

Company number 3182826

Charity number 1054914

**CHARITY FINANCE
DIRECTORS' GROUP**

**Annual Report and
Financial Statements
31 March 1999**

CHARITY FINANCE DIRECTORS' GROUP

Annual report and financial statements for the year ended 31 March 1999

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CHARITY FINANCE DIRECTORS' GROUP

Officers and advisers

Charity No: 1054914

Company No: 3182826

Executive Committee

David King (Chairman)

Alexis Chapman

Philip Collins

Bill Cottle (Treasurer)

Mark Freeman (appointed 18 February 1999)

Martin Isaacs

Leslie Jones

Ian Theodoreson (appointed 9 June 1999)

Directors resigning in the year:

David Bailey (28 September 1998).

Stephen Burgess (8 September 1998)

Anne Leadercramer (18 February 1999)

Nigel Scott (28 September 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 3SB.

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 Executive Committee for the year ended 31 March 1999 (incorporating a directors' report)

The Executive Committee, who are the trustees and the company's directors, present their annual report and financial statements for the year ended 31 March 1999.

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.

Executive Committee

Members of the Executive Committee are shown on page 1.

Members of the Executive Committee 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 Committee to fill vacancies arising during the year. The number of members of the Committee 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 committee 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 Committee. They are not members of the company and are not entitled to vote.

CHARITY FINANCE DIRECTORS' GROUP

Report of the Executive Committee for the year ended 31 March 1999 (incorporating a directors' report)

Responsibilities of the executive committee

Company law requires the Executive Committee 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 Executive Committee 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 Executive Committee 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

Membership of the Charity Finance Directors' Group continued to grow during the year. Members are employed by charities with a wide range of purposes and annual income levels. The programme of training and activities of the Group has been diversified accordingly. Relocation to Central London has improved accessibility but resulted in some increase in costs.

Education and training

Afternoon meetings open to all members were held in each month except August and September. The aim of these meetings is to provide for the exchange of information and guidance on carrying out aspects of the work of the senior finance personnel in charities and on changes in law, regulations and other issues which affect that work. During the year meetings were addressed by members of the Group and by professional persons with relevant knowledge and expertise. Subjects included reviews of the Budget provisions, recruitment issues, development of the finance function, and fraud prevention.

Special Interest Groups continued to flourish, with a further one, for charities which are learned societies, being added to the overseas charities and computer software groups set up previously. These groups hold regular meetings and allow in-depth exploration of topics by smaller numbers of members. They are hosted by members or subscribers.

A one-day conference on Risk management was provided for members which attracted over 150 delegates. The Conference covered a variety of risks to which charities are exposed and suggested how they could be reduced.

Another day was devoted to Information Technology issues, when 80 members attended a forum to consider application of new communications systems to charities.

Introductory training days for those new to the charity financial management role were held in London and were well received as part of the strategy to develop understanding in smaller charities.

CHARITY FINANCE DIRECTORS' GROUP

Report of the Executive Committee for the year ended 31 March 1999 (incorporating a directors' report)

Annual conference

On 12 May the seventh one-day Annual Conference of the Charity Finance Directors' Group was held at the Barbican Centre in London. Over 200 delegates attended a wide range of topical lectures, seminars and workshops. Conference is open to non-members on payment of an enhanced fee.

The annual visit to charity premises to see and hear at first hand of the work of one of the members of the Group took 30 members to Christ's Hospital in Sussex. The head of finance at this co-educational boarding school gave a talk on the organisation and funding of the school. A separate charge was made to defray the cost of this visit.

Annual dinner

Martin Bell, MP, was the speaker at the Annual Dinner held in October, his work in the war torn areas of the world being particularly relevant to members involved with overseas aid charities.

Working with other bodies

The expected consultation document on the Review of Charities Taxation was published in March 1999. The CFDG is collaborating with other umbrella organisations to prepare a detailed response.

During the year the Charity Commission announced a review of the Charities Statement of Recommended Practice for accounts. The Chairman of the CFDG and other members of the group are on the review committee. Recommendations for change are anticipated within the 1999/2000 financial year.

The CFDG also responded to the Charity Commission consultation on the Framework for the Review of the Register of Charities and the DETR Local Government Finance Review consultation, in relation to Business Rates.

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.

During the year a service to provide Treasurers for charities was launched which has successfully placed some of our members as Treasurers or audit committee members of other charities.

Networking amongst members on use of professional services and equipment, methods of working and implementation of controls and systems is supported by the database of members. This, together with the range of information leaflets, has expanded considerably during the year.

CHARITY FINANCE DIRECTORS' GROUP

Report of the Executive Committee for the year ended 31 March 1999 (incorporating a directors' report)

Publications

Information is also disseminated through Newsletters and through the Charity Finance Yearbook. The 1999 edition had over 400 pages and contained articles of high quality which were of educational benefit to readers. Provided free to members the Yearbook is also sold and has become a significant reference work for those interested in finance and charities.

Future development

To maintain the diversity of information and services which are necessary to ensure the effectiveness and growth of CFDG it has been decided that a modest increase in subscription levels should be imposed for the first time in four years. That additional resource will assist in expanding the training programme and developing guidance in accordance with the strategy adopted by the Executive Committee. Finance and accounting is becoming increasingly an integral part of all the management functions of charities and the responsibilities of the finance staff, particularly those at a senior level, now regularly extend to information technology, human resources, facilities management and other functions. Work of the CFDG must assist to support and develop the application of financial skills and training across this wider spectrum.

Review of transactions

There was continued growth in the year ended 31 March 1999 in both membership and activities. Total income, £213,031, increased only slightly this year, as there were no donations in kind, compared to £9,000 in 97/98, when a part of the Executive Director's salary was funded by Flemings. Membership subscriptions increased by a little over £7,000, almost 7 per cent, to £112,570. Added to that, a net increase of just over £2,000 in other sources of income means that the £9,000 shortfall was made up.

Total expenditure rose by nearly 17 per cent to £207,733, a lower percentage increase than last year. The biggest single increase was in salaries, slightly over £20,000 more than in the previous year. The increase in staff costs reflects the increases in CFDG's size, its continuing increase in membership and the wider range of activities undertaken, as described in the review of activities above. The relocation to Central London has also led to increased costs, some £8,000, but the new office is much more convenient for all concerned - members, subscribers, staff, the executive committee and other individuals and organisations with whom the group has dealings.

The overall surplus for the year was £5,298 and reserves are now £212,006. They had been built up during the mid to late 90's to allow the group to take on the full time cost of the director's post in addition to further posts required to carry out the increased range of activities for a larger membership. The Executive Committee reviewed the group's expected income and expenditure flows and other risks. After allowing also for the funding of fixed assets, current working capital and designated funds, the Executive Committee believes that an appropriate level for reserves is £150,000.

CHARITY FINANCE DIRECTORS' GROUP

Report of the Executive Committee for the year ended 31 March 1999 (incorporating a directors' report)

Review of transactions

The Trustees also believes that the ongoing payroll costs should be financed as much as possible from ongoing membership subscriptions. The Group's policy is to allow the reserves to reduce gradually to the target level of £150,000 and also to ensure that ongoing costs are covered by ongoing income. Therefore in 1999/2000 the Committee has budgeted for a deficit of £37,000 to cover the short term imbalance between income and expenditure.

The Committee also decided to increase subscriptions for the first time in four years so that continuing income will finance routine running costs. For this reason the membership subscriptions have now been increased for the first time in 4 years. This will then leave CFDG with an appropriate level of reserves to protect the Group's activities against risk and to fund development of the organisation.

Tangible fixed assets

The movements in the company's tangible fixed assets are set out in note 6.

The millennium

The Executive Committee are aware of the year 2000 millennium bug and have taken independent advice on the reliability of the current computer systems, and where necessary, are presently engaged in replacing certain equipment and software to ensure compliance.

Auditors

A resolution for the reappointment of Chantrey Vellacott as auditors of the company will be proposed at the forthcoming Annual General Meeting.

ON BEHALF OF THE EXECUTIVE COMMITTEE

DAVID KING

Date: 15 June 1999

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 Executive Committee and Auditors

As described on page 4, the Executive Committee 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 Executive Committee 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 1999 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: 15 June 1999

CHARITY FINANCE DIRECTORS' GROUP

Statement of financial activities (incorporating an income and expenditure account) for the year ended 31 March 1999

	Notes	Total 1999 £	Total 1998 £
Incoming Resources			
Members' subscriptions		112,570	105,384
Events		71,537	69,437
Publications		6,420	8,193
Donations in kind	2b	-	9,000
Other income		4,270	5,699
Bank interest		18,234	14,708
		<hr/>	<hr/>
Total incoming resources		213,031	212,421
		<hr/> <hr/>	<hr/> <hr/>
Resources expended			
	3		
Direct charitable expenditure			
Members' meetings		90,627	75,682
Events		69,276	62,192
Publications		32,930	25,836
		<hr/>	<hr/>
		192,833	163,710
Other expenditure			
Management and administration of the charity		14,900	14,377
		<hr/>	<hr/>
Total resources expended		207,733	178,087
		<hr/> <hr/>	<hr/> <hr/>
Net incoming resources for the year		5,298	34,334
Fund balances brought forward at 1 April 1998		206,708	172,374
		<hr/>	<hr/>
Fund balances carried forward at 31 March 1999		212,006	206,708
		<hr/> <hr/>	<hr/> <hr/>

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 pages 11 to 14 form part of these financial statements.

CHARITY FINANCE DIRECTORS' GROUP

Balance sheet as at 31 March 1999

	Note	1999 £	1998 £
Fixed assets			
Tangible fixed assets	6	2,209	4,087
Current assets			
Debtors	7	10,758	9,139
Cash at bank and in hand		294,488	289,190
		<u>305,246</u>	<u>298,329</u>
Creditors: amounts falling due within one year	8	(95,449)	(95,708)
Net current assets		<u>209,797</u>	<u>202,621</u>
Total assets		<u>212,006</u>	<u>206,708</u>
Funds			
Unrestricted - general		207,006	201,708
- designated	9	5,000	5,000
		<u>212,006</u>	<u>206,708</u>

Approved on 15 June 1999 by the Executive Committee and signed on their behalf by:

DAVID KING)
)
)
)
)
BILL COTTLE)

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 1999

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) Donations in kind

Donations in kind represent the cost of the Executive Secretary £Nil (1998 : for three days a week for 3 months).

c) Subscriptions and events

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

d) Allocation of costs

Direct costs are allocated on an actual basis to the relevant expense heading. Salaries and overheads are allocated between expense headings on the basis of time spent, as follows:

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

e) 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.

f) 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

g) 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 1999

3. Resources expended	Salaries	Other direct costs	Overheads	Total 1999	Total 1998
	£	£	£	£	£
Direct charitable expenditure					
Members' meetings	52,948	20,087	17,592	90,627	75,682
Events	21,179	41,060	7,037	69,276	62,192
Publications	21,179	4,714	7,037	32,930	25,836
	<u>95,306</u>	<u>65,861</u>	<u>31,666</u>	<u>192,833</u>	<u>163,710</u>
Other expenditure					
Management and administration of the charity	10,589	793	3,518	14,900	14,377
Total resources expended	<u>105,895</u>	<u>66,654</u>	<u>35,184</u>	<u>207,733</u>	<u>178,087</u>
Total resources expended (1998)	<u>85,634</u>	<u>66,971</u>	<u>25,482</u>	<u>178,087</u>	

No audit fee has been charged (1998 : £NIL).

4. Net incoming resources	1999	1998
	£	£
These are stated after charging:		
Auditors' remuneration	-	-
Depreciation	1,878	1,878
Operating leases – land and buildings	<u>6,107</u>	<u>-</u>

5. Executive committee and employee information

- a) No remuneration was paid to the Executive Committee during the year (1998 : £Nil). Travel expenses of £30 were paid to one Executive Committee member in the current year. Minimum travel expenses were paid in the previous year. Trustees indemnity insurance of £881 for the Executive Committee was paid during the year (1998 : NIL).

b) Employee costs during the year were:	1999	1998
	£	£
Salaries and wages	82,343	73,403
Social security costs	7,952	7,597
Pension costs	5,625	4,634
Agency staff costs	<u>9,975</u>	<u>-</u>
	<u>105,895</u>	<u>85,634</u>

CHARITY FINANCE DIRECTORS' GROUP

Notes to the financial statements For the year ended 31 March 1999

5. Executive committee and employee information

	1999	1998
The number of employees whose emoluments amounted to over £40,000 during the year was as follows:		
£40,001 - £50,000	1	1
The average number of persons employed during the year was:	<u>4</u>	<u>3</u>

6. Tangible fixed assets

	Office equipment £	Computers £	Total £
Cost			
At 1 April 1998	940	6,572	7,512
Additions	-	-	-
	<u>940</u>	<u>6,572</u>	<u>7,512</u>
At 31 March 1999	<u>940</u>	<u>6,572</u>	<u>7,512</u>
Depreciation			
At 1 April 1998	470	2,955	3,425
Charge for year	235	1,643	1,878
	<u>705</u>	<u>4,598</u>	<u>5,303</u>
At 31 March 1999	<u>705</u>	<u>4,598</u>	<u>5,303</u>
Net book value			
At 31 March 1999	<u>235</u>	<u>1,974</u>	<u>2,209</u>
At 31 March 1998	<u>470</u>	<u>3,617</u>	<u>4,087</u>

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

7. Debtors

	1999 £	1998 £
Prepayments and accrued income	<u>10,758</u>	<u>9,139</u>

CHARITY FINANCE DIRECTORS' GROUP

Notes to the financial statements For the year ended 31 March 1999

8.	Creditors: amounts falling due within one year	1999	1998
		£	£
	Other creditors and accruals	8,129	4,788
	Taxation and social security costs	2,600	4,250
	Deferred income	84,720	86,670
		<u>95,449</u>	<u>95,708</u>

9. **Designated funds**

These are monies set aside by the Executive Committee as a Research Fund.

10. **Operating leases**

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

	1999	1998
	£	£
Leases expiring: Within one year	5,000	-

CHARITY FINANCE DIRECTORS' GROUP

Chantrey Vellacott,
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 1999.

1. We acknowledge as the Executive Committee 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 executive committee and management meetings, have been made available to you.
2. No events have occurred and no facts have been discovered since 31 March 1999 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.

5. We confirm that we have approached our IT suppliers to assess the potential impact of the year 2000 'millennium bug' upon the activities of the charity. This exercise is due to be shortly completed, when the trustees will consider the issues arising and determine an action plan with the aim of minimising the impact of the year 2000. In the opinion of the trustees, all disclosures in the trustees report and financial statements regarding the year 2000 millennium bug upon the activities of the charity are sufficient.

Yours faithfully,

_____ Treasurer

_____ Date