

**CHARITY FINANCE
DIRECTORS' GROUP**

**Annual Report and
Financial Statements
31 March 2000**

Company number 3182826

Charity number 1054914



CHARITY FINANCE DIRECTORS' GROUP

CHARITY FINANCE DIRECTORS' GROUP

Annual report and financial statements for the year ended 31 March 2000

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CHARITY FINANCE DIRECTORS' GROUP

Officers and advisers

Charity No: 1054914

Company No: 3182826

Board of Trustees

David King (Chairman)

Alexis Chapman

Philip Collins (Treasurer)

Mark Freeman

Martin Isaacs

Leslie Jones

Geoffrey Miller (appointed 13 July 1999)

Alan Sharpe (appointed 11 January 2000)

Helen Verney (appointed 8 March 2000)

Sara Wallace (appointed 13 July 1999)

Directors resigning in the year:

Bill Cottle (13 July 1999)

Ian Theodoreson (13 July 1999)

Director and company secretary

Shirley Scott

Special adviser

Pesh Framjee

Head office

87 Worship Street,

London,

EC2A 2BE.

Registered office

5 Great College Street,

Westminster,

London,

SW1P 3SJ.

Auditors

Chantrey Vellacott DFK

Russell Square House,

10-12 Russell Square,

London,

WC1B 5LF.

CHARITY FINANCE DIRECTORS' GROUP

Officers and advisers

Bankers

Unity Trust Bank plc,
4 The Square,
111 Broad Street,
Birmingham,
B15 1AR.

Solicitors

Radcliffes,
5 Great College Street,
Westminster,
London,
SW1P 3SJ.

CHARITY FINANCE DIRECTORS' GROUP

Report of the Board of Trustees for the year ended 31 March 2000 (incorporating a directors' report)

The Board of Trustees, who are the company's directors, present their annual report and financial statements for the year ended 31 March 2000

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 5 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.

CHARITY FINANCE DIRECTORS' GROUP

Report of the Board of Trustees for the year ended 31 March 2000 (incorporating a directors' report)

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.

Review of activities

Several changes in policy have been implemented this year which have given new direction and energy to the CFDG. First our commitment to providing more training opportunities for members and those from other charities has helped towards achieving our objects. Secondly, switching from a quarterly Newsletter to monthly reports and bulletins keeps the information supplied more up to date. This is particularly relevant as we increase the membership outside the Greater London area and make more of our information available via our Web site. Further changes include greater co-operation with other umbrella and professional organisations which will be more evident in the coming year.

However, the greatest single change in activity is as a result of a National Lottery Charities Board award of £330,000 over three years to build a Performance Resource Centre for Charities. Based on a substantial research programme carried out by the Open University Business School the Centre will allow CFDG to develop member services substantially - comprehensive Web based databases will help charities to measure, compare and improve their performance. CFDG will work collaboratively with other bodies within the Sector to try to ensure that as many charities as possible participate in the Centre - particularly smaller charities. The Centre is expected to become available from summer 2001.

These activities, together with a successful recruitment campaign, raised awareness of the CFDG and contributed to an increase in membership of nearly 10% in the year. Income from membership subscriptions increased by about 39% which, as forecast last year, has enabled the range of membership services to be improved. To welcome new members we introduced Induction Meetings to enable them to meet Trustees, staff and other members and have the purpose and services of CFDG explained.

Education and training

In October a member of staff was employed with the specific responsibility of arranging training events and developing relationships with our subscribers and other supporters. We held 36 training events, 11 more than the previous year, which provided training on a wide range of topics for which the finance staff of charities find themselves responsible. The generosity of our subscribers and speakers has helped us enormously.

CHARITY FINANCE DIRECTORS' GROUP

Report of the Board of Trustees for the year ended 31 March 2000 (incorporating a directors' report)

Members' meetings, held for an afternoon once a month excepting August and September, provide training and guidance appropriate for the entire membership base of CFDG. Members come from charities which are unique in their focus and size and their responsibilities vary accordingly. The range of topics is similarly diverse.

Other methods of training delivery, some of which is subject to a charge, included one day Introductions to Charity Finance for those new to the charity financial management role and a series of four afternoon workshops. These were on understanding vital IT and legal issues to do with Employment Law, Business Management Systems, eCommerce and Internet Strategies and showed co-operation with two of our subscriber firms. Two other subscribers supported a seminar on 'Charity Mergers and Other Ways of Working Together'.

Relationships have been built up with other umbrella bodies and the first joint workshop with the Charities Internal Audit Network on Internal and Computer Audit was held in February. More joint workshops and seminars with them and other groups are being planned for 2000/2001.

Conferences

The 8th Annual CFDG Conference in May had the title "The Effective Finance Department". It had attracted around 250 delegates and was well received.

A repeat of the successful Risk Management Conference was run in September in conjunction with a subscriber.

New to the calendar was the Annual Charities' Investment Conference in conjunction with "The Guardian". It was designed to meet the needs of charities by advising them on approaches to investment management and policy, rather than as a showcase for investment advisers. The formula worked and the second event is planned for October.

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 responded to the Charities' Taxation Review and jointly presented two Conferences to disseminate the issues. We collaborated with other leading bodies as part of the Charities' Joint Fiscal Working Group to seek to influence reform and to train charities in the new regime announced by the Chancellor in his March budget. Our focus was on reducing the VAT burden and simplifying the arrangements for trading companies, but the changes in tax efficient giving are welcome.

The Chair of the Trustees and other CFDG members were on the SORP Review Committee which reported in December. We were privileged to be invited by the Charity Commission to launch the consultation document at a meeting at the Clothworkers' Hall.

Members are invited to respond individually on relevant consultations as well as to assist in formulating the CFDG response.

Annual Dinner

Professor William Beiter, an independent member of the Monetary Policy Committee of the Bank of England, both informed and entertained the guests in his after dinner speech.

CHARITY FINANCE DIRECTORS' GROUP

Report of the Board of Trustees for the year ended 31 March 2000 (incorporating a directors' report)

Other services

A major part of CFDG activities is providing information to members and others. Free helplines supply advice on accounting, legal, information technology and investment matters, and there is a collaborative sub-group focused on VAT issues. The Smaller Charities' Benchmarking Group is the newest special interest group to be established.

We plan to develop the service to provide Treasurers which has been welcomed by smaller charities in particular and will be launching our new Web site in summer 2000. That will be a preliminary to the launch of the Performance Resource Centre the following year. The site contains information and extracts from guidance leaflets which are accessible to all comers.

Publications

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

Future development

An increasing quantity of work is done by the CFDG and its members via information technology and the internet so we are investing in new systems to assist delivery of services and information. As membership increases so the need for a more sophisticated database has been identified to enable us to target specific sub-sets of members with information and to improve our knowledge management. Internet access will enable us to interact more quickly with them, government departments and others. We will, of course, continue to support members without internet facilities.

This improved technology will

- support our aim of establishing centres outside London and working with local providers of charity services to improve management amongst charities
- supply the platform for the Performance Resource Centre
- facilitate consultations with members
- enable new services to be introduced.

The education and training calendar will continue to focus on providing a greater breadth of topic at different levels of training and the format of training events will diversify to encompass interactive smaller scale workshops to larger lectures and conferences.

CHARITY FINANCE DIRECTORS' GROUP

Report of the Board of Trustees for the year ended 31 March 2000 (incorporating a directors' report)

Review of transactions (including reserves policy)

The year ended 31 March 2000 showed continued growth both in incoming resources and in resources expended on services.

Total Incoming Resources, at £274,889, increased by £61,858, or 29% over 1999. While the NLCB grant (described in detail in the Review of Activities) of £14,795 was a significant source of new income, the increase in existing sources of income still showed growth of 22% over 1999, which is very encouraging. The growth in membership numbers and income is similarly described in the Review of Activities.

Total Resources Expended rose by just under 20% to £247,462, compared to the 17% increase shown in the previous year. Direct Charitable Expenditure increased by just under 20%, to £231,167, representing 93.4% of the total, compared to 92.8% in the previous year. 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.

The overall surplus for the year was £27,427 of which nearly £23,000 was on Unrestricted Funds. This brings the reserves to £239,433, of which £4,511 is the unexpended balance of the PRC fund. Unrestricted reserves now stand at just under £235,000. Last year's Review of Transactions explained how the reserves had grown and concluded "The Board of Trustees reviewed the group's expected income and expenditure flows and other risks. After allowing also for the funding of fixed assets, current working capital the Board of Trustees believes that an appropriate level for reserves is £150,000".

The move of premises in May 2000 will require that some of these reserves be expended, as will the necessary development of CFDG's IT capacity, particularly as it relates to linkages with the NLCB funded Performance Resource Centre work. At this stage the Trustees are confident that such internal investment is both justified and productive, and the level of reserves can support it – at least in the short-term. However, while CFDG's activities continue to show such marked growth and development, the Board will need to regularly re-evaluate the prudent level of reserves.

In 1996/97 the Board of Trustees designated a fund in the amount of £5,000 for the purposes of research. The original plans did not come to fruition, and this amount has now been undesignated and returned to general funds.

Tangible fixed assets

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

Auditors

A resolution for the reappointment 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

DAVID KING

Date: 7 June 2000

CHARITY FINANCE DIRECTORS' GROUP

Report of the auditors to the members of Charity Finance Directors' Group

We have audited the financial statements on pages 9 to 14 which have been prepared under the historical cost convention and in accordance with the accounting policies set out on page 11.

Respective responsibilities of the Board of Trustees and Auditors

As described on page 4, the Board of Trustees are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 Board of Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 the information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 March 2000 and of its incoming resources and application of resources, including its income and expenditure, for the year ended on that date and have been properly prepared in accordance with the Companies Act 1985.

CHANTREY VELLACOTT DFK

Chartered Accountants
Registered Auditors

LONDON

Date: 7 June 2000

CHARITY FINANCE DIRECTORS' GROUP

Statement of financial activities (incorporating an income and expenditure account) for the year ended 31 March 2000

	Notes	Unrestricted £	Restricted £	2000 Total £	1999 Total £
Incoming Resources					
Member's subscriptions		156,926	-	156,926	112,570
Events		80,580	-	80,580	71,537
Publications & mailings		8,616	-	8,616	6,420
Grant	3	-	14,795	14,795	-
Other income		857	-	857	4,270
Bank interest		13,115	-	13,115	18,234
Total incoming resources		260,094	14,795	274,889	213,031
Resources expended					
	4				
Direct charitable expenditure					
Membership Services		96,085	10,284	106,369	90,627
Events		74,933	-	74,933	69,276
Publications & Mailings		49,865	-	49,865	32,930
		220,883	10,284	231,167	192,833
Other expenditure					
Management and administration of the charity		16,295	-	16,295	14,900
Total resources expended		237,178	10,284	247,462	207,733
Net incoming resources for the year	5	22,916	4,511	27,427	5,298
Fund balances brought forward at 1 April 1999		212,006	-	212,006	206,708
Fund balances carried forward at 31 March 2000	11	234,922	4,511	239,433	212,006

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 11 to 14 form part of these financial statements.

CHARITY FINANCE DIRECTORS' GROUP

Balance sheet as at 31 March 2000

	Notes	2000 £	1999 £
Fixed assets			
Tangible fixed assets	7	3,032	2,209
Current assets			
Debtors	8	9,806	10,758
Cash at bank and in hand		299,178	294,488
		<u>308,984</u>	<u>305,246</u>
Creditors: amounts falling due within one year	9	<u>(72,583)</u>	<u>(95,449)</u>
Net current assets		<u>236,401</u>	<u>209,797</u>
Total assets	12	<u>239,433</u>	<u>212,006</u>
Funds			
Unrestricted - general		234,922	207,006
- designated	10	-	5,000
Restricted		4,511	-
		<u>239,433</u>	<u>212,006</u>

Approved on 7 June 2000 by the Board of Trustees
and signed on their behalf by:

DAVID KING)
)
)
)
PHILIP COLLINS)

The notes on pages 11 to 14 form part of these financial statements.

CHARITY FINANCE DIRECTORS' GROUP

Notes to the financial statements For the year ended 31 March 2000

1. Guarantee status

Charity Finance Directors' Group 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 are prepared under the historical cost basis of accounting and in accordance with applicable accounting standards and the Statement of Recommended Practice "Accounting by Charities".

b) Fund accounting

Restricted funds are subject to specific trusts imposed by the donor. Designated funds are amounts set aside at the discretion of the Trustees (see note 10).

c) Grants

Grants are credited to incoming resources on the earlier date of when they are received or when they are receivable, unless they relate to a specified future period, in which case they are deferred.

d) Subscriptions and events

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

e) Allocation of costs

Direct costs, including salaries paid from the NLCB 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:

Members' meetings	50%
Events	20%
Publications	20%
Administration	10%

f) Capitalisation

Assets with a cost in excess of £750 intended to be of ongoing use to the company 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

The company 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.

CHARITY FINANCE DIRECTORS' GROUP

Notes to the financial statements For the year ended 31 March 2000

3. Income from Grants

The CFDG acknowledges funding from the National Lottery Charities Board of £14,795 (1999 : nil) for development of a Performance Resource Centre for Charities.

4. Resources expended

	Staff costs £	Other direct costs £	Overheads £	Total 2000 £	Total 1999 £
Direct charitable expenditure					
Membership Services	70,740	21,033	14,596	106,369	90,627
Events	24,988	44,107	5,838	74,933	69,276
Publications	24,988	19,039	5,838	49,865	32,930
	<u>120,716</u>	<u>84,179</u>	<u>26,272</u>	<u>231,167</u>	<u>192,833</u>
Other expenditure					
Management and administration of the charity	12,494	881	2,920	16,295	14,900
	<u>133,210</u>	<u>85,060</u>	<u>29,192</u>	<u>247,462</u>	<u>207,733</u>
Total resources expended (1999)	<u>105,895</u>	<u>66,654</u>	<u>35,184</u>	<u>207,733</u>	

5. Net incoming resources

	2000 £	1999 £
These are stated after charging:		
Auditors' remuneration	881	-
Depreciation	2,778	1,878
Operating leases – land and buildings	<u>6,107</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 (1999 : £Nil). No travel expenses were paid to the Board of Trustees during the current year nor the previous year. Trustees indemnity insurance of £236 for the Board of Trustees was paid during the year (1999 : £881).

b) Employee costs during the year were:	2000 £	1999 £
Salaries and wages	96,298	82,343
Social security costs	9,630	7,952
Pension costs	6,511	5,625
Agency staff costs	<u>20,771</u>	<u>9,975</u>
	<u>133,210</u>	<u>105,895</u>

CHARITY FINANCE DIRECTORS' GROUP

Notes to the financial statements For the year ended 31 March 2000

6. Board of Trustees and employee information

	2000	1999
The number of employees whose emoluments amounted to over £40,000 during the year was as follows:		
£40,001 - £50,000	1	1
	<u> </u>	<u> </u>
The average number of persons employed during the year was:	4	4
	<u> </u>	<u> </u>

7. Tangible fixed assets

	Office equipment £	Computers £	Total £
Cost:			
At 1 April 1999	940	6,572	7,512
Additions	611	2,990	3,601
	<u> </u>	<u> </u>	<u> </u>
At 31 March 2000	1,551	9,562	11,113
	<u> </u>	<u> </u>	<u> </u>
Depreciation:			
At 1 April 1999	705	4,598	5,303
Charge for year	388	2,390	2,778
	<u> </u>	<u> </u>	<u> </u>
At 31 March 2000	1,093	6,988	8,081
	<u> </u>	<u> </u>	<u> </u>
Net book value:			
At 31 March 2000	458	2,574	3,032
	<u> </u>	<u> </u>	<u> </u>
At 31 March 1999	235	1,974	2,209
	<u> </u>	<u> </u>	<u> </u>

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

8. Debtors

	2000 £	1999 £
Prepayments and accrued income	9,806	10,758
	<u> </u>	<u> </u>

CHARITY FINANCE DIRECTORS' GROUP

Notes to the financial statements For the year ended 31 March 2000

9.	Creditors: amounts falling due within one year	2000	1999
		£	£
	Other creditors and accruals	5,129	8,129
	Taxation and social security costs	3,441	2,600
	Deferred income	64,013	84,720
		<u>72,583</u>	<u>95,449</u>

10. **Designated funds**

Up until the year ended 31 March 1999, these are monies set aside by the Board of Trustees as a Research Fund.

11. **Total funds**

	Opening balance	Incoming resources	Resources expended	Transferred in the year	Closing balance
	£	£	£	£	£
General	207,006	260,094	(237,178)	5,000	234,922
Designated	5,000	-	-	(5,000)	-
Restricted – Lottery fund	-	14,795	(10,284)	-	4,511
	<u>212,006</u>	<u>274,889</u>	<u>(247,462)</u>	<u>-</u>	<u>239,433</u>

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

Fund balances at 31 March 2000 are represented by:

	General fund	Restricted fund	Total fund
	£	£	£
Fixed assets	3,032	-	3,032
Debtors	9,806	-	9,806
Cash	294,667	4,511	299,178
Creditors	(72,583)	-	(72,583)
Total net assets	<u>234,922</u>	<u>4,511</u>	<u>239,433</u>

13. **Operating leases**

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

	2000	1999
	£	£
Leases expiring:		
Within one year	-	5,000
After 5 years	31,219	-
	<u>31,219</u>	<u>5,000</u>

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 2000.

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 2000 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