



(A Charitable Company Limited by Guarantee)

Annual Report and Financial Statements

31 March 2007

Registered Charity No. 1054914

Company No. 3182826

THE CHARITY FINANCE DIRECTORS' GROUP

Registered Charity Number 1054914

Our Objects

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

Our Vision

A transparent and efficiently managed charity sector that engenders public confidence and trust

Our Mission

To deliver services that are valued by members and enable those with financial responsibility in the charity sector to develop and adopt best practice

Our Aims

CFDG's strategy to achieve this mission is:

Best practice	Raise professional standards by research, benchmarking and sharing learning
Professional development	Meet members' needs for CPD, support members in their management roles and deliver relevant training
Membership services	Provide sound advice, access to practical solutions and opportunities to meet peers and share learning
Policy	Identify emerging issues and represent charity finance professionals effectively on policy issues
Commercial	Engage in activities to generate net income and widen the range of services to members

The Charity Finance Directors' Group

3rd Floor, Downstream Building, 1 London Bridge, London SE1 9BG

www.cfdg.org.uk mail@cfdg.org.uk

Telephone: 0845 345 3192 Fax: 0845 345 3193

Charity Finance Directors' Group
Annual Report and Financial Statements
For the year ended 31 March 2007

Contents

Chair's message	2
Report of the Board of Trustees	3
Principal achievements of the year	3
Plans for 2007 and beyond	11
Review of financial position	13
Structure, governance and management	14
Auditors' report	19
Financial statements	20
Statement of financial activities	20
Balance sheet	21
Notes to the financial statements	22
Trustees, officers and advisers	28

Chair's Message

This year has been an extremely positive one for CFDG, characterised by a series of changes and developments that leave us better placed than ever before to support our mission to deliver services that are valued by members and enable those with financial responsibility in the charity sector to develop and adopt best practice.

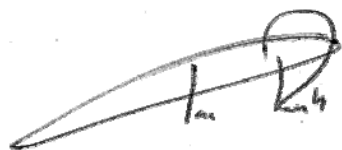
Building our capacity has been a key focus during the year, and part of this was welcoming Keith Hickey as Chief Executive on 1 April 2006. A particular emphasis has been placed on team building, working with CFDG's staff who are small in number but extremely capable.

Progress has also been made in relation to strategy development and we have clarified our key aims in terms of best practice, professional development, membership services, policy work and commercial opportunities. As part of this strategy development we have spent time listening to charity members and subscriber members, and are now putting this strategy onto an operational footing as we develop our work across these five important areas.

We have also made significant changes to our governance structure, which were agreed at our Annual General Meeting in September 2006, following an extensive period of consultation with our membership. We also had changes in the Board of Trustees during the year welcoming Rohan Hewavisenti, Phil Brown and Fiona Young to the Board with Alan Sharpe, Helen Verney and Martin Waller stepping down at the Annual General Meeting. Alan, Helen and Martin made a tremendous contribution to the CFDG Board in different ways for which the Trustees are extremely grateful.

This annual report illustrates what a successful year it has been for CFDG and the Trustees would like to thank the staff, members, subscribers, funders and volunteers who have made this possible. We were very pleased that our *Annual Report and Accounts* for 2005/6 won their category in the 2006 Charity Online Accounts Awards

The annual report also outlines our plans for the future and highlights the work that we plan to increase our membership; improve and develop our training, events and conferences; develop our policy and campaigning agenda; and maximise our commercial potential for the benefit of our members. With stretching ambitions 2007/8 is set to be an exciting year for CFDG.



Paul Breckell

**Report of the Board of Trustees
For the year ended 31 March 2007**
(incorporating the Directors' report)

Principal achievements for the year

Activity areas are:

- Member and Information services, including recruitment and retention of members, Charities Resource Network development and website;
- Training, Events and Conferences, including subscriber recruitment and our one fundraising event, the CFDG Annual Dinner;
- Policy and Campaigning, including publications and media activity.

These activity areas relate to the five aims as follows: **best practice** is covered by publications and research in policy and campaigning and benchmarking work in membership and information; **professional development** is covered by our training, events and conferences programme (and to a smaller extent by policy initiatives); **membership services** is co-ordinated by the membership and information team; **policy** is covered by our activity on policy and campaigning; **commercial** is an embryonic area that will develop over the next few years.

Member and Information Services

On 31 March 2007 our total membership had grown to 1,289 individuals representing a net increase in membership of 5% over the figure at 31 March 2006 of 1,223 individuals.

As at 31 March 2007, the individual members represented between them a total of 1,029 different not-for-profit organisations, compared to 973 organisations as at 31 March 2006. During the year we welcomed our one thousandth charity – which was London Cycling Campaign. The profile of member organisations, in relation to income size, is as follows:

Income Size	2006/07		2005/06	
	Count	Percentage	Count	Percentage
Over £10m	248	24%	225	23%
£5m to £10m	169	16%	166	17%
£1m to £5m	431	42%	417	43%
Under £1m	181	18%	165	17%
Total	1,029		973	

CFDG had four regions available for members to join. Comparison with the regional membership profile for 2005/06 shows the overall percentage of members that belong to a region other than London has remained the same at

CHARITY FINANCE DIRECTORS' GROUP

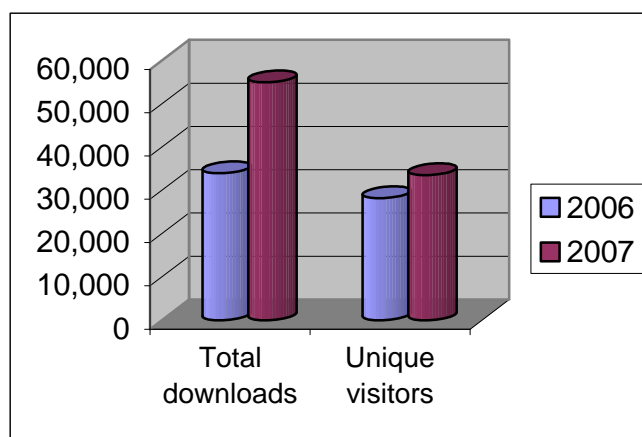
74% London and 26% regional, however membership growth in the regions was slightly higher than in London at 6% compared with 5%.

A review of the role and operation of the regional committees was carried out and agreement was reached on how CFDG's strategy will be supported and delivered through the regions.

Effective delivery of existing CFDG activities in the regions was a priority for 2006/07. In each of the three regions a planning cycle is now in place to ensure that dates for member meetings are fixed 12 months in advance, topics and speakers for all events confirmed on a rolling six-month timetable and the events are promoted to the membership through a regular communication programme.

To support CFDG's broader review of strategy, discussion groups were held in each region to determine what members value most in the current range of services and benefits and to identify potential areas for development. During the year, expansion of CFDG activities in the regions beyond the regular member meetings was identified as an important opportunity.

Information is provided to members through a variety of means including monthly mailings, meetings, conferences and other events. However, the CFDG website continues to be developed as the primary medium for delivering information not just to the existing membership but also to the wider sector and public audience. The website had more unique visitors and more documents downloaded (55,000) than ever before.



Help lines for members were provided by: Deloitte (accounting and tax), John Tate (IT), Charles Russell (legal) and JP Morgan Fleming (investment). We also provide support for special interest groups: the Overseas Special Interest Group ("OSSIG"), Entry Level Software Special Interest Group ("ELSSIG"), Sage Users Special Interest Group and newly introduced discussion forums for regional members as well as more general networking between members to help them contact others with direct experience of issues and good practice in any area. In addition, numerous requests for advice and guidance from members and others were dealt with directly by CFDG during 2006/07.

Members took part in a risk management survey (run in partnership with PKF (UK) LLP) – *Managing Risk – Working With Others* was launched in October 2006. This was the fifth year that we have run this survey and member involvement has remained consistently high with over 300 members taking the time to fill in the questionnaire. Some of the key risks identified this year were: trustee skills mix and training; staff and volunteer recruitment; cost recovery on public sector contracts and reputational risk. It is clear that more charities have taken steps to fully embed risk management within their organisations though there is still a long way to go.

Performance against plan

We planned to incorporate the results of the regional membership survey into our strategic review. This was done and the views of our regional members had a significant influence on the development of the strategy. We planned to hold discussions with regional subscribers to identify opportunities to further support expansion of regional activity. This was particularly successful in the Northern Region where we managed to secure the support of Grant Thornton to develop our members' meeting programme and the Co-operative Bank to support a Northern Conference in 2008. We planned to work with other umbrella bodies in the regions, to this end we piloted a joint members' meeting with Acevo in the West Midlands. The meeting was well supported, and more joint meetings in the regions will be considered.

A total of 181 new members were accepted during the year to 31 March 2007. After allowing for the 115 members that lapsed during the year this resulted in a net growth of 5% (66 members). We aimed to increase membership income by 8% and in fact achieved an 11% increase.

As per last year's plans we launched the completely re-structured and re-designed website in August 2006. However we did not manage to undertake the review of the Charities Resource Network (CRN), which will now be considered in the forthcoming operation plan.

As planned, we undertook – with Agenda Consulting – a 'Finance Count 2006' survey and held a series of related workshops to enable members to identify and share good practice. The resulting report, *Finance CountTM 2007* will be launched in May 2007.

Training, Events and Conferences

The Annual Conference in May 2006 focused on the subject of "Current Issues – Future Directions" and looked at a variety of charity finance and governance issues including a plenary on 'The role of strategic financial management in a beyond profit economy' by Geraldine Peacock and four streams focusing on: 'Finance in the organisation'; 'External influences on finance'; 'Public service provision' and 'Performance reporting and impact'. With approaching 400 delegates this was our biggest conference to date. The conference, which was sponsored by haysmacintyre and Agresso, had excellent feedback from

CHARITY FINANCE DIRECTORS' GROUP

members, many of whom also made use of the networking opportunities of the reception at the end of the day.

We were once again partners in the Charity Investment Conference – an event that is run jointly with Barings, Rensburg Sheppards and Sarasin Chiswell. This was our most successful and well-attended Investment event ever. With over 200 delegates enjoying the half day, listening to investment experts and case-studies from fellow FDs.

In October we put on an entirely new event – the Accounting Software Forum. This was a significant departure for CFDG in that it focused on one fairly specific subject and a small subset of our membership – organisations with a turnover of less than two million pounds. Despite the specialist nature of the programme it turned out to be a very popular day. Charity speakers talked through their actual experience and day-to-day use of the most common packages. Suppliers shared their view of their packages's benefits and development plans. The focus of the day was on discussion, practice and effectiveness. The theme of the day grew out of the discussions at our Entry-level Software Special Interest Group (ELSSIG) which is mentioned above.

This year's IT Conference (entitled 'New Horizons') welcomed nearly 150 people to the Royal College of Surgeons in March 2007. It focused on new trends in technology, combining two strands of thinking – one looking at trends and technological trajectories, the other one looking at strategic IT issues. It also raised generic strategic questions any charity should look at with regard to their technical infrastructure and management information systems.

On the strategic side we looked at supplier relationships and who really is in charge in the organisation for IT and infrastructure decisions? Delegate feedback clearly showed that there was a high level of satisfaction with the day as a whole but also that the high point of the conference was the opening plenary on 'Making information and knowledge management deliver benefit to your organization' by Ajay Burlingham-Böhr, of Anglia Ruskin University.

As ever in November we held our Annual Risk Conference, entitled 'Risk or Opportunity'. This attracted an audience of 170 (its highest ever), a 13% improvement on the previous year. The sessions looked at such diverse issues as reputation, disaster recovery, insurance, volunteering, data protection, relocation and fraud.

We held 25 members' meetings during the year compared with 22 last year. This is because we increased meetings in the regions from four each to five. We also extended the locations of our regional events by adding Liverpool and Exeter as regular venues in the Northern and the Southwest and Wales regions respectively.

We held 9 training courses during the year, which was down on the 13 we put on in the previous year. Attendance at training events fell off in the first half of the year, we then heavily marketed our training programme and benefited from a significant increase in numbers in the last part of the year which has continued through into 2007/8.

Our Annual Fundraising Dinner was once again a very enjoyable evening of networking and discussion for the 480 guests. We were very pleased to have Dame Suzi Leather – Chair of the Charity Commission - as speaker. She called on Finance Directors “to be the ones turning our mantra of accountability and transparency into reality”. In an evening supported by the Royal Bank of Scotland and Chantrey Vellacott DFK, many of CFDG’s subscribers sponsored tables and invited CFDG members. Despite the extra cost of the new venue we still managed to maintain the surplus from the event of over £44,000.

2006/07 also saw a 13% rise in corporate sponsorship for CFDG events and training courses. As we are providing services for an ever increasing number of delegates, as mentioned above, this sponsorship, mostly coming from our corporate subscribers, enables us to keep fees for events as low as possible for charity employees. Companies sponsoring and hosting CFDG events in 2006/07 included: Addleshaw Goddard LLP, Anglo Irish Bank, Baker Tilly, Bank of Scotland, Barclays Bank, BDO Stoy Hayward LLP, Chantrey Vellacott LLP, The Charity Commission, The Co-operative Bank, Credit Suisse, Deloitte, haysmacintyre, HBOS, Horwath Clark Whitehill LLP, Merrill Lynch Investment Managers, PKF (UK) LLP, Pricewaterhouse Coopers LLP, Rathbone Investment Management, The Royal Bank of Scotland, Rensburg Sheppards, The Royal Society of Arts, Sarasin Chiswell, Thomas Miller, Touchstone, and UBS Wealth Management.

Performance against plan

As part of our plans for the year we had decided to change the location of our largest two events, the Annual Conference and our Annual Fundraising Dinner. Both of these moves went well and achieved our aim of exploring larger venues to accommodate our increasingly popular events. Our Annual Fundraising Dinner moved from The Brewery in the City of London to the Royal Courts of Justice. Whilst it was clear that our members appreciated the larger and magnificent venue there were issues to do with acoustics and the high level of security that have prompted us to try another venue in 2007. We moved the Annual Conference to the QEII Conference Centre in Westminster, this proved very successful and enabled us to comfortably accommodate our largest conference ever whilst also allowing room for growth. We will be remaining at this venue for the foreseeable future.

We had planned to look at a range of new events and start to roll them out by end of year. We partially achieved this objective by putting on the Accounting Software Forum in October. We discussed various other options for new events with potential partners and sponsors but none of them was far enough advanced to launch by the end of the year.

Over 2,700 delegates attended more than 50 CFDG events during the year. (This does not include our Annual Fundraising Dinner, which is mentioned elsewhere). This compares to an equivalent figure of just over 2,500 for last year. We planned to increase attendance at CFDG events and training courses by 10%, in the end we achieved a creditable 8% increase.

CHARITY FINANCE DIRECTORS' GROUP

We did not achieve the 25% online booking and payment for events which was planned. We did not go live with the new on-line booking system in November 2006 as previously projected. We were eventually able to roll this out during April 2007 and we will go live during the Spring after thorough testing.

Policy and Campaigning

CFDG has increased its engagement with members on policy matters over the last year with regular policy briefings being prepared on major issues impacting on the sector such as the Local Government White Paper, the Finance Bill and the Budget.

The Policy and Campaigns Officer has also started an ad hoc policy email for members that updates them on relevant policy activity whilst giving them the opportunity to take part in current CFDG consultations. Members have greeted this new method of engagement with enthusiasm and now over 1,000 members receive this policy email.

CFDG has been active in policy work over the last year and has had regular meetings with other organisations whose work complements ours. We are starting to build up our government contacts and have had meetings with HM Treasury, HM Revenue and Customs, Office of the Third Sector, and the Charity Commission to raise some of the more generic issues faced by our members such as the complexities of VAT in relation to charities, trading, the burden of regulation, the administration of Gift Aid and full cost recovery. Over the year CFDG has also met with MPs of the main opposition parties who represent the interests of the voluntary sector and this has resulted in several parliamentary questions being asked. Some of our key achievements over the year are set out below starting with the most recent.

In April this year CFDG launched a new publication entitled *Know your cost base, know your charity*. This publication is an important first step on the road to full cost recovery calculations and also aims to raise awareness of the importance of understanding a charity's cost base and its implications for both funding and broader financial management. This highlighted the need for charities to properly understand and manage their costs and had input from the Compact Commissioner who wrote the foreword. It was well received by the sector and over the next year we intend to develop more publications and best practice guidance.

CFDG and ACEVO made a joint submission of fifteen demands to the Treasury in advance of the Budget. Our top three demands related to irrecoverable VAT, Trading and Gift Aid. We will be discussing these issues further with HM Treasury and HM Revenue and Customs during the year. One of our demands (concerning flexibility on the VAT reliefs in buildings) was implemented in the 2007 Budget.

CFDG submitted a joint response with the Charities Consortium to the Third Sector Review undertaken by the Cabinet Office and HM Treasury. In preparing this response we undertook extensive consultation with members in the regions

and found this to be invaluable. We plan to repeat this for other major policy activity. We had a constructive meeting with HM Treasury to discuss our report .

Our Technical Accounting Group met twice during the year to discuss consultations issued by the Accounting Standards Board on heritage assets and both meetings proved highly useful in making our response.

Performance against plan

We planned to review how we can most effectively work with and support the Office of The Third Sector. We met with a number of government departments during the year including the HM Treasury and HM Revenue and Customs and the Office of the Third Sector at the Cabinet Office. We also invited a representative from the Office of the Third Sector to speak at one of our regional meetings on the review of the third sector and have had ad hoc meetings as necessary. During 2007 we will be looking to further develop our relations with key government departments and officials.

We planned to consult with members on our response to the Third Sector Review. CFDG's membership was consulted extensively on this both in London and in the regions. All CFDG members were given the opportunity to contribute to the review and many took up the offer, resulting in a high quality response that truly represented the views of our members and provided some very relevant examples.

We planned to undertake campaigning around the Compact Plus and full cost recovery. In collaboration with the CIPFA Charities Panel, we undertook a survey of our members on full cost recovery in April 2006 and have since taken part in several debates on the issue with, for example, the National Audit Office and the Audit Commission. We also developed our most recent publication *Know Your Cost Base Know Your Charity* based on the results of the survey. CFDG will be repeating its survey shortly to see what has changed one year on.

We planned to start our work to provide a manifesto in advance of the next general election. We developed the basis of a manifesto through our response to the Third Sector Review and our Budget 2007 submission. We will be drawing the key points in these two documents together into one manifesto shortly.

We planned to develop strategy work in partnership with other bodies in the sector. CFDG has over the past year worked in partnership with some of the other infrastructure bodies on responses to government consultations. Notable examples are a joint CFDG and Charity Tax Reform Group (CTRG) response to the HM Revenue and Customs review into partial exemption, a joint Budget submission with Acevo, and a joint press release from Institute of Fundraising, CFDG and Acevo calling for a review of the giving regime. During the coming year we will be developing a tax strategy in collaboration with the other main bodies in the sector working in this area.

Valuing Volunteers

It is obvious from the preceding sections of our report that the part played by volunteers in achieving our objectives is huge. In keeping with recommended practice we have made an estimate of the number of hours that members and subscribers give to us free of charge during the year. We rely on numerous speakers at our members' meetings and conferences as well as trainers for our courses such as Introduction to Charity Finance, Investment Training for Trustees. CFDG also has many committees covering its policy, education, regional work etc. Without the many volunteers that serve on these committees and manage our helplines we would not be able to carry out the wide variety of work that our members have come to rely on. We have not put a value on the many hours work that our volunteers give us but if we were to value them at £57 per hour (2006: £55) the total would come to nearly £137,000 (2006: £123,000). Considering that the vast majority of our volunteers are finance professionals this would not be an unreasonable hourly rate.

	2007	2006
	hours	hours
Member & information services	857	728
Conferences, events & training	560	606
Policy & campaigning	344	424
Governance	642	472
Total	<u>2,403</u>	<u>2,230</u>

Plans for 2007 and beyond

Member and Information Services

We aim to increase our membership headcount by 5% (ie from our 31/03/07 total of 1,289 to 1,354) and our membership income by 8%. We will target charities that have a gross annual income in excess of £1m but will also try to reach smaller organisations through closer collaboration with other networks and our education strategy.

We aim to continue to develop the website as a tool to facilitate communication with members and non-members. We will achieve a minimum of 60,500 document downloads over the course of the year.

As part of our longterm strategy to move from being a London-based organisation with a regional network to a truly national organisation, we will continue to recruit more members in the regions so that each region can eventually gain a degree of self-sufficiency. We will develop our plans for more regional events, in particular a conference in Manchester in June 2008.

Training, Events and Conferences

We aim to increase overall attendance at our training courses and educational events by 7%. In particular we will increase the scope and attendance at our Annual Conference by adding a fifth stream and increasing the number of delegates by at least 10%.

We will implement the on-line booking system and achieve 50% bookings on it by 31/03/08.

We will hold an event to mark our 20th anniversary in February 2008 and will use this landmark to raise our profile in the sector.

Policy and campaigning

The policy officer has drawn up a policy and campaigns strategy, building on four key priority areas identified by Trustees (tax; regulation; public service delivery; and accountability, transparency and reporting). The strategy identifies priority areas for action and identifies the key stakeholders CFDG will need to engage with to further our policy activity over the next 2-3 years. A refreshed Public Affairs Committee will work alongside the policy officer to implement the policy and campaigns strategy. Targets from this strategy to be achieved in the next financial year are:

- the production of two publications building on current best practice in the sector;
- the implementation of a campaign on an issue central to CFDG members which results in ministerial support;

CHARITY FINANCE DIRECTORS' GROUP

- to enhance CFDG's reputation within government, so that government consistently consults CFDG on financial issues impacting on the sector;
- the implementation of an media strategy culminating in 100 mentions in the press over the next financial year.

Organisational targets

We will work as a staff team on developing the organisational culture so that we embed a transparent and inclusive ethic such that all staff feel encouraged to participate fully in the growth and development of CFDG.

One of the five aims of our new strategic plan is to "engage in activities to generate net income and widen the range of services to members". Currently the only activities we carry out that fall within this category are the Annual Fundraising Dinner and the recruitment adverts in our monthly mailing. During this year we intend to start to develop our plans in this area.

As part of our monthly reporting process we have selected five KPIs that are the basic indicators of the organisation's performance. These are:

<i>Strategic Aim</i>	<i>Measure</i>	<i>Target</i>	<i>Comment</i>
Best Practice	Downloads from the website	60,500	Previous year plus 10%
Professional Development	Attendance at events	2,890	Previous year plus 7%
Membership Services	Membership	1,354	5% net growth
Policy	Media mentions	100	This is the first time we have attempted to measure media coverage so this target is tentative
Commercial	Surplus	£74,500	This includes established projects such as the Annual Fundraising Dinner and recruitment advertising. This is an embryonic area so only a token amount has been included for growth.

Review of Financial Position

In our budget for 2006/7 we anticipated breaking even on unrestricted funds, in the end we achieved a surplus of over £43,000. This was due to the fact that we reduced costs for support and for marketing by a total of £21,000; we received £10,000 more than budgeted of other income and we had considerable success with income for events, exceeding our targets by £15,000. During 2006/7, excluding donated services, overall expenditure increased by over 19% whilst net incoming resources increased by nearly 11% compared to 2005/6.

Our key areas of income are membership fees, events, training, and policy. Membership income increased from £376,453 in 2006 to £418,370 in 2007. This 11% increase was due to roughly 5% growth in members and 12% growth in corporate subscribers. We also increased subscriber fees by 10% and member fees by approximately 4%. Although half of our income comes from membership fees it is essential for future growth to diversify income sources and develop reliable income streams. This was the first year of our £60,000 grant from the Charities Aid Foundation Collaborative Fund over three years from 2006 to 2008. We have used the first tranche of £20,000 to take forward our regional development.

The increase in expenditure from unrestricted funds (again, excluding donated services) was 20%, compared to an 11% growth in unrestricted income. Increase in costs is due in part to direct service provision (increased costs of conferences and Annual Fundraising Dinner) but also increased salaries and premises costs (we increased the amount of space we rent half way through the year to give ourselves more breathing room in the office and to allow for possible expansion in the coming year) and an increase in unrecoverable VAT. Employee related costs fell from £55,343 last year to £6,390. This was due to the high recruitment costs last year when we recruited six staff including the Chief Executive. This year we only recruited two posts and costs were significantly lower.

The restricted fund is made up only of the ongoing depreciation of fixed assets on the CRN project. The restricted funds carried forward (£2,083) represent the net book value of fixed assets relating to the CRN. The unrestricted general fund ended the year up from £241,298 to £284,769, which at 33% of unrestricted charitable income is at the top end of our previous reserves policy. During the year the Board revised the reserves policy in line with the new strategic plan for growth over the next three years. Consequently we have set a budget for 2007 in line with the Board's intention to reduce our reserves to the agreed level over the next three years (see reserves policy below).

All staff are directly engaged in activities in furtherance of the objects of CFDG and their cost has been allocated accordingly. Governance costs – which include an allowance for the value of donated venues and refreshments – increased by 31%. This was the result of the extra costs of the AGM and the legal advice in preparing for it. There were also significant costs for Trustee training and – for the first time – recruitment. There was also more than average senior staff time devoted to governance during the year. The cost of generating funds relates solely to putting on our Annual Fundraising Dinner, which raised £94,900 in support of our unrestricted programme.

Structure, Governance and Management

The Charity Finance Directors' Group was incorporated by guarantee on 29 March 1996. It has no share capital and is a registered charity. The guarantee of each member is limited to £1. The governing document is the Memorandum and Articles of Association of the company and members of the Board of Trustees are the Directors of the company.

At the AGM in September 2006 the following changes to governance structure were agreed. These had been drafted by the Board after extensive consultation with members during the previous six months.

- Only 7 out of the 10 Board Members need to be CFDG members in the future, allowing 3 non-members to be co-opted as Trustees. This move aims to reflect the wider variety of skills such as marketing, communications and media, which are essential to the delivery of CFDG's current strategic plan.
- In order to streamline administration, only Board members will from now on be the members of the company.
- Finally, the Memorandum & Articles of Association were updated to reflect current best practice in the sector and recent changes in legislation.

Trustees serve for a term of three years and may be appointed to serve for one further term. Appointment of the 7 'member' trustees is by election at the September Members' Meeting, postal ballots are conducted when necessary. The three 'non-member' trustees are selected by an open and transparent process of advertising and interview by the Trustees. The Chair and Officers are appointed by the Trustees from among their number. The Board convenes five times each year and holds an additional strategic planning day.

We also have Pesh Framjee of Deloitte as our Special Adviser and John Tate who is our IT Adviser. The supporting committees included at least one Trustee as follows:

Finance	Tom Sterry MBE, Phil Brown and Geoffrey Wheeler
Nominations	Paul Breckell, Melvin Coleman, Charles Nall and Fiona Young
Remuneration	Paul Breckell, Steve Mahon and Tom Sterry MBE
Public Affairs	Charles Nall and Melvin Coleman
Marketing	Roger Chester and Rohan Hewavisenti
Education	Geoffrey Wheeler and Fiona Young
Information Technology	Phil Brown and Roger Chester

Each Committee has its own Terms of Reference and their reports are a standing agenda item for the full Board meetings. The Board also receives a report from the Chief Executive, which covers each of our three main work activities, as described earlier in this report. Other committees and working groups are set up as needed to support and inform staff and these include the Policy

Development Working Group chaired by Claire Newton of Marie Curie Cancer Care and the Technical Accounting Group chaired by Fiona Young of The Tudor Trust. We are very grateful to them and all those who have helped us to develop our work and influence.

Since incorporation in 1996 the number of charities with a CFDG member has increased from 493 charities to 1,029 and there are now three regional membership groups. Each of these is constituted as a Branch under the Articles of Association and has its own steering committee.

On appointment each Trustee signs a code of conduct and completes a register of interests. The latter is renewed annually. They are given a Trustee Handbook that includes the Memorandum and Articles of Association, policies and procedures on issues such as delegation of authority, recruitment, equal opportunities, and conflict of interest and other guidance. It contains job descriptions for Trustees, officers and staff. New trustees meet with the Chair and Chief Executive and undertake an induction process. According to their skills and aptitude they take responsibility for at least one activity area by appointment to a committee. We are fortunate that as all - and in the future seven of the ten - trustees are charity finance directors, their training needs are met by their employers.

CFDG Trustees have delegated management of CFDG to the Chief Executive who reports on the performance against the Strategic and Operational Plans approved by the Trustees. The Deputy Chief Executive reports, via the Treasurer and Finance Committee, on the financial position, including outturn against budget. Management Accounts are received quarterly by the Board and monthly by the Finance Committee.

Membership of CFDG

Full members of CFDG are the people employed by a Charity with responsibility for financial management. Until September 2006 they were also members of the Company and had full voting rights, since then only the Trustees are members of the Company. If another person joins from the same charity they are termed "Secondary Members", pay a lower, or no, subscription but have the same rights and services. Other classes of member are Associates, CRN and Honorary.

Subscribers of CFDG are individuals working for professional or commercial suppliers who are active in charity finance and other related matters. They are essential for the work of CFDG and we value their support enormously. They are not members of the company and their number may not exceed 10 per cent of the number of members.

Full details of membership are always available on our website, and application forms can be downloaded.

CHARITY FINANCE DIRECTORS' GROUP

Risk assessment

The Board of Trustees has reviewed during the year an assessment of the risks to which the charity is exposed. The review looked at the key risks around CFDG's ability to deliver its strategy, reviewed current controls and identified a number of areas where controls could be strengthened.

Firstly, there is a need to enhance the efficiency of CFDG's computer systems to enable development to be accelerated. Improving the charity's customer relationship management system and revitalising the Charity Resource Network will address this. Secondly, the charity is not yet operating at a National level, which could lead to CFDG not achieving its membership and revenue potential. Whilst considerable strides have been made in recent years, the charity needs to develop its membership and services outside London so that it can truly be said to be working at a National level. Thirdly, CFDG needs to communicate more effectively with its members, as a failure to do so inhibits its ability to identify new and emerging issues and lead on responses and solutions. This will be addressed by a complete review of communication channels with our members.

Finally, loss of knowledge makes life difficult in a small organisation when people leave, therefore the management systems for capturing and retaining this knowledge will be developed. The Chief Executive has been tasked with delivering and implementing plans to strengthen these areas over the next three years.

Management and Staffing

The Chief Executive has responsibility for planning and developing the services and strategies for CFDG within clear policies and protocols set by the Trustees. The Chief Executive ensures that the staff team is recruited and supported to provide the skills and expertise needed to run a successful organisation and that the values of CFDG are observed. The Chief Executive has direct line management of the Policy and Campaigning, and Regional Development work.

The Deputy Chief Executive has operational responsibility for Membership and Information and Training and Events and has particular responsibility for the IT systems used by CFDG. He is also the Finance Officer and runs our accounting systems.

The Membership and Information Team is led by Mike Dykes who is supported by Margaret Waterfield. Responsibility for the membership database and Charities Resource Network (CRN) rests with the Membership and Information Team, with Tom Steel as Website and Information Officer.

The Marketing and Events team is led by Laura James who took over from Susanne Kendler in February 2007, she is supported by Charlotte Giles (Training and Events Officer) and Francesca Barbieri (Training and Events Administrator).

The Policy and Campaigns Officer Ernese Skinner works closely with Keith Hickey to handle the increasing amount of policy and campaigning activity. The

Regional Development Manager, Lindsay Derry, has responsibility for developing CFDG membership and services outside of London.

Trustees' Responsibilities

The trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the net income or expenditure of the charity for the year. In preparing these financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 have reviewed the Reserves Policy and have re-examined CFDG's requirements for free reserves in the light of the predominant risks to the organisation and its working capital requirements. The major risk is loss of reputation, causing falling membership income, and loss of corporate support along with reduced margins on key events, for example the annual conference and the annual dinner. In this light they have set a target of £150,000, based on the agreed budget for 2007/8. Total free reserves at 31 March 2007 were £284,769 (2006: £241,298). The Trustees are in the process of reviewing a three-year plan to invest the surplus of free reserves in new initiatives to improve services to members.

CHARITY FINANCE DIRECTORS' GROUP

Investment Policy

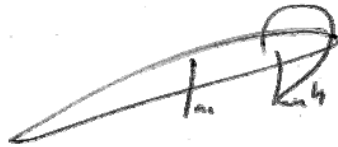
CFDG receives income on an annual basis through membership subscriptions, sponsorships, grants and other sources. It plans activities over a three to five year time horizon and budgets to expend all anticipated income, except for retaining a prudent amount in reserves. It has no permanent endowment and provides for capital expenditure within the budget. The only funds of CFDG 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 for investment 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 CFDG to adopt an ethical investment policy.

Appointment of Auditors

A resolution for the appointment of PKF (UK) LLP will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD OF TRUSTEES

A handwritten signature in black ink, appearing to read 'P. Breckell', written over a horizontal line.

Paul Breckell

Chair

30 May 2007

**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 2007 which comprise the statement of financial activities, the balance sheet, and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The responsibilities of the trustees (who are also the directors of the charitable company for the purposes of company law) for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') 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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the charitable company 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 directors' remuneration and other transactions is not disclosed.

We read the trustees' report and consider the implications for our report if we become aware of any apparent misstatements within it.

We report to you whether in our opinion the information given in the trustees' report is consistent with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 March 2007 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the trustees' report is consistent with the financial statements.



London, UK
30 May 2007

PKF (UK) LLP
Registered auditors

CHARITY FINANCE DIRECTORS' GROUP

Statement of Financial Activities for the year ended 31 March 2007

(Incorporating the income and expenditure account)

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2007 £	Total 2006 £
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income					
Grants		20,000	-	20,000	-
Activities for generating funds					
Annual Fundraising Dinner		94,900	-	94,900	76,225
Investment income					
Bank interest		15,275	-	15,275	14,277
<i>Incoming resources from charitable activities</i>					
Members' subscriptions		418,370	-	418,370	376,453
Member and information services		54,307	-	54,307	51,129
Events, conferences and training		241,413	-	241,413	229,595
Policy and campaigning		7,615	-	7,615	7,030
<i>Other incoming resources</i>		8,650	-	8,650	15,781
Total incoming resources		860,530	-	860,530	770,490
Resources expended					
<i>Cost of generating funds</i>		50,801	-	50,801	31,971
<i>Charitable activities</i>					
Member and information services		312,923	12,500	325,423	301,278
Events, conferences and training		282,235	-	282,235	245,635
Policy & campaigning		112,227	-	112,227	67,644
<i>Governance costs</i>		58,873	-	58,873	45,616
Total resources expended	2	817,059	12,500	829,559	692,144
Net incoming/(outgoing) resources /	3	43,471	(12,500)	30,971	78,346
Net income/(expenditure)					
Net movement in funds		43,471	(12,500)	30,971	78,346
Total funds brought forward at 1 April		241,298	14,583	255,881	177,535
Total funds carried forward at 31 March	8	284,769	2,083	286,852	255,881

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.

For Companies Act purposes, total income is £786,480 (2006: £709,790) and total expenditure is £755,509 (2006: £631,444), which is total incoming resources and total resources expended as shown above, both net of gifts in kind of £74,050 (2006: £60,700). All the above amounts relate to continuing activities.

Voluntary income during the year was £20,000, (2006: £0), this was entirely made up of a grant from the CAF Collaborative Fund.

The notes on pages 22 to 27 form part of these accounts.

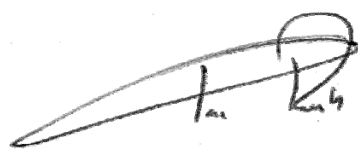
Balance sheet

As at 31 March 2007

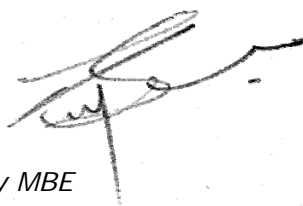
	Note	2007 £	2006 £
Fixed Assets			
Tangible assets	5	<u>19,900</u>	<u>39,467</u>
Current Assets			
Debtors	6	208,664	168,791
Short term deposits		478,933	335,302
Cash at bank and in hand		<u>43,644</u>	<u>60,223</u>
		731,241	564,316
Liabilities			
Creditors: amounts falling due within one year	7	(464,289)	(347,902)
Net current assets		<u>266,952</u>	<u>216,414</u>
Total assets less current liabilities	9	<u><u>286,852</u></u>	<u><u>255,881</u></u>
Funds			
Unrestricted funds	8	284,769	241,298
Restricted funds		2,083	14,583
		<u>286,852</u>	<u>255,881</u>

The notes on pages 22 to 27 form part of these accounts.

The accounts were approved and authorised for issue by the Board of Trustees on 30 May 2007 and signed on their behalf by:



Paul Breckell
Chair



Tom Sterry MBE
Treasurer

Notes to the financial statements

For the year ended 31 March 2007

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 1985. The financial statements have been prepared in accordance with Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities: Statement of recommended practice", published in March 2005 and applicable accounting standards.

b) Fund accounting

Unrestricted 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 (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 3b. 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 who contribute to a pension scheme are either members of the CIS Stakeholder Pension Scheme or of The Pensions Trust Growth Plan (see note 10).

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. These activities provide the governance infrastructure which allows the charity to operate and to generate the information required for public accountability. They include the strategic planning processes that contribute to future development 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 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.

Notes to the financial statements

For the year ended 31 March 2007

2 Resources expended

a) Analysis of total resources expended	Staff costs	Support costs	Other direct costs	Total 2007	Total 2006
Unrestricted funds	£	£	£	£	£
Cost of generating funds	6,488	1,976	42,337	50,801	31,971
Charitable activities					
Member and information services	168,251	51,236	93,436	312,923	288,778
Events, conferences and training	122,749	37,380	122,106	282,235	245,635
Policy & campaigning	71,626	21,812	18,789	112,227	67,644
Governance	27,580	8,399	22,894	58,873	45,616
Total unrestricted resources expended	<u>396,694</u>	<u>120,803</u>	<u>299,562</u>	<u>817,059</u>	<u>679,644</u>
Restricted funds					
Charitable expenditure					
Member and information services	-	12,500	-	12,500	12,500
Policy & campaigning	-	-	-	-	-
Total restricted resources expended	<u>-</u>	<u>12,500</u>	<u>-</u>	<u>12,500</u>	<u>12,500</u>
Total resources expended	<u>396,694</u>	<u>133,303</u>	<u>299,562</u>	<u>829,559</u>	<u>692,144</u>
<i>Total resources expended 2006</i>	<u>309,460</u>	<u>153,872</u>	<u>228,812</u>	<u>692,144</u>	

Within all charitable activities rows of the 'Other direct costs' column there are costs of £74,050 (2006: £60,700) relating to services donated to CFDG that were not incurred by CFDG. (See note 3b.) Had the services not been donated CFDG would have incurred this cost.

b) Analysis of support costs

	Generating funds	Member Services	Events	Policy	Governance	Total 2007	Total 2006
Unrestricted funds	£	£	£	£	£	£	£
Employee-related costs	105	2,710	1,977	1,154	444	6,390	55,343
Premises	781	20,270	14,789	8,629	3,323	47,792	35,235
Communications & IT	250	6,471	4,721	2,755	1,061	15,258	14,064
Postage & printing	245	6,362	4,641	2,708	1,043	14,999	11,380
Financial costs	479	12,426	9,065	5,290	2,037	29,297	23,038
Depreciation	116	2,997	2,187	1,276	491	7,067	2,312
Total unrestricted	<u>1,976</u>	<u>51,236</u>	<u>37,380</u>	<u>21,812</u>	<u>8,399</u>	<u>120,803</u>	<u>141,372</u>
Restricted funds							
Depreciation	-	12,500	-	-	-	12,500	12,500
Total restricted	<u>-</u>	<u>12,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,500</u>	<u>12,500</u>

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

Legal and professional fees	4,896	1,100
Taxation advice from auditors	-	8,150
Audit fees	3,450	2,981
Costs of AGM, Trustee travel, recruitment & training	10,898	3,594
Apportionment of staff and support costs	35,979	27,291
Donated resources	3,650	2,500
Total governance costs	<u>58,873</u>	<u>45,616</u>

CHARITY FINANCE DIRECTORS' GROUP

Notes to the financial statements

For the year ended 31 March 2007

3 Net incoming/(outgoing) resources

a) These are stated after charging :

	2007	2006
	£	£
Auditors' remuneration	3,450	2,981
Depreciation	19,567	14,812
	<u> </u>	<u> </u>

We have been in 1 London Bridge since 2004. In common with all the other organisations sharing the space, we have a licence agreement with Community Action Network which means that our commitment is only three months.

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.

	2007	2006
	£	£
Member and information services	32,800	28,200
Events, conferences and training	37,200	26,200
Policy & campaigning	400	3,800
Governance	3,650	2,500
Total	<u>74,050</u>	<u>60,700</u>

4 Trustees and employee information

a) Trustee information

No remuneration was paid to the Trustees during the year (2006: £Nil). Expenses of £946 for travel was paid to five trustees during the year (2006: £2,159, four trustees).

b) Employee information

	2007	2006
The average number of staff employed during the year was:	<u>9.8</u>	<u>8.3</u>
	2007	2006
Employee costs during the year were :	£	£
Salaries	336,602	267,580
Social security	33,338	26,514
Pension	26,754	15,366
	<u>396,694</u>	<u>309,460</u>

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

	2007	2006
£80,000 to £89,999	<u>1</u>	<u>-</u>

Notes to the financial statements

For the year ended 31 March 2007

5 Tangible fixed assets

	Computers	Database	Total
	£	£	£
Cost			
At 1 April 2006	7,502	74,445	81,947
Additions	-	-	-
Disposals	-	-	-
	<u>7,502</u>	<u>74,445</u>	<u>81,947</u>
Depreciation			
At 1 April 2006	6,451	36,029	42,480
Charge for the year	956	18,611	19,567
Disposals	-	-	-
	<u>7,407</u>	<u>54,640</u>	<u>62,047</u>
Net book value			
At 31 March 2007	<u>95</u>	<u>19,805</u>	<u>19,900</u>
At 31 March 2006	<u>1,051</u>	<u>38,416</u>	<u>39,467</u>

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

6 Debtors

	2007	2006
	£	£
Trade debtors	145,599	146,166
Other debtors	12,420	8,187
Prepayments and accrued income	50,645	14,438
	<u>208,664</u>	<u>168,791</u>

7 Creditors :

Amounts falling due within one year

	£	£
Deferred subscriptions income	291,203	243,845
Deferred events income	102,395	46,075
Other creditors and accruals	70,691	57,982
	<u>464,289</u>	<u>347,902</u>

8 Total funds

	Opening balance	Incoming resources	Resources expended	Closing balance
	£	£	£	£
Unrestricted - general	241,298	860,530	(817,059)	284,769
Restricted - CRN project	14,583	-	(12,500)	2,083
	<u>255,881</u>	<u>860,530</u>	<u>(829,559)</u>	<u>286,852</u>

CHARITY FINANCE DIRECTORS' GROUP

Notes to the financial statements

For the year ended 31 March 2007

9 Analysis of assets between funds

	Unrestricted funds	Restricted funds	Total funds
<i>Funds balances at 31 March 2007 are represented by :</i>	£	£	£
Fixed assets	17,817	2,083	19,900
Debtors	208,664	-	208,664
Deposits and cash at bank	522,577	-	522,577
Creditors	(464,289)	-	(464,289)
	<u>284,769</u>	<u>2,083</u>	<u>286,852</u>

The Restricted CRN Project was established in 2000 by a grant from the Community Fund to develop the Charities Resource Network. This project was complete during 2004 and the closing balance represents the net book value of the membership database which is being depreciated over four years from the date it went live in June 2003.

10 Pensions Trust Growth Plan - Pensions Obligations

CFDG participates in the Pensions Trust's Growth Plan, is a multi-employer pension Plan which is in most respects a money purchase arrangement but it has some guarantees. It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contributions payable.

The last formal valuation of the Plan was performed at 30 September 2005 by a professionally qualified actuary. The valuation revealed that the assets of the Plan fell short of the accrued liabilities as at the valuation date equivalent to a past service funding level of 96%. The Actuary has not recommended an increase to employer contributions (these contributions vary according to the percentage paid by the employee up to a maximum of 10%) and the charity is not aware of any plans to change the future employer contribution rates.

Following a change in legislation in September 2005, there is a potential debt on the employer that could be levied by the Trustee of the Plan. The Trustee's current policy is that it only applies to employers with pre October 2001 liabilities in the Plan. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up. The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buyout basis i.e. the cost of security benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Plan's pre October 2001 liability attributable to employment with the leaving employer compared to the total amount of the Plan's pre October 2001 liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

Notes to the financial statements

For the year ended 31 March 2007

Potential employer debt - contingent liability

CFDG has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2005. As of this date the estimated employer debt for the charity was £47,539.84. There is no current intention to leave the Plan and trigger the contingent liability.

11 Capital commitment

At 31st March 2007 there were no capital commitments.

12 Related party transaction

There were no related party transactions during the year. (2006: There were also none.)

CHARITY FINANCE DIRECTORS' GROUP

Trustees Officers and Advisers

Registered Charity No: 1054914 Company No: 3182826 VAT No: 769375081

Board of Trustees

Paul Breckell (Chair)
Stephen Mahon (Vice Chair)
Tom Sterry MBE (Treasurer)
Phil Brown (from 7th September 2006)
Roger Chester
Melvin Coleman
Rohan Hewavisenti (from 7th September 2006)
Charles Nall
Alan Sharpe (until 7th September 2006)
Helen Verney (until 7th September 2006)
Martin Waller (until 7th September 2006)
Geoffrey Wheeler
Fiona Young (from 7th September 2006)

Chief Executive and Company Secretary

Keith Hickey

Deputy Chief Executive

David Membrey

Special Adviser

Pesh Framjee

IT Adviser

John Tate

Head Office and Registered Office

3rd Floor, Downstream Building
1 London Bridge
London SE1 9BG
Web site: www.cfdg.org.uk
Tel: 0845 345 3192 Fax: 0845 345 3193

Auditors

PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London
EC1M 3AP

Bankers

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

Anglo Irish Bank
10 Old Jewry
London
EC2R 8DN

Finance Committee

Tom Sterry MBE (Chair)
Phil Brown
Ray Salmons
Geoffrey Wheeler

Nominations Committee

Paul Breckell (Chair)
Melvin Coleman
Charles Nall
Fiona Young

Remuneration Committee

Paul Breckell (Chair)
Stephen Mahon
Tom Sterry MBE

Public Affairs Committee

Charles Nall (Chair)
Melvin Coleman
John Graham
Claire Newton
Mark Salway

Marketing Committee

Roger Chester (Chair)
Rohan Hewavisenti
John Tate
Bonny Young

Education Committee

Geoffrey Wheeler (Chair)
Pesh Framjee
Chris Harris
Jill Mordaunt
Paul Palmer
Fiona Young

IT Committee

John Tate (Chair)
Phil Brown
Roger Chester
David Clayden
David Locke
Michael Price

Solicitors

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