



## Charity Finance Directors' Group

(A Charitable Company Limited by Guarantee)

### Annual Report and Financial Statements

31 March 2010

Registered Charity No. 1054914  
Company No. 3182826

## **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:

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

## **The Charity Finance Directors' Group**

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**Charity Finance Directors' Group**  
**Annual Report and Financial Statements**  
**For the year ended 31 March 2010**

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## Chair's Message

When I wrote this message last year, I ended by saying that as the recession bites it will hit all of us in different ways, and that while some may see it as a hindrance (or worse), others see an opportunity. The charity sector is certainly not immune from the economic downturn as our members have confirmed over the past year, and clearly there are going to be huge challenges ahead as public sector expenditure contracts.

I'm pleased to be able to report that CFDG has responded positively to this challenge and has managed to continue the upward trend of membership and non-member support for the conferences and training events. The support CFDG offers to charity finance directors is carefully tailored to their needs, and the concentration of effort in the last year on issues that matter to them is clearly appreciated. In the coming year CFDG will continue to expand its support and services to ensure it meets the needs of finance professionals working in the voluntary sector.

CFDG's survey, *Managing in a Downturn*, has been widely referred to in the Sector and marks a coming-of-age in terms of data series on the economic scale and impact of charities. Our policy team has been highly productive and topical over the year, including the 'election debate' at Portcullis House. The Trustees expect to increase this invaluable work over the coming year.

Having successfully piloted the first Northern conference in 2008, a second conference has been held in Manchester and for the first time CFDG organised a conference in Cardiff to serve the South West and Wales, reflecting the CFDG's commitment to broaden its reach outside London, and into the regions. CFDG is making excellent progress towards achieving its stated objective of being active throughout England and Wales.

In October Keith Hickey, the CFDG Chief Executive, departed for the RNIB and I'd like to take this opportunity to acknowledge on behalf of the charity the huge contribution he made to the progress and development of the organisation. David Membrey, Deputy CEO, stepped into the breach as Acting CEO admirably and ensured that we have maintained momentum through the transition. Along with our committed and talented staff team, CFDG has delivered a tremendous year of progress. I'm pleased to welcome Caron Bradshaw as the new Chief Executive and I and the Trustee Board look forward to working with her in taking the organisation forward.

I would like to pay particular tribute to my fellow trustees Melvin Coleman (Vice Chair) and Tom Sterry MBE (Treasurer) who retired mid year. They have provided sure support and good stewardship in all the work of CFDG. During the year we were delighted to welcome Mark Oaten, Kim Catcheside, Mark Hilton and Sally O'Neill to the board and their expertise is already making a valuable contribution.

So what of 2010 and the year ahead? It will continue to be tough, with turbulence in the economy and the inevitable impact of public sector funding restrictions. I anticipate a year in which significant questions will be asked of finance professionals in the sector; CFDG will continue to work with, and alongside those who manage charity funds, enabling them to make the most of new circumstances and emerging challenges. We look forward to working together in 2010.



Charles Nall  
Chair of Trustees, CFDG

## **Report of the Board of Trustees For the year ended 31 March 2010 (incorporating the Directors' Report)**

### **Principal achievements of the year and plans for the year ahead**

CFDG delivers an ambitious programme of conferences, training and member services throughout the year in various locations throughout England and Wales. The CFDG website provides detailed information on emerging policy issues, regulatory consultations, best practice in charity finance management and the range of services that are available to CFDG members. In summary:

#### **Member Services**

Supporting charity finance directors is at the heart of CFDG's mission and vision. Year on year growth in our membership numbers is a clear indication that our membership services meet the needs of charity finance professionals. At 31<sup>st</sup> March 2010 the membership stood at 1,715, an increase of nearly 7% on the figure of 1,608 a year ago. Our growth in 2009 came from the steady recruitment of new members, and the excellent retention rate for existing members of over 90%. We consider this a particularly good result in a difficult economic climate.

Key to this growth is the relevance and comprehensiveness of the resources and support that the organisation offers, and the priority of CFDG is to continue to build on this foundation. During the year, for the first time, CFDG undertook research amongst non-members. The research project was designed to increase our understanding of how CFDG is perceived and how well aligned the services provided are with the needs of those charity finance professionals not currently in membership. The research indicated high levels awareness of CFDG and keen interest in the services and support provided. Securing feedback from the membership is also essential. In May the membership survey canvassed views on current and future CFDG activities. The membership meetings, monthly newsletter and conferences continue to be highly valued, and the results of the member and non-member research are already shaping our activities in the fields of best practice, professional development and the provision of on-line support.

The development of the website as a vital resource and tool to support CFDG's wider strategies continued apace, with the aim to establish the CFDG website as the first port of call for information about charity finance. During the year, both the content and the look and feel of the site were enhanced. In 2010 the underlying technology will move to a content management system, which will greatly improve the management of the site as well as provide the technology platform necessary to develop it further in order to meet both the current and future needs of finance professionals; especially in the areas of online networking, information sharing and professional development.

In the last two years, one of our ongoing initiatives has been to take membership events, conferences and training outside of London, to reflect the geographic spread of charities in England and Wales. The second Northern Conference was held in Manchester in 2009 and the first South West and Wales Conference was held in Cardiff. Both these conferences exceeded expectations and will now be regular fixtures in the CFDG calendar.

Members' meetings remain the heart and soul of the CFDG community, offering an opportunity to hear from experts in charity finance management and share knowledge and best practice in an informal setting. During the year, a total of 1,741 members attended 26 meetings held in locations across England and Wales, 6% increase on the previous year. Drawing on member feedback, in 2010 the membership programme will

include such tried and trusted topics as risk, VAT, reporting etc., but will be expanded to cover a broader range of themes such as leadership and organisational strategy. We also recognise there is an opportunity to develop meeting content that is relevant to particular charity sectors, or charities in a specific income band.

In 2010 the membership focus will continue to be on sustaining growth through new member recruitment and the retention of existing members, by responding to what our survey and research work tells us is of most interest to finance managers, developing our role in influencing decision makers and regulators on the key issues that affect the sector, and by maintaining and expanding the support of the corporate sector in order to deliver high quality, cost effective, training and conferences. Our aim is to increase membership to 1,800 during the year 2010/11 (a net growth of 5%).

## **Professional Development**

The core of CFDG's professional development programme is the delivery of conferences and training that bring together excellent speakers on key topics and emerging issues. All our conferences and training events are open to member and non-member finance professionals in the voluntary sector. Our KPI for the year was to attract 3,900 delegates to our educational events (this does not include the Annual Fundraising Dinner). We surpassed this by 8% with 4,198 delegates at 67 events.

Overall, conferences have been better attended than ever before, reflecting the quality of the speakers CFDG is able to attract, and this popularity in turn has made them an attractive proposition for securing support from a growing number of corporate subscribers. In the year 2009/10 a total of 1,403 delegates attended seven conferences, an increase of over 200 on the previous year. This increase is largely made up of the two new conferences we put on in the year, namely the South West and Wales Conference and the Tax Conference, attendance at our other five regular conferences remained stable.

The cornerstone of the calendar is the Annual Conference held in May each year. This year the Conference was titled 'Managing in a Recession' and we welcomed 575 delegates on the day. The variety and quality of the programme was reflected in delegate feedback, and as one attendee said, the day was a: "Very good choice of breakout sessions and excellent plenaries - a good day of charity education".

The IT conference in March entitled 'Getting IT Right' attracted almost 200 delegates. The key theme for this year's conference was the importance of defining and measuring the benefits of IT within an organisation.

The Risk Conference, entitled 'Solid Foundation' in November 2009. Once again, speakers often focussed on topics related to the prevailing economic downturn and the specific risks in that environment. A highlight of the conference was Sir Christopher Kelly's opening plenary on the lessons from the Heyday Report. Now that the dust had settled, he was able to be frank about what he felt were the key reasons for the failure of this initiative.

As noted above, another step towards full regional representation was taken with the first conference for the South West and Wales region held in Cardiff in October, and covering a range of essential charity issues, as well as a second Northern Conference in Manchester. Both these regional conferences have been well supported and are set to continue in the future.

Following research and member feedback, our inaugural Tax Conference was run in February 2010, covering this complex area in relation to charities. Subjects included latest developments in the UK and Europe as well as VAT and employment tax. The

session from HM Revenue and Customs (HMRC) on the impending introduction of iXBRL caused quite a stir.

Apart from these major events, CFDG again ran a full programme of training events geared to those new to the sector and covering charity finance, investment, and tax, as well as special events on subjects such as contract and grants, pensions and charities' trading.

CFDG also continues to host two active special interest groups, one aimed at overseas development organisations and the other at large charities (those with a turnover of more than £46m). These groups had very active email discussion forums and also each ran four special meetings during the year.

2009 saw the completion of the Professional Development Strategy. The work focused on a review of the existing programme, increasing our understanding of the needs and aspirations of finance professionals, identification of new opportunities, and consideration of delivery mechanisms and media. One of the key themes to emerge was how central the CFDG website is to providing the supporting infrastructure for knowledge, training and conferences and the need for investment in this crucial area. Priorities for action have been identified and the first phase of Strategy implementation will begin in 2010. During 2010/11 we will deliver more of our training programme outside London, taking at least four of our courses to locations in the Midlands, North and South West and Wales.

We plan to attract 4,400 delegates to our events in 2010/11 a 5% improvement on what we achieved in 2009/10. We will do this by a combination of maintaining levels for our long-established events and growing our regional events and adding some new ones in the London area. We also intend to monitor feedback from all events so that we can show that satisfaction levels of delegates are improving.

## **Policy**

In last year's Report we noted our plans to continue discussions with HM Treasury and HMRC on potential reform of both Gift Aid and VAT. We were active on both of these fronts during the year. HM Treasury invited CFDG to join the Gift Aid Forum that was set up in 2009 with a view to reporting back in September 2010 with its recommendations as to how best to reform and simplify Gift Aid.

We held a special meeting in October 2009 with Pricewaterhouse Coopers (PwC) and the Pensions Regulator to look at the issue of defined benefit pensions schemes and the increasing FRS17 deficits that many charities face. This issue is one that we plan to carry forward in 2010/11 with further research and recommendations.

We continue to maintain good links with the major Westminster political parties. David Blunkett (Labour) addressed the annual dinner, following in the footsteps of Vince Cable (Liberal Democrat), and Orlando Fraser (Conservative adviser) addressed the annual trustee dinner.

In addition to our internal analysis of party positions, in September 2009 we published a special *Analysis of Conservative Party Policy on the Third Sector*. It was apparent that the Conservatives' vision of the sector was very different to the current reality in relation to changes to public funding levels and commissioning, the structure of the sector or what new expectations there may be. Broadly speaking, Conservative aims can be divided into five headings: reducing red tape and commissioning of public services; localism and a small charity focus; volunteering and giving; the private sector; and changing government.

Also in September 2009 we published *Public Funding Cuts in the Third Sector: Scale and Implication*. This looked in some detail at how the inevitable cuts in public sector funding might impact the sector over the next four or five years. The impact of the cuts will depend to some extent on the degree to which the Third Sector is considered a priority for public sector delivery combined with when we start to see growth of around 2.5% return to the economy.

In November 2009 we launched our paper on the regulatory regime, *Regulation and Charities: A CFDG Position Paper*. Regulation is a key issue for charities and for the wider third sector, and we believe there are distinct benefits to be gained from considered, proportionate, efficient regulation, particularly when it helps to build public trust and confidence. However, we also believe there are significant improvements needed in the existing regulatory regime.

CFDG is a member of a working group taking forward proposals concerning substantial donors. The 2009 budget statement introduced this consultation that is designed to strengthen anti-avoidance whilst still freely allowing genuine donors to make substantial donations to charities. As ever such attempts to close tax avoidance loop-holes inevitably make life for charities significantly more complex.

The IFRS convergence agenda marks the beginning of the process by which the whole of UK GAAP will gradually merge into the IFRS framework. The implications for charity financial reporting are significant, potentially requiring the end of the Charity SORP as we know it. In March 2010 we issued *International Financial Reporting Standards for Charities: A review of the potential impact of recent proposals* in partnership with BDO.

*Managing in a downturn: an update of expectations six months on*, published in August in partnership with the Institute of Fundraising and PwC, showed that the expectations of the impact of the recession for the next 12 months were 50% worse than they were in December 2008. Almost every income stream had experienced a sharper decline than expected apart from statutory and legacy income. However, these were also expected to decline over the coming two years. Worryingly, although more charities were taking action as a result of the recession than in the previous December, there was no change in the number of charities that felt they had adequate financial forecasting and management systems in place. The third iteration of this survey was published in January 2010. This showed a slight improvement in income predictions from six months previously, however the majority of respondents were still forecasting falls in most types of income. It also showed that almost all respondents were planning to increase their investment in fundraising in 2010.

The implementation of the iXBRL data language as the format for submission of tax returns and annual accounts seems to have crept up on charities without a significant amount of notice until the Autumn of 2009. CFDG, under the leadership of its Vice Chair Roger Chester has been in consultation with HMRC to ensure that the resource implications for our members are minimised. We facilitated talks between members and HMRC prior to the finalization of the taxonomy and will be holding demonstration sessions around the country during 2010.

During the year the UK Payments Council announced the planned phasing out of cheques by October 2018. It was quickly clear that the charity sector had not been involved in any consultation on this important issue and CFDG immediately engaged in discussions with the Payments Council to rectify this. The result was the setting up of a CFDG Banking Forum with representatives from member charities as well as many UK banks and the Payments Council. This Forum first met in February 2010. We issued (in partnership with Barclays Bank) *The Phasing out of cheques – FAQs* in February 2010.

We held a very popular Election Debate in February 2010 with Angela Smith MP, Minister for the Third Sector, Nick Hurd MP, Shadow Minister for Charities, Social Enterprise and

Volunteering and Jenny Willott MP, Shadow Chancellor of the Duchy of Lancaster all answering questions put to them by CFDG members. There was broad agreement from all three MPs on most of the answers and you can be sure that we will be watching the new Government to ensure that they honour the pledges they have made to members!

Our election manifesto *A Level Playing Field* was published in March 2010. It was designed as a platform to engage with policy-makers on key issues. We asked for: proportionate, effective regulation; the opportunity to deliver innovative public services; a tax system that recognises how charities operate and does not unduly penalise them; and the development of a social investment wholesale bank.

In delivering our Policy work, CFDG is always conscious of the value of this work in raising our profile and building awareness of the work of the charity. At the beginning of the year we planned to achieve at least 127 mentions for CFDG in the press. In fact we had achieved 186 by the end of the year. This reflects the wide variety of initiatives that we launched during 2009/10 and the media plans that supported those initiatives.

Our 2010/11 KPI is to have at least 180 media mentions. This is a challenging target, but is on par with the actual media mentions for 2009/10. We will also develop a KPI in terms of meetings with key strategic partners.

The key focus for this coming year will be to make contact with incoming Ministers and Government officials. We will seek to establish annual meetings with key Ministers and bi-annual meetings with senior Whitehall officials. We will continue discussions with HM Treasury and HMRC on potential reform for both Gift Aid and VAT, and make ourselves available for any relevant meetings.

We are also looking to strengthen members' involvement in policy issues by establishing Policy Liaison groups on key issues. We have already established groups considering banking and on-line filing, and will continue this trend as appropriate.

## **Best Practice**

In June CFDG published *Sustainability in Practice: Monitoring and Reporting*, sponsored by PwC, looking at how and why charities should act and report on their environmental and social sustainability. This publication was very well-received by members and by the broader charity sector as it provided straightforward examples of how organisations of all sizes and sectors could engage with this important issue.

*Unlocking Socially Responsible Investment* was launched in March 2010. It seeks to support socially responsible investment (SRI) amongst charities by demonstrating the advantages, challenging perceived barriers and providing practical insights and guidance. We believe that SRI is a positive, forward-looking strategy for charity investment, and one that can reap significant mission-related and reputation-related benefits as well as financial benefits.

CFDG and NCVO set up an independent expert group to report on best practice in relation to how charities disclose expenses. This group held an online consultation during the Autumn of 2009, followed this with more detailed research, before publishing its report in February 2010. The final report acknowledged that disclosing charity expenses was desirable but concluded there was not sufficient evidence for a wholesale expansion of public reporting. It states that although there was no evidence of any structural problems with the handling of expenses in the sector, there was some evidence that guidance was not always followed (and indeed a subsequent Charity Commission survey has suggested that this failure to follow SORP guidelines is quite widespread).

Our existing suite of Helplines, Accounting and Tax (Horwath Clark Whitehill); Investment (JP Morgan Fleming); IT (John Tate); Legal (Charles Russell) and Insolvency (PwC and Gotham Erskine) was expanded in June 2009 with the launch of Charity Property Help in partnership with the Royal Institution of Chartered Surveyors (RICS), The Return Foundation and NCVO. This provides a free consultation of at least one hour (and in many cases significantly more) by a RICS member. There have been some notable successes in its first year of operation such as one member charity securing a saving of £80,000 on their property lease arrangements.

The Made Simple Guides library continued to grow with Guides produced on IT with the support of Sayer Vincent, and on legal matters with Berwin Leighton Paisner. These are issued each month with our Newsletter *FinanceFocus*, and remain a very popular part of our regular member support package.

Once again we ran our Finance Count benchmarking survey with Agenda Consulting. By allowing charities to understand and benchmark their performance, Finance Count is a key tool in helping charities to manage their risks, and to move safely through the recession.

The 8<sup>th</sup> Risk Survey with PKF *Managing Risk: keeping in control*, generated the highest response rate to date with 466 responses. The survey showed that many charities are experiencing a fall in income and an increased level of uncertainty. This may lead to a greater degree of caution in financial and operational management, which in turn could lead to lower levels of service provision just at the time that charities are predicting a rise in demand. Charities were positive about the extent to which risk management has helped them to deal with the recession, with 58% considering it effective in identifying the main issues, the potential severity and the speed of impact, and all but 4% considering it helpful to some degree in spotting the risks.

This year we ran our third salary survey in partnership with Hays Accountancy and Finance. Once again we had a very good response rate from our members. The results corroborated the message from the *Managing in a Downturn* survey that the full impact of the recession had not hit the sector until 2009 and that the majority of members expected that things would not improve in 2010.

The CFDG Yearbook was published in February and has been very well received by the membership. The publication was significantly larger this year at 482 pages with 80 articles as well as the usual selection of checklists and general reference material.

During the year we carried out a review of the online document library and the website as a whole prior to the implementation of a new content management system in the first quarter of 2010/11. In terms of the KPI for 2010/11, we will establish a feedback system on the document library, once our new website is up and running. We will continue to measure how many documents are downloaded from our website. This shows how well-used our website is. Our download target for 2010/11 is 106,000. This is an ambitious 10% improvement on the 2009/10 actual.

In April 2010 we released *Tax Implications of Charity Trading*, written by our Special Adviser Pesh Framjee. This has received very positive feedback and we will seek to build on this with publications on Relocation and Impact Reporting. We have also commenced work on formalising the design and layout of our publications. This work will further reinforce our brand and improve the quality and user-friendliness of our publications

## Corporate Support

As in previous years, the CFDG Annual Fundraising Dinner was held in October. The Dinner is an effective fundraiser for CFDG and the income generated makes a significant contribution to the development of our skills and knowledge agenda. We were delighted to welcome The Rt Hon David Blunkett MP who gave an entertaining after-dinner speech, rounding off an evening that had clearly been enjoyed by our corporate supporters and their charity guests.

Currently around 40% of CFDG income is generated from the corporate sector via the corporate subscriber scheme, sponsorship of our activities, support for the training programme, the sale of exhibition stands and of course gifts in kind. Our member meetings in England and Wales are hosted by corporate subscribers, subscribers support our member Helplines and contribute significant time and expertise to the development of our policy work.

During 2009/10 CFDG was able to maintain and expand our programme of work through the generous support of our corporate subscribers. Whether sponsoring publications or events and hosting meetings, training courses or Helplines we are grateful to: Baker Tilly; Barclays Bank; Bates, Wells and Braithwaite; BDO; Berwin Leighton Paisner; Blackrock; Bruton Knowles; BusinessHR Solutions; Chantrey Vellacott DFK; Charles Russell; Farrer & Co; Gotham Erskin; Grant Thornton; Haysmacintyre; Horwath Clark Whitehill; JP Morgan; Lloyds TSB; Marsh UK; Newton Investment; PKF; PwC; Rensberg Sheppards; Saffery Champness; Sarasin & Partners; Sayer Vincent; Schroders; Thomas Miller; Touchstone Group; Wilsons Solicitors.

The development of CFDG's relationship with the corporate sector is central to our plans for 2010 and beyond. Our aim is to develop medium and longer term relationships that secure the delivery of our ambitious programme of work, providing services and support for finance directors and managers, and opportunities for meaningful engagement for our corporate supporters.

## Valuing volunteers

CFDG relies heavily on the contribution made by volunteers to achieve its objectives, including speakers at members meetings and conferences, trainers at training events as well as the many hours of time provided by experts on the CFDG Helplines, all of which serve the beneficiaries of the charity. In addition to these essential services volunteers also serve on working groups covering policy, education and regional work.

We have not put a value on the many hours work that our volunteers freely give, but if we were to value them at £62 per hour (2009: £60) the total would come to £169,756 (2009: £166,000). Considering that the majority of our volunteers are finance professionals this would not be an unreasonable hourly rate.

	<b>2010</b>	<b>2009</b>
	Hours	Hours
Member Services	953	1,125
Professional Development	533	420
Policy	355	341
Best Practice	270	250
Governance	477	482
Support	150	155
<b>TOTAL</b>	<b><u>2,738</u></b>	<b><u>2,773</u></b>

## Sustainability Report

CFDG recognises the importance of economic, environmental and social sustainability, and minimising the environmental impact of the charity's operation is a priority. In 2008 a comprehensive plan was put into place to turn words into action, during 2009 all of the main changes in organisational behaviour such as reducing energy consumption and minimising waste, have now been integrated into our operations.

### Action in 2009/10

CFDG has also implemented some of the outstanding actions from 2008/09, as shown in the table below, and continued to encourage staff awareness around:

- selecting venues with good public transport links
- consider teleconferencing as an alternative to travelling to meetings
- use of re-cycled paper on publications
- re-using scrap-paper and envelopes
- using CFDG interest-free loans for bicycles
- providing vegetarian food options
- giving blood
- buying Fairtrade food and drink

Impact area	2008/09		2009/10	
	Target	Actual	Target	Actual
Energy	Auto switch-off from server	Not completed	Implement	Not possible; manual switch-off implemented
Travel	More tele-conferencing	Ongoing	Continue to encourage	Three tele-conferences successfully undertaken
Materials	All CFDG publications printed on recycled paper	Partially completed	Continue to pursue	Completed
	Annual procurement audit	Completed	Undertake annual audit	Completed
Culture and Heritage	Monthly update on local cultural events	Not completed	Circulate regular update	Not completed
Equity and Fairtrade	Set a maximum pay multiplier	Not completed	Find a benchmark	No benchmark available
	Introduce ethical banking	Completed	Formalise ethical criteria	In progress
Health and well-being	Two days of staff volunteering	Partially completed	Continue	One day organised
	Staff participation in development of the SMP	Ongoing	Continue	Ongoing

**Action in 2010/11**

During the past year CFDG developed a modified Sustainability Management Plan for 2010/11. The CFDG 2010/11 sustainability management plan will, in line with our publication *Sustainability in Practice*, focus on the areas where CFDG has most impact and can achieve change, namely: energy, waste, transport, and procurement, stakeholder involvement and social sustainability. CFDG has no impact on water or biodiversity apart from through procurement. In 2010/11 CFDG will implement this plan and its specific actions, and the challenge for the future is to ensure that measures adopted to date are fully embedded in the organisational culture of CFDG as a whole, and survive the inevitable changes in personnel.

## Review of Financial Position

The original budget for the year was a planned deficit of £106,778, the intention being to use some of the accumulated surplus that was in excess of the reserves policy on improving the website and other membership services. In fact, with the high demand for conference and training places helping to increase professional development income by 12%, combined with less than anticipated overall expenditure, the final outcome shows a much smaller deficit of £17,025.

Overall income has increased by 6% to £1,248,323. The income from membership has increased by 8%, a reflection of the increased number of members in the year, although this was still short of the budget by £15,000.

Over 40% of CFDG income comes directly from corporate subscribers in the form of annual fees, sponsorship, exhibition stands and the in-kind donation of venues, refreshments and time. Without this significant support CFDG would not be able to provide the wide range of cost effective services that our members have come to expect. At the beginning of the year CFDG Trading Ltd became operational and income relating to sponsorship and exhibiting now goes through this company, with the profit donated under gift-aid to the charity at year-end.

The income for Conferences and Training was £401,555, an increase of almost £44,000 on the previous year, and in excess of the budget by £43,000. Income supporting policy and best practice publications increased by £10,000, although this is also reflected in increased expenditure.

The Annual Dinner's income fell a little, by £11,400, from the previous year, reflecting the more challenging economic situation for our corporate sponsors.

The overall expenditure has increased by 5% to £1,265,348. This is 3% less than the budget for the year, almost entirely due to the provisions for management consultancy and the website development not being fully spent. In the case of the website, this expenditure will take place in 2010/11.

With increased income from both membership and professional development, expenditure has in turn been increased on servicing this demand to ensure members get the best possible service.

The restricted fund income and expenditure of £28,125 is for the publication on tax and trading in the charity sector funded by Capacity Builders through the Improving Support programme. This project was concluded in the year on budget.

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 – decreased by 19% in the year to £47,964.

As a consequence of these activities the General Fund now stands at £332,467, just over £150,000 more than the reserves policy.

## 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.

### Related Organisations

The charity has one wholly-owned trading subsidiary, CFDG Trading Ltd, which carries out ancillary trading on its behalf; further details can be found in note 2 to these financial statements.

### Organisational Structure

Only 7 out of the 10 Board Members need to be CFDG members, allowing 3 non-members to be appointed by the board as Trustees. This move aims to reflect the wider variety of skills such as marketing, lobbying, communications and media, which are essential to the delivery of CFDG's current strategic plan. Following an extensive recruitment process the two vacant non-member Trustee posts were filled by Mark Oaten MP and Kim Catcheside in June 2009. In September Two existing Trustees – Melvin Coleman and Tom Sterry MBE - came to the end of their second three-year term of office and another four came to the end of their first term. Consequently there was a postal ballot and the four standing Trustees were re-elected for their second term and two new Trustees – Mark Hilton and Sally O'Neill – were elected.

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 four times each year and holds an additional strategic planning day. We also have Pesh Framjee of Horwath Clark Whitehill as our Special Adviser and John Tate who is our IT Adviser. The supporting committees include at least one Trustee and are listed on the back page:

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 five main work activities, as described earlier in this report. Other Support Groups are set up as needed to support and inform the staff team; we are very grateful to all those who have helped us to develop our work and influence. The Board has agreed that there can be Support Groups for each of the strategic aims plus IT.

Since incorporation in 1996 the number of charities with a CFDG member has increased from 493 charities to 1,353 and there are now four regional membership groups. The three outside of London and the South-East are constituted as Branches under the Articles of Association and have their own steering committees. We have several special interest groups but the majority tend to only be email discussion groups. However two are more formally convened. The Overseas Special Interest Group (OSSIG) has been very active for many years and has an advisory committee that plans events. The Large Charities Special Interest Group (LCSIG) was created when CFDG joined with the Charity Consortium in 2008. Membership of this LCSIG is restricted to the representatives of the top 100 charities by turnover.

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 support group or committee. We are fortunate that as seven of the ten Trustees are charity finance directors, most of their training needs are met by their employers.

The 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 out-turn against budget. Management Accounts are received quarterly by the Board and monthly by the Finance Committee.

### **Membership of CFDG**

The Trustees are members of the Company. Full members of CFDG are the people employed, in either a paid or voluntary capacity, by a charity to have responsibility for financial management. These are termed 'Primary Members'. If another person joins from the same charity they are termed 'Secondary Members' and pay a lower, or no, subscription but have the same rights and services. Other classes of member are Associates 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.

### **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 areas where controls could be strengthened.

The main risks identified were: failure to deliver quality in our policy work; failure to access and react to intelligence on new or emerging issues; failure to communicate adequately with members; and failure to operate at a national level. Each of these risks could result in CFDG not achieving its full charitable benefit as set out in our strategic plan due to shortfalls in membership and revenue potential. In order to address the first two risks the Policy team has been strengthened in the last year and links with other umbrella bodies and with Government have also been built up. Member communication has been improved with the deployment of our new CRM system. Considerable strides have been made in recent years and we are continuing to develop membership and services outside London so that it can truly be said that we are working throughout England and Wales.

The Chief Executive has been tasked with continuing to deliver and implement plans to strengthen these areas over the next two years and an Operational Plan has been agreed with the Board to take these areas forward.

## 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. In October 2009 the chief executive position became vacant when Keith Hickey left to join the RNIB. The Deputy Chief Executive, David Membrey, took on the role of Acting Chief Executive while a new Chief Executive was recruited. Caron Bradshaw was appointed to this position and is due to start during June 2010.

The Deputy Chief Executive has operational responsibility for major projects, subscribers and large charity members and has particular responsibility for the IT systems used by CFDG. He also has responsibility for finance and runs the accounting systems. He has line-management responsibility for Esau Rahim, the part-time bookkeeper and for Elisha Odera, the Office Administrator.

The Membership and Information Team is led by Mike Dykes who is supported by Margaret Waterfield. Responsibility for the membership database and website rests with the Membership and Information Team, with Riza Kaya as Website and Information Officer.

The Events team is led by Laura James, supported by Bex Falkingham-Rushton as Conferences and Events Co-ordinator and Octavia Coombs as Training and Events Administrator. The Policy and Campaigns Manager Megan McNally works closely with the Chief Executive to handle the increasing amount of policy and campaigning activity. She is supported by Katherine Smithson as Policy and Campaigns Officer.

Lindsay Derry is Marketing and New Business Manager. She has responsibility for developing CFDG membership and services outside of London for marketing strategy and business development. She is supported by Laura Anderson, the Marketing Co-ordinator.

## Statement of Trustees' Responsibilities

The trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for the charity for each financial year. Charity law requires the Trustees to prepare group financial statements for the charity and its subsidiary undertakings. The financial statements must be prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) and are required to give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources of the group for the year. In preparing the financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP
- make judgments and estimates that are reasonable and prudent 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 accounting records that disclose with reasonable accuracy at any time the financial position of the charity and the group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities Act 1993 and regulations made thereunder. They are also

responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Trustees have confirmed that so far as they are aware, there is no relevant audit information of which the charitable company's auditors are unaware, and that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

### **Reserves Policy**

During the year the Trustees 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 two major risks are the impact of the current economic climate and the loss of reputation; the latter would result in falling membership income and loss of corporate support, along with reduced margins on key events such as the Annual Fundraising Dinner and the Annual Conference. In this light they have set a target of £175,000, based on the agreed budget for 2009/10. Total free reserves at 31 March 2010 were £311,217 (2009: £292,492). The Trustees have agreed an ongoing plan to invest the surplus of free reserves in new initiatives to improve services to members.

Designated funds are amounts identified by the Trustees for a particular project or use. Within the Operational Plan for the two years until 31 March 2011 the Trustees have set aside designated funds of £57,000 to cover two projects; Website Development project (£45,000), and the final tranche of the development of a strategy for professional development (£12,000). The latter being fully expended in 2009/10. Therefore the balance at 31<sup>st</sup> March 2010 of £21,250 relates solely to the completion of the Website Development project.

### **Investment Policy**

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

### **Public Benefit Statement**

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

CFDG's charitable purpose is enshrined in its objects 'to advance public education in and promote improved standards of management in charities'. The Trustees ensure that this purpose is carried out for the public benefit by delivering services that are valued by our members and enable those with financial responsibility in the charity sector to develop and adopt best practice, (our mission) thereby promoting a transparent and efficiently managed charity sector that engenders public confidence and trust. Membership is open to people employed by a charity with responsibility for financial management.

These services cover our five strategic aims; membership services, professional development, policy, best practice and other activities. Many of these services are open to all, for example training courses, conferences and publications and our policy and campaigning work will also benefit everyone. Our membership fees reflect the size of the member's organisation and the costs of providing the services given. Any charges for our training courses and conferences are kept low thanks to the kind support received from our corporate subscribers.

The structure of the Trustees' Annual Report allows us to report on each of our five strategic aims and explain CFDG's activities and achievements during the year and our plans for 2010/11 within each of these areas.

Through supporting those in the charity sector with financial responsibility in this way we are able to help all charities to maximise the use of their resources and make a greater impact for all their beneficiaries.

### **Appointment of Auditors**

A resolution for the appointment of PKF (UK) LLP will be proposed at the forthcoming Annual General Meeting.

The accounts were approved and authorised for issue by the Board of Trustees on 2<sup>nd</sup> June 2010 and signed on their behalf by:



Charles Nall  
Chair  
2 June 2010

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES OF CHARITY FINANCE DIRECTORS' GROUP**

We have audited the group and parent charity financial statements of Charity Finance Directors' Group for the year ended 31 March 2010 which comprise the consolidated statement of financial activities, the consolidated and parent charity balance sheets, and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and, in respect of the group financial statements, to the charity's trustees as a body, in accordance with regulations made under section 44 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the charity's members and trustees 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 charity, the charity's members as a body and the charity's trustees 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 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.

The trustees were not required by section 399 of the Companies Act 2006 Act to prepare group financial statements accounts for the financial year and accordingly have prepared the group financial statements in accordance with the requirements of the Charities Act 1993 and regulations made under that Act.

We have been appointed as auditors under the Companies Act 2006 and, in respect of our audit of the group financial statements, under the Charities Act 1993. We report to you in accordance with those Acts and in accordance with regulations made under section 44 of the Charities Act 1993.

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, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been properly prepared in accordance with the Companies Act 2006 and, in respect of the group financial statements, the Charities Act 1993 and regulations made thereunder. We also report whether the information given in the trustees' report is consistent with those financial statements.

We also report to you if, in our opinion, the parent charity has not kept adequate accounting records, if the charity's individual financial statements are not in agreement with those records and returns, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity and other members of the group is not disclosed.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This information comprises only the Chair's Message. We consider the implications for our report if we become aware of any

apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to other information.

### **Basis of audit opinion**

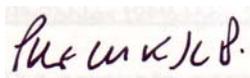
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 group's and the parent charity'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 of the state of the group's and the parent charity's affairs as at 31 March 2010 and of the group's incoming resources and application of resources for the year then ended;
- The financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- The financial statements have been prepared in accordance with the Companies Act 2006 and, in respect of the group financial statements, in accordance with the Charities Act 1993 and regulations made thereunder; and
- The information given in the trustees' report is consistent with the financial statements.



Charles Cox  
Senior Statutory Auditor  
For and on behalf of PKF (UK) LLP, statutory auditors  
London, UK  
2 June 2010

**Consolidated Statement of Financial Activities**  
**For the year ended 31 March 2010**  
(Incorporating the income and expenditure account)

	Notes	Unrestricted funds £	Restricted Funds £	Total 2010 £	Total 2009 £
<b>Incoming Resources</b>					
Incoming resources from generated funds					
Voluntary income:					
Grants		-	28,125	28,125	24,260
Activities for generating funds					
Annual Fundraising Dinner		98,300	-	98,300	109,700
Affinity Products		732	-	732	415
Investment income:					
Bank interest		5,196	-	5,196	29,463
Incoming resources from charitable activities					
Membership subscriptions		598,007	-	598,007	552,281
Member services		62,850	-	62,850	59,250
Professional development		401,555	-	401,555	357,597
Policy		4,400	-	4,400	4,400
Best practice		34,695	-	34,695	26,004
Other activity		7,175	-	7,175	9,800
Other incoming resources		7,288	-	7,288	5,638
<b>Total incoming resources</b>		<b>1,220,198</b>	<b>28,125</b>	<b>1,248,323</b>	<b>1,178,808</b>
<b>Resources expended</b>					
Cost of generating funds					
		57,611	-	57,611	56,879
Charitable activities					
Member services		392,107	-	392,107	370,542
Professional development		447,094	-	447,094	441,372
Policy		158,139	28,125	186,264	163,172
Best practice		111,459	-	111,459	90,637
Other activity		22,849	-	22,849	23,215
Governance costs		47,964	-	47,964	59,254
<b>Total resources expended</b>	3	<b>1,237,223</b>	<b>28,125</b>	<b>1,265,348</b>	<b>1,205,071</b>
<b>Net outgoing resources</b>	4	<b>(17,025)</b>	<b>-</b>	<b>(17,025)</b>	<b>(26,263)</b>
<b>Net movement in funds</b>		<b>(17,025)</b>	<b>-</b>	<b>(17,025)</b>	<b>(26,263)</b>
Total funds brought forward at 1 April		349,492	-	349,492	375,755
Total funds carried forward at 31 March	10	<b>332,467</b>	<b>-</b>	<b>332,467</b>	<b>349,492</b>

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

For Companies Act purposes, total income is £1,147,823 (2009: £1,081,908) and total expenditure is £1,164,848 (2009: £1,108,171), which is total incoming resources and total resources expended as shown above, both net of gifts in kind of £100,500 (2009: £96,900). All the above amounts relate to continuing activities.

Within the Group Statement of Financial Activity the Charity Finance Directors' Group incoming resources is £1,038,147 (2009: £1,178,808) and its resources expended is £1,199,433 (2009: £1,203,171).

Voluntary income during the year was £28,125 (2009: £24,260) which was a grant from Capacity Builders through the Improving Support programme.

The notes on pages 22 to 29 form part of these accounts.

**Balance Sheets**

For the year ended 31 March 2010

Company no. 3182826

	Note	2010		2009	
		Group £	Charity £	Group £	Charity £
<b>Fixed Assets</b>					
Tangible assets	6	5,579	5,579	13,557	13,557
Investments	7	-	10,000	-	10,000
<b>Total Fixed Assets</b>		<b>5,579</b>	<b>15,579</b>	<b>13,557</b>	<b>23,557</b>
<b>Current Assets</b>					
Debtors	8	156,104	134,704	219,508	219,508
Short term deposits		346,684	346,684	602,278	602,278
Cash at bank and in hand		305,607	274,553	65,126	65,126
<b>Total Current Assets</b>		<b>808,395</b>	<b>755,941</b>	<b>886,912</b>	<b>886,912</b>
<b>Liabilities</b>					
Creditors: amounts falling due within one year	9	(481,507)	(439,053)	(550,977)	(559,077)
<b>Net current assets</b>		<b>326,888</b>	<b>316,888</b>	<b>335,935</b>	<b>327,835</b>
<b>Total assets less current liabilities</b>	11	<b>332,467</b>	<b>332,467</b>	<b>349,492</b>	<b>351,392</b>
<b>Funds</b>					
10					
Unrestricted funds					
Designated		21,250	21,250	57,000	57,000
General reserves		311,217	311,217	292,492	294,392
		<b>332,467</b>	<b>332,467</b>	<b>349,492</b>	<b>351,392</b>
<b>Restricted funds</b>					
		-	-	-	-
		<b>332,467</b>	<b>332,467</b>	<b>349,492</b>	<b>351,392</b>

The notes on pages 22 to 29 form part of these accounts.

The accounts were approved and authorised for issue by the Board of Trustees on 2<sup>nd</sup> June 2010 and signed on their behalf by:

Charles Nall  
Chair

Phil Brown  
Treasurer

**Notes to the financial statements**For the year ended 31 March 2010

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**1 Accounting policies**

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

**a) Basis of preparation of accounts**

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

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the Charity and of its subsidiary undertaking. The results of the subsidiary are consolidated on a line-by-line basis.

The Charity has availed itself of paragraph 3(3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the Charity's activities. No separate SOFA or Income and Expenditure Account has been presented for the Charity alone as permitted by section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

**b) Fund accounting**

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

Designated funds comprise unrestricted funds that have been put aside at the discretion of the trustees for particular purposes (see note 10).

Restricted income funds are funds subject to specific restrictions imposed by donors or by the purpose of the appeal.

**c) Incoming resources**

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

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

**d) Members' subscriptions and events & conferences**

Subscriptions and events income are accounted for in the year to which they apply. Subscription income received during the year that relates to a subsequent financial accounting period is carried forward as a creditor in the balance sheet and shown as deferred subscriptions income. It is accrued in line with the benefits received.

**e) Pension policy**

CFDG operates a pensions policy in compliance with the Stakeholder pension requirements. CFDG pays twice the percentage that the employee contributes up to a maximum of 10%. CFDG employees who contribute to a pension scheme were either members of the CIS Stakeholder Pension Scheme or of The Pensions Trust Growth Plan up to July 2008, from then onwards all staff moved to a scheme with Aegon Scottish Equitable (see note 12).

**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.

**Notes to the financial statements**

For the year ended 31 March 2010

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.

**2 Results from the trading activities of the subsidiary**

The Charity has one wholly owned subsidiary which is incorporated in Great Britain. CFDG Trading Ltd was incorporated on 5th February 2009 so that it would be ready to raise funds via commercial activities and sponsorship for CFDG from 1st April 2009. CFDG Trading Ltd intends to donate its taxable profits to CFDG under Gift Aid subject to its working capital requirements being maintained.

<b>CFDG Trading Ltd</b>	<b>2010</b>	<b>2009</b>
	£	£
Turnover	210,092	-
Less: Cost of Sales	(64,400)	-
<b>Gross Profit</b>	145,692	-
Administrative and Governance costs	(1,515)	(1,900)
<b>Operating surplus/(loss)</b>	144,177	(1,900)
Interest Receivable	84	-
<b>Net Profit</b>	144,261	(1,900)
<b>Fund balance b/f</b>	(1,900)	-
<b>Charitable Donation to shareholder</b>	(142,361)	-
<b>Retained in subsidiary</b>	-	(1,900)
<b>Balance Sheet</b>		
Current Assets	78,840	10,000
Current Liabilities	(68,840)	(1,900)
	10,000	8,100
Share Capital	10,000	10,000
Reserves	-	(1,900)
	10,000	8,100

**Notes to the financial statements**

For the year ended 31 March 2010

**3 Resources expended**

a) Analysis of total resources expended	Staff costs	Support costs	Other direct costs	Total 2010	Total 2009
	£	£	£	£	£
<b>Unrestricted funds</b>					
Cost of generating funds	10,191	3,952	43,468	57,611	56,879
Charitable activities					
Member services	158,160	61,347	172,600	392,107	368,962
Professional development	165,706	64,274	217,114	447,094	441,372
Policy	108,084	41,924	8,131	158,139	161,592
Best practice	46,487	18,032	46,940	111,459	89,537
Other activity	16,463	6,386	-	22,849	23,215
Governance	17,783	6,898	23,283	47,964	59,254
<b>Total unrestricted resources expended</b>	<b>522,874</b>	<b>202,813</b>	<b>511,536</b>	<b>1,237,223</b>	<b>1,200,811</b>
<b>Restricted funds</b>					
<b>Charitable expenditure</b>					
Member services	-	-	-	-	1,580
Policy	-	-	-	-	1,580
Best Practice	-	-	28,125	28,125	1,100
<b>Total restricted resources expended</b>	<b>-</b>	<b>-</b>	<b>28,125</b>	<b>28,125</b>	<b>4,260</b>
<b>Total resources expended</b>	<b>522,874</b>	<b>202,813</b>	<b>539,661</b>	<b>1,265,348</b>	
<i>Total resources expended 2009</i>	<i>515,461</i>	<i>225,042</i>	<i>464,568</i>	<i>1,205,071</i>	

Within all charitable activities the 'Other direct costs' column includes costs of £100,500 (2009: £96,900) relating to services donated to CFDG that were not incurred by CFDG. (See note 4b.) Had the services not been donated CFDG would have incurred this cost.

b) Analysis of support costs 1. Summary	Total charitable activity	Gener-ating funds	Govern-ance	Total 2010	Total 2009
	£	£	£	£	£
<b>Unrestricted funds</b>					
Employee-related costs	55,971	1,153	2,011	59,135	11,022
Premises	67,721	1,394	2,433	71,548	68,938
Communications & IT	17,941	369	646	18,956	87,565
Postage and printing	10,824	223	389	11,436	13,373
Financial costs	35,080	722	1,260	37,062	36,173
Depreciation	4,426	91	159	4,676	7,971
<b>Total unrestricted</b>	<b>191,963</b>	<b>3,952</b>	<b>6,898</b>	<b>202,813</b>	<b>225,042</b>
<b>Restricted funds</b>					
Depreciation	-	-	-	-	2,083
<b>Total restricted</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,083</b>

**Notes to the financial statements**

For the year ended 31 March 2010

**5 Trustee and employee information****a) Trustee information**

No remuneration was paid to or waived by, any Trustee during the year (2009: £Nil). Expenses of £516 for travel were reimbursed to four trustees during the year (2009: £57).

**b) Employee information**

The average number of staff employed during the year was:

2010	2009
13.0	12.4

Employee costs during the year were:

	2010 £	2009 £
Salaries	445,110	427,947
Social security	45,742	45,098
Pension	32,022	42,416
<b>Total</b>	<b>522,874</b>	<b>515,461</b>

The number of employees receiving emoluments for the year greater than £60,000, falling within the following bands was:

	2010	2009
£80,000 to £89,999	-	1

**6 Tangible assets – Group and Charity**

	Computers £	Database £	Total £
Cost			
At 1 April 2009	10,872	74,445	85,317
Additions	-	-	-
Disposals	-	(3,303)	(3,303)
At 31 March 2010	<u>10,872</u>	<u>71,142</u>	<u>82,014</u>
Depreciation			
At 1 April 2009	2,814	68,946	71,760
Charge for the year	2,480	2,196	4,676
Disposals	-	-	-
	<u>5,294</u>	<u>71,142</u>	<u>76,436</u>
Net Book Value			
At 31 March 2010	<u>5,578</u>	-	<u>5,578</u>
At 31 March 2009	<u>8,058</u>	<u>5,499</u>	<u>13,557</u>

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

**7 Investments**

	Group £	Charity £
Market value		
At 1 April 2009	-	10,000
Additions	-	-
At 31 March 2010	<u>-</u>	<u>10,000</u>
<b>Historical value at 31 March 2010</b>		<b>10,000</b>

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

**Notes to the financial statements**

For the year ended 31 March 2010

8 Debtors	2010		2009	
	Group £	Charity £	Group £	Charity £
Trade debtors	61,267	36,061	136,660	136,660
Other debtors	12,833	12,833	12,630	12,630
Prepayments and accrued income	82,004	59,424	70,218	70,218
Amounts owed by subsidiary	-	26,386	-	-
	<u>156,104</u>	<u>134,704</u>	<u>219,508</u>	<u>219,508</u>

Trade debtors are significantly lower this year largely as a result of not having invoiced for the sponsorship and exhibitors at the Annual Conference prior to the year-end, so these do not figure in debtors as they have done in previous years.

9 Creditors: Amounts falling due within one year	2010		2009	
	Group £	Charity £	Group £	Charity £
Trade creditors	139,746	139,746	69,339	69,339
Deferred subscriber income	249,580	249,580	405,590	405,590
Deferred events income	61,180	40,180	39,700	39,700
Other creditors and accruals	31,001	9,547	36,348	44,448
	<u>481,507</u>	<u>439,053</u>	<u>550,977</u>	<u>559,077</u>

The deferred subscriber income is significantly lower for the year as 2010/11 invoicing for subscribers was carried out after the year-end 2009/10, unlike the previous year.

**10 Total group funds**

	Opening balance £	Incoming resources £	Resources expended £	Closing balance £
Unrestricted funds				
Designated funds				
Online document library/CMS	45,000	-	(23,750)	21,250
Professional development strategy	12,000	-	(12,000)	-
	<u>57,000</u>	<u>-</u>	<u>(35,750)</u>	<u>21,250</u>
General funds	292,492	1,220,198	(1,201,473)	311,217
Total unrestricted funds	<u>349,492</u>	<u>1,220,198</u>	<u>(1,237,223)</u>	<u>332,467</u>
Restricted funds	-	28,125	(28,125)	-
	<u>349,492</u>	<u>1,248,323</u>	<u>(1,265,348)</u>	<u>332,467</u>

Designated funds comprise unrestricted funds that have been put aside at the discretion of the Trustees for particular purposes. At the year-end they comprise: the online document library fund which consists of funds set aside for the development of an improved document library and content management system for the website which work will continue now that the new CRM system is completed. The final tranche of the professional development strategy fund was set aside to cover the costs of a consultancy to produce the professional development strategy and was fully expended during the year.

**Notes to the financial statements**

For the year ended 31 March 2010

**3. Resources expended (continued)**

b) <b>Analysis of support costs</b>						
<b>2. Charitable Activity</b>	Member services	Pro- fessional develop- ment	Policy	Best practice	Other activity	Total
<b>Unrestricted funds</b>						
Employee-related costs	17,887	18,741	12,224	5,257	1,862	55,971
Premises	21,642	22,674	14,791	6,361	2,253	67,721
Communications & IT	5,734	6,007	3,917	1,686	597	17,941
Postage & printing	3,459	3,624	2,364	1,017	360	10,824
Financial costs	11,211	11,746	7,661	3,295	1,167	35,080
Depreciation	1,414	1,482	967	416	147	4,426
<b>Total unrestricted</b>	<b>61,347</b>	<b>64,274</b>	<b>41,924</b>	<b>18,032</b>	<b>6,386</b>	<b>191,963</b>

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) <b>Analysis of governance costs</b>	Total 2010 £	Total 2009 £
Legal and professional fees	2,232	9,066
Audit fees	5,410	4,000
Costs of AGM, Trustee travel, recruitment & training	15,641	21,111
Apportionment of staff and support costs	24,681	25,077
Donated resources	-	-
<b>Total governance costs</b>	<b>47,964</b>	<b>59,254</b>

**4 Net (outgoing)/incoming resources**

a) These are stated after charging:

	2010 £	2009 £
Auditors' remuneration		
Audit (current year)	4,860	4,000
Audit (previous year)	550	-
Other	500	2,850
Depreciation	4,675	7,971

CFDG has been located at 1 London Bridge since 2004. In common with all the other organisations sharing the space, CFDG has a licence agreement with Community Action Network which means the commitment is for 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.

	2010 £	2009 £
Members services	62,850	59,250
Professional development	33,250	33,250
Policy	4,400	4,400
Governance	-	-
<b>Total</b>	<b>100,500</b>	<b>96,900</b>

**Notes to the financial statements**

For the year ended 31 March 2010

**11 Analysis of group assets between funds**

	Un- restricted funds £	Restricted funds £	Total funds £
<i>Funds balances at 31 March 2010 are represented by:</i>			
Fixed assets	5,579	-	5,579
Debtors	156,104	-	156,104
Deposits and cash at bank	652,291	-	652,291
Creditors	(481,507)	-	(481,507)
	<u>332,467</u>	<u>-</u>	<u>332,467</u>

**12 Pensions**

During the year CFDG operated a pension plan through Aegon Scottish Equitable which is available to all staff who have completed their three month probation period. An encouraging 11 of our total of 13 staff took advantage of this. The CIS Stakeholder Pension and The Pensions Trust Growth Plan were used until July 2008, when as a result of a review carried out by Gissings, at the request of the Trustees, it was decided to move all staff to a Group Personal Pension Scheme operated by Aegon Scottish Equitable.

	2010 £	2009 £
<b>Employer contributions to staff pensions</b>		
CIS Stakeholder Pension	-	7,976
The Pensions Trust	-	1,676
Aegon Scottish Equitable	32,022	28,435
Aegon Scottish Equitable (retrospective payments)	-	4,329
	<u>32,022</u>	<u>42,416</u>

**13 Capital commitment**

At 31<sup>st</sup> March 2010 there were no capital commitments.

**14 Related party transactions**

There were no related party transactions during the year. (2009: There were also none.) The charity has taken advantage of the exemption from disclosing transactions between the Parent and the Subsidiary, under the terms of FRS 8.

**Trustees, Officers and advisors****Registered Charity No:**

1054914

**Company No:**

3182826

**VAT No:**

945 6038 09

**Board of Trustees**

Charles Nall (Chair)  
Roger Chester (Vice Chair)  
Phil Brown (Treasurer)  
Kim Catcheside from 2/06/2009  
Melvin Coleman until 8/09/2009  
Gill Gibb  
Rohan Hewavisenti  
Mark Hilton from 8/09/2009  
Mark Oaten from 2/06/2009  
Sally O'Neill from 8/09/2009  
Tom Sterry MBE until 8/09/2009  
Fiona Young

**Finance Committee**

Phil Brown (Chair)  
Lisa Burger  
Kim Catcheside  
Ray Salmons

**Nominations Committee**

Charles Nall (Chair)  
Roger Chester  
Fiona Young

**Chief Executive and Company Secretary**

Keith Hickey (until 31<sup>st</sup> October 2009)

**Acting Chief Executive and Company Secretary**

David Membrey (from 1<sup>st</sup> November 2009)

**Remuneration Committee**

Charles Nall (Chair)  
Roger Chester  
Phil Brown

**Special Advisor**

Pesh Framjee

**IT Advisor**

John Tate

**Solicitors**

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