that they are kept briefed on our members' and the sector's priorities. Caron Bradshaw, our Chief Executive, attended several meetings and a charity sector-focused roundtable with Government ministers (including Francis Maude, Nick Hurd and Sajid Javid). Engagement in the run up to Budget 2013 and our involvement in shaping budget measures showed a marked improvement on the previous year. |
| Engage in social investment. | <p>Engagement included:</p> <ul style="list-style-type: none"> ● Contributing to debate on social investment ● Contributing to several research reports and government reviews ● Highlighting opportunities through conferences, member meetings and communications ● Our budget submission requested a tax break for charities taking on social investments, a measure that is now due to go to consultation in summer 2013 |

Objectives for 2013/14

1

Increasing the scope of our support

We will:

Increase the relevance and quality of our membership services, ensuring that membership is of equal value to members regardless of their location, the length of time they have been in post or the size of their charity.

Deliver a professional development programme that offers support to those who are starting out, well established or finance leaders of the future, and who work in specific sectors and sizes of organisations.

Develop new special interest groups in order to connect and support more individual members by meeting their specific needs and increasing participation in CFG.

Expand the CFG's regional groups function in order to increase attendance at local member meetings, maintain the trend in membership growth outside of London and the South East, and start to deliver equal value to members no matter where they are located.

Grow the membership so as to increase both CFG's breadth of reach across the sector (in relation to the types of organisation delivering social value) and depth of reach into the sector (in relation to the range of different roles, positions and career stages represented by individual members).

2

Extending our services beyond our membership

To extend our reach across the sector and engagement with non-members we will:

Encourage greater participation in CFG activities.

Increase the use of our online resources.

Collaborate to increase the level of engagement with our consultations.

3

Expanding our corporate engagement

Corporate support plays a critical role in the delivery of CFG services and support. We will:

Secure financial support for our events programme so that it is self-financing.

Engage corporate experts in our events, policy and networking activities; drawing on their expertise, skills and knowledge.

Encourage growth in all forms of support from corporates in our regions, with particular emphasis on regions outside London and the South East.

4

Representing the sector on policy issues

Accepting that we cannot predict all issues that will arise in 2013-14, we can confidently anticipate taking action on:

SORP: Represent the views of members and the wider charity finance community in responding to the SORP consultation and ensure plans are in place to provide support and training as the new SORP is introduced.

Pensions: Represent members' and the sector's concerns on pension issues, notably multi-employer pensions schemes, and continue to lead in providing support, advice and training as auto-enrolment is introduced.

Trading: Understand the needs of members and the sector better as more seek to take up trading opportunities and provide appropriate support.

Review of financial position



Despite tough economic conditions, CFG's finances continue to be healthy.

Mark Hilton, Treasurer

CFG's finances continue to be healthy in tough economic conditions, with robust membership numbers and demand for our conferences and events increasing.

The free reserves carried forward have decreased to £251,513, against our current reserves target of between £180,000 and £225,000. To bring reserves in line with the target range we planned a deficit of £55,000 and finished the year with a deficit of £75,756.

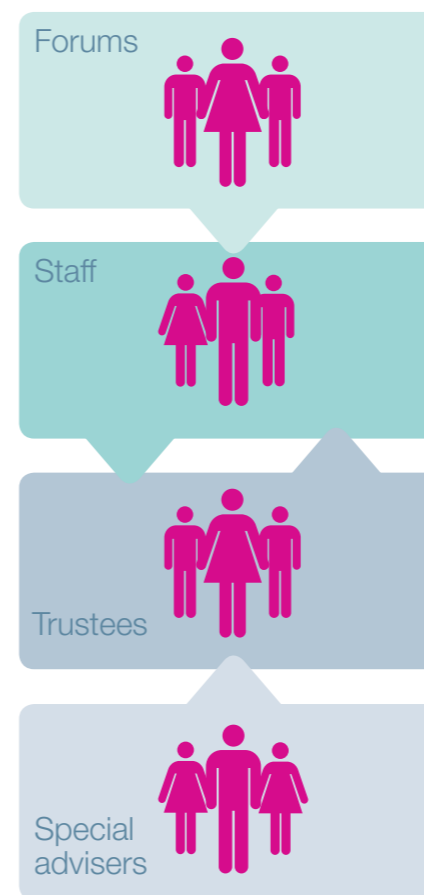
Overall income has remained constant in the year, coming in at £1,556,144 compared to £1,553,205 in the previous year. CFG received 46% of its income from membership fees, while strong demand for our professional development events has seen conference and training income grow by 3% to £534,137. Income from our annual fundraising dinner dropped to £101,570. However, in what was a challenging climate for fundraising dinners, the evening was very successful with 38 tables sold to 33 corporate hosts.

Over 50% of our income comes directly from corporate subscribers in the form of annual fees, sponsorship, exhibition stands and in-kind donations of time, venues and refreshments. Without this significant support we would not be able to provide our wide range of cost-effective services to charities. We agreed 12 longer term packages of support with corporate subscribers, securing their commitment to the delivery of CFG activities in 2012/13.

As part of the plan to reduce reserves and invest in providing improved services to support members, expenditure on 'advising, informing and developing' members increased by 9% to £530,884, 'connecting and supporting' expenditure increased by 8% to £663,999 and expenditure

on 'understanding and representing' members increased by 18% to £247,746. Overall expenditure has grown by 7% to £1,631,900 and full-time equivalent staff numbers increased from 15 to 18. All staff are directly engaged in activities in furtherance of our objects and their cost has been allocated accordingly. There has been no restricted income or expenditure in the year.

In 2013/14, CFG intends similar activity, with a planned budget deficit of £31,000.



Structure, governance and management

Structure

Charity Finance Directors' Group (now trading as CFG) was incorporated by guarantee on 29 March 1996. We have no share capital and the guarantee is limited to £1 per member. The governing document is the memorandum and articles of association of the company and the Board of Trustees are the directors of the company.

We have one wholly-owned trading subsidiary, CFDG Trading Ltd, which carries out ancillary trading for CFG. See note 2 to the financial statements.

Board

The Board consists of ten Trustees, all able to serve two terms of three years. Seven are required to be CFG members and the Board may appoint three non-member Trustees in order to bring in wider necessary skills such as marketing, lobbying, communications and media knowledge. Member Trustees are elected by their fellow members. Non-member Trustees are appointed after an open recruitment process. The Chair and officers of the Board are appointed by the Trustees from among their number. The Board meets four times a year and holds two additional strategy planning sessions.

Sub-committees and ad hoc task and finish sub-groups of the Board are convened to expedite the execution of duties. Current sub-committees (Nomination Committee, Remuneration Committee and Finance & Audit Committee) are governed by their own terms of reference and delegated duties are approved by the full Board. Sub-committees are served by Trustees and co-opted independent appointees.

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

Members are supported across England and Wales in four regions: London and the South West, Midlands, Northern and South West and Wales. Regional Committees for the three regions outside London and the South East were operational for the period and were formally constituted as branches. However, following a review, the regional committees approved the disbanding of branches to be replaced by regional engagement forums (resolved by the Board).

Board induction and conduct

Trustees sign a code of conduct and complete a register of interests (reviewed annually). A Trustee handbook and induction support are given by the staff and Chair. The handbook includes a copy of relevant policies, procedures, governance information and job descriptions.

Management

Day-to-day management of CFG is delegated to the Chief Executive. Performance and risk is monitored against strategic objectives. CFG's headcount is currently 21, equal to 18 full time equivalent positions. In addition, we participate in the Charityworks graduate scheme and during the period hosted two placements. Names of the senior management team can be found on page 33.

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 (3,747 hours valued at £68 per hour) would come to £254,796 (2012: £202,943 at £67 per hour).

Statement of Trustees' responsibilities



We should always pay at least a living wage.

The Trustees are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company and charity law requires the Trustees to prepare financial statements for each financial year. 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 parent charity and of the incoming resources and application of resources, including its income and expenditure, of the group for the year. In preparing those financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 and sufficient accounting records that are sufficient to show and explain the charity's transactions, disclose with reasonable accuracy at any time the financial position of the group and parent charity, and enable them to ensure that the financial statements comply with the Charities Act 2011, and any regulations made thereunder, and with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the group and parent charity and hence for taking reasonable steps

for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

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.

Reserves policy

During the year the Trustees considered the reserves policy and have re-examined CFG's requirements for free reserves in the light of the predominant risks to the organisation and its working capital requirements. Risk management has evolved to be linked to the overarching key performance indicators for CFG. The four key areas of risk are therefore:

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

£251,513
total free reserves

In addition to these strategic areas, a failure of key income-generating events such as the Annual Conference or Annual Fundraising Dinner would present risks in terms of sustaining current levels of activity or capitalising on new opportunities for support. In light of these factors a target range for reserves of between of £180,000 and 225,000 was agreed in the budget for 2013/14. Total free reserves at 31 March 2013 were £251,513 (2012 £327,269).

The Trustees have agreed an on-going plan to invest the surplus of free reserves in new initiatives to improve services to members.

Investment policy

CFG receives income on an annual basis through membership subscriptions, sponsorship, grants and other sources. It plans activities over a three-to-five-year time horizon and budgets to expend all anticipated income, except for retaining a prudent amount in reserves. It has no permanent endowment and provides for capital expenditure within the budget. The only funds of CFG that are not expendable within 12 months of receipt are reserves and any grants or contracts for activities over a longer period.

Consequently the Board of Trustees does not consider that it is prudent to invest income for the longer-term. Its policy is therefore to retain funds as cash and place them on bank deposit at the best rate obtainable. As a result it considers that it is not appropriate for CFG to adopt an ethical investment policy at this time.

Our ethical policy states that:

- We should always pay at least the living wage (including interns).
- When tendering for professional services we should always give consideration to ethical and sustainable providers.

- We should ensure that our banks have an ethical policy and we obtain copies of these.

Meeting and reporting on public benefit

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

The structure of the Trustees' Annual Report allows us to report on each of our strategic aims, CFG's activities and achievements during the year and our plans for 2013/14 within each of these areas. We have embedded examples of how CFG meets the public benefit requirement throughout our report.

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

Appointment of auditors

On 28 March 2013 PKF (UK) LLP completed a merger with BDO LLP. A resolution for the appointment of BDO LLP will be proposed at the forthcoming Annual General Meeting.

The accounts were approved and authorised for issue by the Board of Trustees on 25 June 2013.

Ian Theodoreson
Chair

Consolidated statement of financial activities

For the year ended 31 March 2013
(Incorporating the income and expenditure account)

| | Notes 1a | Unrestricted funds | |
|--|-------------|--------------------|------------------|
| | | 2013 £ | 2012 £ |
| Incoming resources | | | |
| <i>Incoming resources from generated funds</i> | | | |
| Annual Fundraising Dinner | | 101,570 | 126,245 |
| <i>Investment income</i> | | | |
| Bank interest | | 2,050 | 3,964 |
| <i>Incoming resources from charitable activities</i> | | | |
| Membership subscriptions | | 708,700 | 663,737 |
| Advising, informing and developing | | 216,209 | 205,852 |
| Connecting and supporting | | 438,522 | 426,234 |
| Understanding and representing | | 81,058 | 78,852 |
| Other activity | | 4,125 | 17,420 |
| <i>Other incoming resources</i> | | 3,910 | 30,901 |
| Total incoming resources | | 1,556,144 | 1,553,205 |
| Resources expended | | | |
| Cost of generating funds | | 71,934 | 71,380 |
| <i>Charitable activities</i> | | | |
| Advising, informing and developing | | 530,884 | 485,388 |
| Connecting and supporting | | 663,999 | 613,282 |
| Understanding and representing | | 247,746 | 209,147 |
| Other activity | | 65,937 | 92,330 |
| <i>Governance costs</i> | | 51,400 | 50,975 |
| Total resources expended | 3 | 1,631,900 | 1,522,502 |
| Net (outgoing)/incoming resources /Net (expenditure)/income | 4 | (75,756) | 30,703 |
| Net movement in funds | | (75,756) | 30,703 |
| Total funds brought forward at 1 April | | 327,269 | 296,566 |
| Total funds carried forward at 31 March | 10 | 251,513 | 327,269 |

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

For Companies Act purposes, total income is £1,387,740 (2012: £1,373,603) and total expenditure is £1,463,496 (2012: £1,342,900), which is total incoming resources and total resources expended as shown above, both net of gifts in kind of £168,404 (2011: £179,602). All the above amounts relate to continuing activities.

The Charity Finance Directors' Group incoming resources are £1,554,465 (2012: £1,525,578) and its resources expended are £1,630,221 (2012: £1,484,712).

There was no voluntary income during the year (2012: nil).

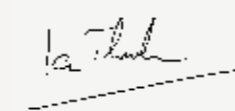
Balance sheet

For the year ended 31 March 2013
Company no. 3182826

| | Notes | 2013 | | 2012 | |
|--|-------|----------------|----------------|----------------|----------------|
| | | Group £ | Charity £ | Group £ | Charity £ |
| Fixed Assets | | | | | |
| Tangible assets | 6 | 2,417 | 2,417 | 5,932 | 5,932 |
| Investments | 7 | – | 10,000 | – | 10,000 |
| | | 2,417 | 12,417 | 5,932 | 15,932 |
| Current Assets | | | | | |
| Debtors | 8 | 355,094 | 228,758 | 274,875 | 233,081 |
| Short term deposits | | 255,677 | 255,677 | 303,894 | 303,894 |
| Cash at bank and in hand | | 112,641 | 103,589 | 259,901 | 147,838 |
| | | 723,412 | 588,024 | 838,670 | 684,813 |
| Liabilities | | | | | |
| Creditors: amounts falling due within one year | 9 | (474,316) | (348,928) | (517,333) | (373,476) |
| Net current assets | | 249,096 | 239,096 | 321,337 | 311,337 |
| Total assets less current liabilities | | 251,513 | 251,513 | 327,269 | 327,269 |
| Funds | | | | | |
| Unrestricted funds | | | | | |
| General reserves | 10 | 251,513 | 251,513 | 327,269 | 327,269 |
| | | 251,513 | 251,513 | 327,269 | 327,269 |

The notes on pages 26 to 31 form part of these accounts.

The accounts were approved and authorised for issue by the Board of Trustees on 25 June 2013 and signed on their behalf by:



Ian Theodoreson
Chair



Mark Hilton
Treasurer

Notes to the financial statements

1 Accounting policies

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

a) Basis of preparation of accounts

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

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

b) Fund accounting

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

c) Incoming resources

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

Donated facilities are included at the value to CFDG, as described in note 4b. Although SORP 2005 recommends that the value of donated facilities is included in voluntary income, they are included under the relevant category of income for charitable activities because CFDG considers this gives a fairer presentation.

d) Members' subscriptions and events & conferences

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.

e) Pension policy

CFDG operates a pensions policy in compliance with the stakeholder pension requirements. CFDG pays twice the percentage that the employee contributes up to a maximum of 10%. CFDG employees contribute to a pension scheme with Aegon.

f) Resources expended

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

Governance costs include the costs of governance arrangements, which relate to the general running of the charity.

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

g) Fixed assets

Assets with a cost in excess of £2,000 and which are intended to be of ongoing use to CFDG in carrying out its activities are capitalised as fixed assets.

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

2 Results from the trading activities of the subsidiary

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

| CFDG Trading Ltd | 2013 £ | 2012 £ |
|--|----------------|----------------|
| Turnover | 524,802 | 516,835 |
| Cost of sales | (147,983) | (129,150) |
| Gross profit | 376,819 | 387,685 |
| Administrative and governance costs | (1,680) | (8,641) |
| Operating surplus | 375,139 | 379,044 |
| Interest receivable | 93 | 164 |
| Profit before tax and Gift Aid donation | 375,232 | 379,208 |
| Fund balance brought forward | – | – |
| Charitable donation to shareholder | (375,232) | (379,208) |
| Retained in subsidiary | – | – |
| Balance sheet | | |
| Current assets | 193,880 | 250,022 |
| Current liabilities | (183,880) | (240,022) |
| Net assets | 10,000 | 10,000 |
| Share capital | 10,000 | 10,000 |
| Reserves | – | – |
| Total funding | 10,000 | 10,000 |

Notes to the financial statements

3 Resources expended

| | Staff costs £ | Support costs £ | Other direct costs £ | Total 2013 £ | Total 2012 £ |
|--|------------------|-----------------------|----------------------------|--------------------|--------------------|
| a) Analysis of total resources expended | | | | | |
| Cost of generating funds | 24,985 | 7,290 | 39,659 | 71,934 | 71,380 |
| Charitable activities | | | | | |
| Advising, informing and developing | 241,336 | 70,421 | 219,127 | 530,884 | 485,388 |
| Connecting and supporting | 304,509 | 88,854 | 270,636 | 663,999 | 613,282 |
| Understanding and representing | 128,622 | 37,531 | 81,593 | 247,746 | 209,147 |
| Other activity | 49,523 | 14,451 | 1,963 | 65,937 | 92,330 |
| Governance | 29,022 | 8,469 | 13,909 | 51,400 | 50,975 |
| Total resources expended | 777,997 | 227,016 | 626,887 | 1,631,900 | 1,522,502 |
| Total resources expended 2012 | 694,640 | 228,488 | 599,374 | | |

Within all charitable activities the 'Other direct costs' column includes costs of £168,404 (2012: £179,602) relating to services donated to CFDG that were not incurred by CFDG (see note 4b). Had the services not been donated CFDG would have incurred this cost.

b) Analysis of support costs

| 1 Summary | Total charitable activity £ | Generating funds £ | Governance £ | Total 2013 £ | Total 2012 £ |
|------------------------|--------------------------------------|--------------------------|-----------------|-----------------|-----------------|
| Employee-related costs | 34,141 | 1,178 | 1,369 | 36,688 | 37,821 |
| Premises | 80,474 | 2,777 | 3,227 | 86,478 | 82,042 |
| Communications & IT | 34,601 | 1,194 | 1,387 | 37,182 | 29,316 |
| Postage & printing | 10,638 | 367 | 426 | 11,431 | 12,364 |
| Financial costs | 48,131 | 1,661 | 1,930 | 51,722 | 64,457 |
| Depreciation | 3,272 | 113 | 130 | 3,515 | 2,488 |
| Total | 211,257 | 7,290 | 8,469 | 227,016 | 228,488 |

2 Charitable activity

| | Advising, informing and developing £ | Connecting and supporting £ | Understanding and representing £ | Other activity £ | Total 2013 £ | Total 2012 £ |
|------------------------|---|-----------------------------------|---|---------------------|-----------------|-----------------|
| Employee-related costs | 11,381 | 14,360 | 6,065 | 2,335 | 34,141 | 35,543 |
| Premises | 26,825 | 33,847 | 14,297 | 5,505 | 80,474 | 77,101 |
| Communications & IT | 11,534 | 14,553 | 6,147 | 2,367 | 34,601 | 27,550 |
| Postage & printing | 3,546 | 4,474 | 1,890 | 728 | 10,638 | 11,620 |
| Financial costs | 16,044 | 20,244 | 8,551 | 3,292 | 48,131 | 60,575 |
| Depreciation | 1,091 | 1,376 | 581 | 224 | 3,272 | 2,338 |
| Total | 70,421 | 88,854 | 37,531 | 14,451 | 211,257 | 214,727 |

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

c) Analysis of governance costs

| | 2013 £ | 2012 £ |
|--|---------------|---------------|
| Legal and professional fees | 1,663 | 403 |
| Audit fees | 5,870 | 5,865 |
| Non-audit services | 1,250 | 1,350 |
| Costs of AGM, Trustee travel, recruitment & training | 4,149 | 7,808 |
| Apportionment of staff and support costs | 38,468 | 35,549 |
| Total governance costs | 51,400 | 50,975 |

4 Net (outgoing)/incoming resources

a) These are stated after charging:

| | 2013 £ | 2012 £ |
|------------------------|-----------|-----------|
| Auditor's remuneration | | |
| Audit – current year | 5,870 | 5,865 |
| Non-audit services | 1,250 | 1,350 |
| Depreciation | 3,515 | 2,488 |

CFDG has a three month licence commitment for its offices at CAN Mezzanine of £18,377 and a photocopier lease commitment with BNP Paribas of £2,689 expiring in March 2014.

b) Valuation of donated resources

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

| | 2013 £ | 2012 £ |
|-----------------------------------|----------------|----------------|
| Connecting and supporting | 57,132 | 56,068 |
| Advising informing and developing | 88,681 | 76,565 |
| Understanding and representing | 18,681 | 16,068 |
| Support | 3,910 | 30,000 |
| Governance | – | 901 |
| Total | 168,404 | 179,602 |

Notes to the financial statements

5 Trustees and employee information

a) Trustee information

No remuneration was paid to or waived by, any Trustee during the year (2012: £Nil). Expenses of £3,380 for travel were reimbursed to six trustees during the year (2012: £1,526).

b) Employee information

The full time equivalent number of staff employed during the year was:
The average headcount during the year was:

Employee costs during the year were:

| | 2013 | 2012 |
|--|----------------|----------------|
| The full time equivalent number of staff employed during the year was: | 18 | 15 |
| The average headcount during the year was: | 20 | 16 |
| Employee costs during the year were: | £ | £ |
| Salaries (includes contractors, temporary staff and other staff costs) | 672,986 | 599,720 |
| Social security | 63,370 | 62,581 |
| Pension | 41,641 | 32,339 |
| | 777,997 | 694,640 |

The number of employees whose emoluments for the year fell within the following bands was:

| | 2013 | 2012 |
|--------------------|------|------|
| £80,000 to £89,999 | 1 | 1 |

6 Tangible fixed assets – Group and Charity

| | Computers £ | Total £ |
|-------------------------|----------------|---------------|
| Cost | | |
| At 1 April 2012 | 14,063 | 14,063 |
| Additions | – | – |
| Disposals | – | – |
| At 31 March 2013 | 14,063 | 14,063 |
| Depreciation | | |
| At 1 April 2012 | 8,131 | 8,131 |
| Charge for the year | 3,515 | 3,515 |
| Disposals | – | – |
| | 11,646 | 11,646 |
| Net book value | | |
| At 31 March 2013 | 2,417 | 2,417 |
| At 31 March 2012 | 5,932 | 5,932 |

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

At 31 March 2013 CFDG Trading Ltd had no fixed assets.

7 Investments

Market value

| | Shares in subsidiary undertaking | Charity |
|--|----------------------------------|---------------|
| At 1 April 2012 | 10,000 | 10,000 |
| Additions | – | – |
| At 31 March 2013 | 10,000 | 10,000 |
| Historical value at 31 March 2013 | 10,000 | 10,000 |

Principal Subsidiary Undertakings

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

8 Debtors

| | 2013 | | 2012 | |
|--------------------------------|----------------|----------------|----------------|----------------|
| | Group £ | Charity £ | Group £ | Charity £ |
| Trade debtors | 232,857 | 48,029 | 161,851 | 42,234 |
| Other debtors | 14,162 | 14,162 | 18,019 | 18,277 |
| Prepayments and accrued income | 108,075 | 108,075 | 95,005 | 76,405 |
| Amounts owed by subsidiary | – | 58,492 | – | 96,165 |
| | 355,094 | 228,758 | 274,875 | 233,081 |

9 Creditors

| | 2013 | | 2012 | |
|--|----------------|----------------|----------------|----------------|
| | Group £ | Charity £ | Group £ | Charity £ |
| Amounts falling due within one year | | | | |
| Trade creditors | 97,552 | 97,552 | 90,735 | 86,988 |
| Deferred subscriptions income | 166,466 | 182,891 | 181,285 | 181,285 |
| Deferred events income | 187,013 | 47,763 | 153,403 | 38,493 |
| Pension contributions outstanding | 4,903 | 4,903 | 4,634 | 4,634 |
| Taxation and social security creditors | 2,236 | 2,236 | 36,956 | 36,956 |
| Other creditors and accruals | 16,146 | 13,583 | 50,320 | 25,120 |
| | 474,316 | 348,928 | 517,333 | 373,476 |

All deferred Income brought forward at the beginning of the year was released to income during the year (2012: same).

10 Capital

At 31 March 2013 there were no capital commitments (2012: none).

11 Related party transactions

There were no related party transactions during the year (2012: none).

The charity has taken advantage of the exemption from disclosing transactions between the Parent and the Subsidiary, under the terms of FRS 8.

Independent auditor's report

Independent auditor's report to the trustees and members of Charity Finance Directors' Group

We have audited the financial statements of Charity Finance Directors' Group for the year ended 31 March 2013, which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's Trustees and members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's Trustees and members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's Trustees and members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our

responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2013, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report 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 and the Charities Act 2011 requires us to report to you if, in our opinion:

- The parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent charitable company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of Trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

BDO LLP

Karen Thompson

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

London
United Kingdom

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

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

Trustees, officers and advisors

Registered Charity No:1054914

Company No: 3182826

VAT No: 945 6038 09

Board of Trustees

Ian Theodoreson (Chair)

Gill Gibb (Deputy Chair)

Mark Hilton
(Treasurer – from 11 September 2012)

Kevin Barnes

Diane Bassett

Phil Brown
(Treasurer – until 11 September 2012)

Rosie Chapman

Kevin Curley
(from 11 September 2012)

Nicki Deeson
(from 11 September 2012)

Rohan Hewavisenti
(until 11 September 2012)

Sally O'Neill

Uday Thakkar
(from 11 September 2012)

Finance & Audit Committee

Mark Hilton
(Chair from 11 September 2012)

Phil Brown
(until 11 September 2012)

Kevin Barnes

Rosie Chapman

Martin Hughes
(from 28 May 2013)

Sheila McKenzie
(from 7 February 2013)

Nominations Committee

Sally O'Neill (Chair)

Phil Brown
(until 11 September 2012)

Rodney Buse

Julia Oliver

Vacancy

Remuneration Committee

Ian Theodoreson (Chair)

Phil Brown
(until 11 September 2012)

Gill Gibb

Rohan Hewavisenti
(until September 2012)

Mark Hilton
(from September 2012)

Uday Thakkar
(from September 2012)

Chief Executive

Caron Bradshaw

Deputy Chief Executive and Company Secretary

David Membrey

Head of Marketing, Events and Communications

Lindsay Derry

Head of Membership

Mike Dykes

Head of Policy and Public Affairs

Jane Tully

Special Advisor

Pesh Framjee

IT Advisor

John Tate

Head Office and Registered Office

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Auditors

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20 Farringdon Road
London EC1M 3AP

Solicitors

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

Bankers

Nine Brindleyplace
4 Oozells Square
Birmingham B1 2HB

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



Charity Finance Directors' Group,
trading as Charity Finance Group
(A charitable company limited by
guarantee)

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Company no. 3182826