

Company number 3182826
Charity number 1054914

**CHARITY FINANCE
DIRECTORS' GROUP
Annual Report and
Financial Statements
31 March 2001**

CHARITY FINANCE DIRECTORS' GROUP

Annual report and financial statements for the year ended 31 March 2001

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CHARITY FINANCE DIRECTORS' GROUP

Officers and advisers

Charity No: 1054914

Company No: 3182826

VAT Registration No: 769375081

Board of Trustees

Mark Freeman (Chairman)

Leslie Jones (Deputy Chairman)

Geoffrey Miller

Alan Sharpe

Helen Verney

Sara Wallace

Roger Hancock (appointed 11 July 2000)

Amahl Smith (appointed 11 July 2000)

Martin Waller (appointed 11 July 2000)

Stephen Williams (appointed 11 July 2000)

Directors resigning in the year:

David King (11 July 2000)

Alexis Chapman (11 July 2000)

Philip Collins (11 July 2000)

Martin Isaacs (11 July 2000)

Director and company secretary

Shirley Scott

Special adviser

Pesh Framjee

Head office/Registered office

Camelford House,

87-89 Albert Embankment,

London,

SE1 7TP

Auditors

Chantrey Vellacott DFK,

Russell Square House,

10-12 Russell Square,

London,

WC1B 5LF.

Bankers

Unity Trust Bank plc,

Nine Brindleyplace,

4 Oozells Square,

Birmingham,

B1 2HB.

Solicitors

Bircham Dyson Bell,

1 Dean Farrar Street,

Westminster,

London,

SW1H 0DY

CHARITY FINANCE DIRECTORS' GROUP

Report of the Board of Trustees for the year ended 31 March 2001 (incorporating a directors' report)

The Board of Trustees, who are the company's directors and are referred to as "the committee" in the Memorandum and Articles of Association, present their annual report and financial statements for the year ended 31 March 2001

Incorporation

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

Board of Trustees

Members of the Board of Trustees are shown on page 1. Members of the Board of Trustees are elected by the members of the Charity Finance Directors' Group at an annual general meeting to hold office for a term of two years and may be re-appointed for one further consecutive term. Persons may be appointed by the Trustees to fill vacancies arising during the year. The number of Trustees may not exceed ten.

Charitable objects

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

Powers

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

Organisation and membership

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

Subscribers of the Group are individuals who are active in charity finance and other related matters. They are not members of the company and their number may not exceed 10 per cent of the number of members.

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

Responsibilities of the Board of Trustees

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

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

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

CHARITY FINANCE DIRECTORS' GROUP

Report of the Board of Trustees for the year ended 31 March 2001 (incorporating a directors' report)

Review of operational activities

In this year there has been significant expansion in CFDG. True to our aim, we have launched our first centre outside London and plans for a second regional centre are well advanced, with the opening event set for the summer of 2001. This has meant a restructuring of membership so that those working for charities based outside the London and south east region have been able to join as Regional Members. All members will continue to benefit from the information services and training opportunities that CFDG provides but will have local events and a local network of contacts to enhance their opportunities for mutual support.

To accommodate this expansion we have moved to more spacious offices and invested in improved Information Technology. Staff now work with a fully networked system with modern software, e mail and internet access which has improved our ability to communicate swiftly with members. Our web site has been redesigned to provide better information in a more streamlined user-friendly way, with simple access for users to keep costs down. Visitors can download a copy of the membership application form, view the training calendar and order information sheets. We also needed to take on more staff so that membership services could be developed and the Charities Resource Network (formerly Performance Resource Centre) project continued, using the grant from the National Lottery Charities Board, now The Community Fund.

One of our objectives for the year was to improve the effectiveness of the CFDG Executive, Management and Staff. To achieve this we undertook a review of the governance structure. As the Group becomes more active and membership grows a structure is needed that allows time made available by Trustees and other volunteers to be better utilised. We wanted to encourage active participation of members in planning the activities and direction of the Group and to draw on the depth of knowledge and skills our subscribers bring to us by involving them in planning. We have therefore adopted codes of conduct and terms of reference for five committees comprising trustees, members and subscribers to assist us to achieve the five objectives identified in our strategic plan:

- 1) Improve delivery of information services & involvement of & consultation with members
- 2) Build & develop a mutual support framework (including the Resource Network)
- 3) Provide education and training
- 4) Set up best practice groups & widely promote outcomes
- 5) Become more proactive in lobbying/advocacy role

Each committee is supported by a member of staff and reports to the full Board. Work of the best practice and lobbying committees has identified the need for a Policy Officer and an appointment will be made in summer 2001.

Two significant external events have shaped much of our work in the last year. First, the Review of Charities Taxation resulted in the Getting Britain Giving initiatives to promote tax effective giving. Part of our work has been to explore with CFDG members what the practical consequences of the new provisions are and to pass them on to those involved in promoting on behalf of government the opportunities to give. Secondly, the new Statement of Recommended Practice for Accounting and Reporting by Charities (SORP) was issued in October 2000. The new SORP must be implemented for all accounting periods beginning on or after 1 January 2001. The Trustees of CFDG have opted for early adoption. Several CFDG Members, Trustees and Advisers were on the Committee which produced the new SORP.

As anticipated, we have extended our co-operation with other umbrella and professional organisations particularly in the area of joint training as reported below. It is particularly satisfying that we have brought together the Finance Directors and Fundraising Directors of charities to explore the implications of the new tax benefits on fundraising and the new SORP requirement to account for the cost of generating funds.

CHARITY FINANCE DIRECTORS' GROUP

Report of the Board of Trustees for the year ended 31 March 2001 (incorporating a directors' report)

Progress on the Charities Resource Network has not been as fast as planned. It was expected that comprehensive Web based databases to help charities to measure, compare and improve their performance would be available from summer 2001. Members responded superbly to a comprehensive questionnaire sent for data collection and much of that additional information about members and their charities has been incorporated into the membership database so is available for helping with queries. We also received undertakings to supply benchmarking data that would help with the Project. However, the cost of all the elements needed to set up a secure interactive website and databases proved to be higher than expected when the Business Plan was drawn up. Other suppliers have also made progress in similar areas and demand for the facilities offered by the Resource Network and how we can best meet them is being reassessed.

Regional Centres

CFDG Northern has now been established in Manchester in partnership with the accountants Levy Gee and South Bank University. The Centre will provide meetings every quarter and will also accommodate students working on a block release programme to obtain a post graduate diploma in charity finance from the University. In the south west a different model is proposed that will involve only CFDG and accountants PKF in a partnership. Both Centres have a specialist accountant from the partnership firm as the main focus and will also provide access to books and journals. A special area for research is being set aside for use in the southwest and we hope that members in both regions will find the networking opportunities the centres offer will make their work easier.

Membership

At the Annual General Meeting it was agreed that the Rules for Membership should be changed so that the number of subscribers doubled, to the equivalent of 10% of charity members. Not all subscribers were appointed during the year as the Trustees want to ensure that a range of professionals is included and that there is a chance for some subscribers in the regions to sign up. Membership subscription income was down on last year but no recruitment campaign was conducted and there were still 774 members at the end of the membership year. We have continued with the Induction Meetings for new members and have also conducted some research into member needs and preferences. The Membership Committee is considering more changes to the categories of membership to enable those who work on contract as freelance charity finance officers to be members. It is within our remit to promote good management in charities and we need to think carefully about the balance between personal benefit and benefit to the employer if a new membership class is to be introduced. Special interest groups meet regularly and we expect that more will be set up in the next year.

Education and training

CFDG has worked hard to maintain the standard and diversity of its training events. The programme included 35 events and the inaugural meeting of CFDG Northern, plus six special interest group meetings. The programme has been gradually broadened to cover not only accounting and financial reporting issues, but other areas that Finance Directors are often responsible for such as HR and Facilities Management. The generosity of our subscribers and speakers has helped us enormously.

Every month except in May and August, CFDG holds an afternoon training meeting which is free to members. Topics that have been covered include an in-depth look at Pension issues, new financial reporting techniques in 'Beyond Budgeting' and effective performance through Quality Standards measures. There have been the annual Employment Law update and Budget analysis meetings which, as always, were well attended. These meetings form the core of our training and attract over 100 people.

Other regular training events include one-day 'Introduction to Charity Finance' seminars that continue to be fully subscribed. They are particularly helpful to those who have recently transferred into the charity sector or for more junior staff of larger charities. The VAT Club has been renamed the VAT Exchange and still meets four times a year so that new issues on VAT and charities can be examined. Both of these are hosted by subscribers and provided at no cost to CFDG.

CHARITY FINANCE DIRECTORS' GROUP

Report of the Board of Trustees for the year ended 31 March 2001 (incorporating a directors' report)

Subscribers have also supported other special training events that have been targeted at particular sub-sets of membership. The diversity in size and complexity of the charities our members work for, together with the personal experience and knowledge of the member, means that we must pitch our training at different levels to provide something for everyone and keep the programme fresh and interesting. We arranged a series of seminars on IT related topics including resourcing, outsourcing and the internet and another on Knowledge Management. Our Training Strategy includes provision of Masterclass topics for senior staff of the biggest charities and we were delighted to hold the first in June. Professor Regina Herzlinger from the Harvard Business School delivered a special lecture on her '4 by 4 Approach to Accountability' to a capacity audience.

CFDG has built upon existing relationships with sister organisations for Chief Executives and for Fundraisers to run joint events. Two joint workshops, six months apart, for pairs of Finance Directors and Fundraisers examined how the new Tax Effective Giving measures would impact on the procedures within charities and how they could be used for best results. A similar audience was invited to a special lecture on 'Reporting and Measuring Fundraising Performance', also run with the Institute of Charity Fundraising Managers (ICFM) at which research findings on return on investment and other key aspects of finance in fundraising were discussed.

Conferences

The 9th Annual CFDG Conference, 'Figuring Out the Future' continued the success of previous years. The conference expanded to include four extra seminar options in addition to plenary lectures by David Steinegger from Legal and General and Michael Mainelli from Z/Yen. Over 250 delegates enjoyed the comprehensive training programme as well as excellent networking opportunities and the largest exhibition since the Annual Conference began.

With ICFM and the Association of Chief Executives of Voluntary Organisations we held the first ground-breaking tri-partite conference in January entitled "Clear Communication – Changing the Focus of the Annual Report". The Conference was chaired by Sir Nicholas Young and the Charity Commission gave its support. Now that there are new requirements for the way charities account for some of their activities it is particularly important that they explain clearly to anyone who looks at their Annual Reports that charities are effective and efficient, and that like any other organisation or business they must invest in the future. We were pleased to receive good coverage of this event in the charity and national press and plan to continue this co-operation in future years.

The continued success of conferences run in conjunction with subscribers has made the Risk Management Conference and IT Conference a regular feature of the calendar. This year's Annual Charities Investment Conference in conjunction with the Guardian was also very well received and organisation for the next conference is already well progressed.

Annual Dinner

The Annual Dinner is our opportunity to thank those who have spoken at our meetings throughout the year, who receive no other payment. It also gives members and their professional advisers a chance to mingle in a relaxed atmosphere. Although we aim to make a surplus to carry forward our work that is not its primary purpose. Our after dinner speakers are selected for their relevance to the CFDG membership and Richard Noble, the world land-speed record holder and specialist in financing and managing difficult and demanding high profile/high technology projects, entertained 370 guests.

Plans for our Training and Events programme for the coming year will begin by examining how we measure the success of our programme and researching the training requirements for members more thoroughly. We believe the variety of delivery methods has been welcomed but we will analyse the data we have about the charities with members and the experience and knowledge of those members so that we can most appropriately target training to meet needs. Many who have worked in senior positions for some years are now responsible for so much more than the financial work of the charities and we intend to help them shape the future of the finance function and finance director role.

CHARITY FINANCE DIRECTORS' GROUP

Report of the Board of Trustees for the year ended 31 March 2001 (incorporating a directors' report)

Consultations on legislative change and working with other bodies.

Part of our role is to inform and consult on proposed changes to legislation and professional standards relating to charity financial issues. We are participating in consultations relating to the Giving Campaign, to raise public and voluntary sector awareness of the tax effective giving methods introduced in the April 2000 Budget and in research and consultation being conducted under the auspices of the Charity Commission to consider the procedures for creating successful mergers and alliances between organisations. Our core interest, financial reporting and accounting by charities, ensured that we were fully involved in producing the new Statement of Recommended Practice for Charities, including the illustrative examples of its practical application. At a special meeting held in the Clothworkers' Hall we were privileged to present the new SORP with support from the Charity Commission and members of the SORP committee, including our Special Adviser, Pesh Framjee and CFDG members who were also members of the Committee. Other work in this area, which has been helped enormously by the improved access to the internet facilitated by our Information Technology, includes responses to and dissemination of the Charity Commission Review of the Register consultations and publications.

We were disappointed that the Charities Taxation Review did little to decrease the burden of irrecoverable VAT on charities and we will continue to work with other organisations to press for further changes.

Other services

A major part of CFDG activities is providing information to members and others. Free helplines supply advice on accounting, legal, information technology, investment matters and fraud. Reports of our Monthly Meetings are published and circulated to members and we have also been able to supply copies of the slides used in presentations via e mail. Due to the additional information now collected from members our service of providing contacts between members to enable them to find help from others who have already had experience of a particular activity has extended and we plan to publicise it more in the coming months. This new information provides the potential to generate statistics and conduct research which will give insight into the sector and to CFDG membership in particular.

Our service of advertising for Treasurers has continued and 130 of our members act as Treasurer for at least one other organisation.

Publications

The successful Charity Finance Yearbook was published again, the sixth in its current form. It continues to provide essential guidance and reference material.

Future development

The main focus for the next year will be on improving the quantity and quality of information available to members and others. We expect to reduce mailing costs by introducing the option to receive information by e mail, to build up the database and increase accessibility via the Web and to introduce a members only area on the CFDG web site. Through research and policy work we will contribute towards raising public awareness and increase confidence in charities. By continuing our co-operation with other bodies we intend to improve the communication between our members and other charity professionals and to assist others to grasp the benefit that accounting skills and financial acumen can bring to all areas of a charity's activity. Our work with local charities in the north west and south west centres will also extend good practice and clear understanding to more charities and their professional advisers.

CHARITY FINANCE DIRECTORS' GROUP

Report of the Board of Trustees for the year ended 31 March 2001 (incorporating a directors' report)

Review of financial activities

As anticipated, the year ended 31 March 2001 showed a deficit of £23,180 on unrestricted funds. This is mainly due to the move to new offices in Vauxhall. We have also increased the number of staff to five full time employed on main business plus a bookkeeper and financial support provided on a consultancy basis.

As reported above, the Charities Resource Network has not made the progress that was expected. It is funded by a grant of £330,000 over three years from the Community Fund (formerly the National Lottery Charities Board) and the business plan included some secondments and support that could not be obtained. The climate has also changed since the research leading to the project was first carried out four years ago and there is less demand for benchmarking information, more for key performance indicators and sample documentation. During the year the Project Manager, who was the sole full time employee of the Project, left and the Trustees have not made a new appointment pending consideration of advice received from consultants and discussions with the Community Fund. Despite valuable discounts offered by the preferred supplier of the database software to drive the Network the total cost of the information technology, including web access and security, exceeds original estimates and forecasts for maintenance of the Network. Consequently there is a surplus on restricted funds at this stage because expenditure on the software has not been incurred. No funds have been received for the last quarter of this financial year while the re-assessment of the Project proceeds.

Total Incoming Resources, at £400,499 increased by £125,610 over 2000. However, £114,782 was due to the restricted funds granted by the Community Fund which means income from the core business of CFDG increased by £10,828 in the year. Income from training events increased which indicates that the programme is popular, especially as all the seminars and conferences that we make a separate charge for have low fixed fee rates to ensure they are accessible to everyone.

Membership income was disappointing this year but there was no recruitment drive and the income last year was exceptional, having risen by about 39% over the previous year. Membership has increased in number but there is a higher proportion of members paying fees at one of the lower income band rates. Secondary membership has proved popular with the larger charities. We anticipate that greater publicity and the introduction of the regional centres will see an upturn in membership numbers. The Trustees have also approved a new membership and fee structure for the membership year commencing on 1 April 2001 which introduces a separate band for the largest charities by income and differential rates for regional and London members. With the top annual fee being £500 membership of CFDG is still extremely modest, compared with other similar organisations and considering the range of benefits received at no extra charge. The generosity of our subscribers in providing meeting facilities is reflected in part in the accounts this year for the first time. This shows the saving to CFDG by free facilities for some monthly meetings. The value of facilities provided for events that we make a separate charge for are not shown as it would be impossible to assess an accurate value and usually we would not be able to provide the event at all if it were not subsidised.

Total Resources Expended rose to £386,449, and expenditure from unrestricted funds to £308,897. Total Charitable Expenditure increased and it is gratifying that such a significant proportion of resources continues to be expended on service delivery, and reflects very favourably on the hard work of CFDG's staff, as well as the considerable support received from subscribers and members themselves.

Reserves Policy

At the start of this year the Board of Trustees reaffirmed their assessment of the appropriate level of reserves as £150,000. Fund balances at the year end demonstrate that the move and other internal investment have indeed reduced the surplus and the trustees are in the process of carrying out a major review of the required reserve levels, to reflect the additional liabilities attached to larger premises and more staff in particular.

CHARITY FINANCE DIRECTORS' GROUP

Report of the Board of Trustees for the year ended 31 March 2001 (incorporating a directors' report)

Risk Assessment

The Board of Trustees have made an assessment of the risks to which the charity is exposed, especially business, operational and financial risks, and are in the process of introducing procedures and reporting regimes to manage and reduce the identified risks.

Tangible fixed assets

The movements in the company's tangible fixed assets are set out in note 7.

Auditors

A resolution for the re-appointment of Chantrey Vellacott DFK as auditors of the company will be proposed at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD OF TRUSTEES

Mark E Freeman
Chairman

Date: 10 July 2001

CHARITY FINANCE DIRECTORS' GROUP

Independent auditors' report to the members of Charity Finance Directors' Group

We have audited the financial statements of Charity Finance Directors' Group for the year ended 31 March 2001 which comprise the Statement of Financial Activities, Balance Sheet and the related notes as set out on pages 10 to 16. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of the Trustees and Auditors

The trustees' (who are also directors of Charity Finance Directors' Group for the purposes of company law) responsibilities for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Companies Act 1985. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the company is not disclosed.

We are not required to consider whether the statement in the Trustees' Report concerning the major risks to which the charity is exposed covers all existing risks and controls, or to form an opinion on the effectiveness of the charity's risk management and control procedures.

We read other information contained in the Trustees' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 March 2001 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

CHANTREY VELLACOTT DFK

Chartered Accountants

Registered Auditors

LONDON

Date:

CHARITY FINANCE DIRECTORS' GROUP
Statement of Financial Activities (incorporating an income and expenditure account) for the year ended 31 March 2001

	Notes	Unrestricted £	Restricted £	2001 Total £	2000 Total £
Incoming Resources					
Activities in furtherance of the charity's objects:					
Grant	3	-	114,782	114,782	14,795
Member's subscriptions		150,168	-	150,168	156,926
Events		61,918	-	61,918	46,405
Publications and mailings		8,311	-	8,311	8,616
Activities for generating funds:					
Annual dinner		41,520	-	41,520	34,175
Bank interest		14,612	-	14,612	13,115
Other incoming resources		-	-	-	857
Member services donated	2(c)	9,188	-	9,188	-
Total Incoming Resources		285,717	114,782	400,499	274,889
Costs of Generating Funds:					
Annual Dinner		24,773	-	24,773	17,629
Net Incoming Resources Available For Charitable Application		260,944	114,782	375,726	257,260
Charitable Expenditure					
Costs of activities in furtherance of the charity's objects:					
Membership services		122,133	38,479	160,612	102,724
Events		77,761	-	77,761	55,845
Publications and mailings		43,369	-	43,369	48,406
Member services donated	2(c)	9,188	-	9,188	-
Support costs		21,610	36,326	57,936	14,684
Management and administration		10,063	2,747	12,810	8,174
Total Charitable Expenditure		284,124	77,552	361,676	229,833
Total Resources Expended	4	308,897	77,552	386,449	247,462
Net Incoming Resources For The Year	5	(23,180)	37,230	14,050	27,427
Fund balances brought forward at 1 April 2000		234,922	4,511	239,433	212,006
Fund balances carried forward at 31 March 2001	10	211,742	41,741	253,483	239,433

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

The notes on page 12 to 16 form part of these financial statements.

CHARITY FINANCE DIRECTORS' GROUP
Balance sheet as at 31 March 2001

	Notes	2001 £	2000 £
Fixed assets			
Tangible fixed assets	7	37,404	3,032
Current assets			
Debtors	8	77,586	9,806
Bank balances on deposit and current accounts		278,615	299,178
		356,201	308,984
Creditors: amounts falling due within one year	9	(140,122)	(72,583)
Net current assets		216,079	236,401
Total assets	11	253,483	239,433
Funds			
Unrestricted - general		211,742	234,922
Restricted		41,741	4,511
		253,483	239,433

Approved on 10 July 2001 by the Board of Trustees
and signed on their behalf by:

Mark E Freeman
Chairman

Leslie Jones
Deputy Chairman

The notes on pages 12 to 16 form part of these financial statements.

CHARITY FINANCE DIRECTORS' GROUP

Notes to the financial statements

For the year ended 31 March 2001

1. **Guarantee status**

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

2. **Accounting policies**

a) **Basis of accounting**

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in 2000 and applicable accounting standards.

CFDG has used the power conferred by Paragraph 3 (3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the company's activities in the presentation of the accounts.

b) **Fund accounting**

General funds are available for use at the discretion of the trustees in furtherance of the charitable objectives of CFDG.

Restricted income funds are funds subject to specific restrictions imposed by donors or by the purpose of the appeal. The purpose and use of the restricted funds is set out in the notes to the financial statements.

c) **Incoming resources**

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

Donated facilities for free members' meetings are included at the value to CFDG. No amounts are included in the financial statements for other donated facilities including meeting space for other training events nor for services donated by volunteers. Rooms for meetings of the Trustees and Committees are provided by the charities employing Trustees at no cost.

d) **Subscriptions and events**

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

CHARITY FINANCE DIRECTORS' GROUP

Notes to the financial statements

For the year ended 31 March 2001

2. Accounting policies

e) Resources expended

All expenditure is accounted for on an accruals basis and has been listed under headings that aggregate all costs related to that category. Where costs cannot be directly attributed they have been allocated to activities on a basis consistent with use of the resources.

Direct costs, including salaries paid from the Community Fund grant, are allocated on an actual basis to the relevant expense heading. Overheads and other salaries are allocated between expense headings on the basis of time spent, as follows:

Membership Services	50%
Events	20%
Publications	20%
Support costs	10%

Management and administration costs are those incurred in connection with the management of CFDG's assets, organisational administration and compliance with constitutional and statutory requirements.

f) Capitalisation

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

g) Depreciation

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

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

h) Taxation

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

i) VAT

CFDG was issued with a certificate of registration for VAT on 29 March 2001 with an effective date of 1 April 1998. It is in the process of recovery and will account for this when received.

CHARITY FINANCE DIRECTORS' GROUP
Notes to the financial statements
For the year ended 31 March 2001

3. **Income from Grants**

The CFDG acknowledges funding from the Community Fund of £114,782 (2000: £14,795) for development of a Charities Resource Network.

4. **Resources expended**

	Staff costs £	Other direct costs £	Total 2001 £	Total 2000 £
Direct charitable expenditure				
Membership Services	80,805	88,995	169,800	102,724
Events	32,323	70,211	102,534	73,474
Publications and mailings	32,323	11,046	43,369	48,406
Support costs	16,162	41,774	57,936	14,684
	<u>161,613</u>	<u>212,026</u>	<u>373,639</u>	239,288
Other expenditure				
Management and administration of the charity	9,076	3,734	12,810	8,174
Total resources expended	<u>170,689</u>	<u>215,760</u>	<u>386,449</u>	<u>247,462</u>
Total resources expended(2000)	<u>133,210</u>	<u>114,252</u>	<u>247,462</u>	

Within membership services other direct cost of £9,188 relates to services donated to CFDG and were not incurred by CFDG. Had the services not been donated CFDG would have incurred this cost

5. **Net incoming resources**

	2001 £	2000 £
These are stated after charging:		
Auditors' remuneration	922	881
Depreciation	13,775	2,778
Operating leases – land and buildings	<u>20,475</u>	<u>6,107</u>

6. **Board of Trustees and employee information**

a) No remuneration was paid to the Board of Trustees during the year (2000: £Nil). Expenses of £402.91 for travel and subsistence were paid to 2 trustees during the current year (2000: £Nil). Trustees indemnity insurance of £236.25 for the Board of Trustees was paid during the year (2000: £236).

	2001 £	2000 £
b) Employee costs during the year were:		
Salaries and wages	131,371	96,298
Social security costs	12,514	9,630
Pension costs	8,001	6,511
Agency staff costs	<u>18,803</u>	<u>20,771</u>
	<u>170,689</u>	<u>133,210</u>

CHARITY FINANCE DIRECTORS' GROUP
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6. **Board of Trustees and employee information**

	2001	2000
c) The number of employees whose emoluments amounted to over £40,000 during the year was as follows:		
£40,001 - £50,000	<u>1</u>	<u>1</u>
The average number of persons employed during the year was:	<u>5</u>	<u>4</u>

7. **Tangible fixed assets**

	Office equipment £	Computers £	Total £
Cost:			
At 1 April 2000	1,551	9,562	11,113
Additions	<u>18,539</u>	<u>29,608</u>	<u>48,147</u>
At 31 March 2001	<u>20,090</u>	<u>39,170</u>	<u>59,260</u>
Depreciation:			
At 1 April 2000	1,093	6,988	8,081
Charge for year	<u>5,304</u>	<u>8,471</u>	<u>13,775</u>
At 31 March 2001	<u>6,397</u>	<u>15,459</u>	<u>21,856</u>
Net book value:			
At 31 March 2001	<u>13,693</u>	<u>23,711</u>	<u>37,404</u>
At 31 March 2000	<u>458</u>	<u>2,574</u>	<u>3,032</u>

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

8. **Debtors**

	2001 £	2000 £
Trade debtors	64,415	-
Other debtors	1,461	-
Prepayments and accrued income	<u>11,710</u>	<u>9,806</u>
	<u>77,586</u>	<u>9,806</u>

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9.	Creditors: amounts falling due within one year	2001	2000
		£	£
	Taxation and social security costs	-	3,441
	Deferred income	135,244	64,013
	Other creditors and accruals	4,878	5,129
		<u>140,122</u>	<u>72,583</u>

10.	Total funds	Opening Balance	Net Incoming resources	Charitable Expenditure	Transferred in the year	Closing balance
		£	£	£	£	£
	General	234,922	260,944	(284,124)	-	211,742
	Restricted – Community fund	4,511	114,782	(77,552)	-	41,741
		<u>239,433</u>	<u>375,726</u>	<u>(361,676)</u>	<u>-</u>	<u>253,483</u>

11. **Analysis of Net assets between funds**

Fund balances at 31 March 2001 are represented by:

	General fund	Restricted fund	Total fund
	£	£	£
Fixed assets	28,404	9,000	37,404
Debtors	77,586	-	77,586
Cash	245,874	32,741	278,615
Creditors	(140,122)	-	(140,122)
Total net assets	<u>211,742</u>	<u>41,741</u>	<u>253,483</u>

12. **Operating leases**

Annual commitments under non-cancellable operating leases were as follows:

	2001	2000
	£	£
Leases expiring:		
After 5 years	<u>32,385</u>	<u>31,219</u>

13. **Related Party Transaction**

Nigel Scott, the husband of the Director of CFDG was engaged as a consultant for two days and paid the amount of £621.30, including travel, with the approval of the Trustees prior to commencing this work (2000 : £NIL).

CHARITY FINANCE DIRECTORS' GROUP

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

Dear Sirs

We confirm to the best of our knowledge and belief, and having made appropriate enquiries of officials of the company, the following representations given to you in connection with your audit of the company's financial statements for the year ended 31 March 2001.

1. We acknowledge as the Board of Trustees our responsibility for the financial statements, which you have prepared for the company. All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the company have been properly reflected and recorded in the accounting records. All other records and related information including minutes of all Board of Trustees and management meetings, have been made available to you.
2. No events have occurred and no facts have been discovered since 31 March 2001 which could materially affect the true and fair view of the financial statements, or although properly excluded from the financial statements needs to be disclosed to the members in some other way.
3. All information required by the Companies Act in relation to:
 - i) loans or borrowing assistance given by the company or trustees or connected persons; and
 - ii) any other transaction in which trustees or connected persons have a material interest,is disclosed in the financial statements.
4. All grants, donations and other income, the receipt of which is subject to specific terms or conditions, have been notified to you. There have been no breaches of terms or conditions during the year in the application of such income.

Yours faithfully,

_____ Treasurer

_____ Date