



INSPIRING  
FINANCIAL  
LEADERSHIP

# CHARITY FINANCE GROUP HARNESSING POTENTIAL

ANNUAL REPORT AND ACCOUNTS

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# 2018 /19

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The purpose of Charity Finance Group (CFG) is to develop a financially confident, dynamic and trustworthy charity sector.

CFG is the charity that inspires a financially-confident, dynamic and trustworthy charity sector. We do this by championing best practice, nurturing leadership and influencing policy makers.

Our 1,626 member charities turn to us to develop their finance management knowledge and skills. Collectively, these charities manage over £20bn of funds – that represents around a third of the entire UK charity sector's income.

For more information, please visit: [www.cfg.org.uk](http://www.cfg.org.uk)



# VISION, PURPOSE, OBJECTS & AIMS

## WHY WE EXIST

Charity Finance Group is committed to developing a financially-confident, dynamic and trustworthy charity sector.

We believe financial confidence and effectiveness enables charities to achieve more for their beneficiaries by making best use of their resources and by making more informed decisions.

It continues to be a challenging time for charity funding. It's more important than ever to ensure that money is making the biggest impact possible. It's our role to empower charities to do this through championing best practice, nurturing leadership and influencing policy makers.

We equip charities with the knowledge, skills and conditions they need to ensure that every pound works that bit harder, achieving a greater impact for even more beneficiaries.

## HOW WE ACHIEVE OUR OBJECTS

Our aim is to maximise charities' positive impact on those they serve through improving the effectiveness of financial management.

To achieve this impact our work is focused on achieving three main outcomes:

1. Well-developed skills, learning, knowledge and practice result in high-performing charities
2. Effective governance and leadership, with finance at the heart of effective decision making
3. Charities operate in a supportive environment

## LEADERSHIP STRATEGY 2017/20

We're midway through our three-year leadership strategy which has three priorities:

Firstly, we will strengthen ourselves as a leader and champion in the sector. Secondly, we will enable leaders in our sector to better understand finance and turn more finance professionals into sector leaders. This will improve standards of leadership in charities and deliver lasting change. Finally, we will lead by example, sharing CFG's experiences in transforming management and governance systems with our charity finance community.

## IN SUMMARY, OUR THREE STRATEGIC PRIORITIES ARE:

1. Be the go-to body
2. Financial skills for leaders and leadership skills for finance professionals
3. Leading by example

## OUTCOMES

# 1

WELL-DEVELOPED SKILLS, LEARNING, KNOWLEDGE AND PRACTICE RESULT IN HIGH PERFORMING CHARITIES

# 2

EFFECTIVE GOVERNANCE AND LEADERSHIP, WITH FINANCE AT THE HEART OF EFFECTIVE DECISION MAKING

# 3

CHARITIES OPERATE IN A SUPPORTIVE ENVIRONMENT

# FROM THE CHAIR & CHIEF EXECUTIVE

## This is our first joint introduction as Gary Forster takes the hot seat following Nicki Deeson's retirement from the board at the end of an extended term of office.

We must record our sincere thanks to Nicki who has been an excellent chair. Her passion for career development and supporting cultural change has been a driving force for CFG over the last two years. We are grateful for all she has done and for her continuing championing of the importance of culture in the sector.

We may have cautiously hoped that things would have settled down since the last trustees' annual report; that the

spectacle that is Brexit would have been well on the way to resolution. Those hopes have proven ill-founded. Brexit has squeezed out almost all political dialogue and hangs over the economic, political and social future of the UK. The only thing that is certain is uncertainty. In this context it is crucial that CFG ensures its foundations are firm, that it can continue to support the wider sector no matter what comes, and that we are more vocal on issues that matter. It's important we not only observe best practice in our approach but also that we lead.

As we approach the final year of our 2017–2020 strategy we have paused to reflect on what we wanted to achieve, what we actually achieved and whether the plan for the final year would enable us to continue on our journey towards delivering, promoting and supporting a sector which is financially-confident, dynamic and trustworthy.

Looking back we can recognise what we have achieved in the past year and where we could have done better; you will see those successes and opportunities set out in this report. But this reflection also highlighted ways in which CFG needs to evolve if it is to continue to keep pace with a changing and volatile operating

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**It's important we not only observe best practice in our approach but also that we lead.**

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environment. We hope that in the pages of this report you will get a feel for how CFG performed in 2018/19, where we have been successful, where we didn't meet our ambitions and what we learnt when things didn't go to plan. We see ourselves as a learning organisation, and a large part of the value we can give to our members involves sharing our experiences with you.

You will also read about our plans for the future and the investment we are making in CFG to deliver change which will benefit our members and ensure we can keep serving the sector long into the future.

Thank you for again being part of the network and helping us drive towards our ambition of greater impact and social change. We look forward to seeing you all throughout 2019/20.



**Caron Bradshaw**  
Chief Executive



**Gary Forster**  
Chair of Trustees



MEETING & REPORTING ON PUBLIC BENEFIT

The Trustees confirm they have complied with the duty in section 4 of the Charities Act 2011 to have due regard to the Charity Commission’s general guidance on public benefit, ‘Charities and Public Benefit’. As volunteers, the Trustees do not receive any private benefit from being on the Board of Charity Finance Group.

As of July 2019 there were 168,412 charities in England and Wales registered with the Charity Commission plus many more exempted or excepted charities. They work across a range of issues providing help to the vulnerable, delivering social change and making the world a better place to live. In order to do their work effectively and achieve the greatest impact for their

beneficiaries, they need to be financially well led and managed. Good financial management and leadership help charities make the best use of their resources, enabling them to better achieve their charitable purposes. This is accepted across the charity sector and by regulators.

Charity Finance Group provides public benefit by carrying out activities to improve financial management and leadership in the charity sector. We deliver a range of training, guidance and support for charity staff and trustees. We push to improve the operating environment for charities so that they are able to carry out their missions effectively. We inspire different thinking about finance and its importance to charities’ work.

By helping charities to improve their financial management and performance, we improve the effectiveness of charities supporting millions of beneficiaries in the UK and around the world. Improving the work of charities and helping their sustainability in a volatile and often unpredictable environment we can deliver significant public benefit.

The structure of this report allows us to share CFG’s activities and achievements during the year against our strategic aims and our plans for 2019/20. We have embedded examples of how CFG meets the public benefit requirement throughout.

CHARITABLE OBJECTIVE FINANCIALS AT A GLANCE

	Income (2018)	Income (2017)	Expenditure (2018)	Expenditure (2017)
<b>Outcome 1:</b> Well-developed skills, learning, knowledge and practice result in high performing charities	£1,081,563 (+2%)	£1,064,201 (-5%)	£1,065,208 (+1%)	£1,052,271 (-3%)
<b>Outcome 2:</b> Effective governance and leadership, with finance at the heart of effective decision-making	£426,091 (-9%)	£468,066 (-1%)	£339,423 (+6%)	£319,452 (0%)
<b>Outcome 3:</b> Charities operate in a supportive environment	£106,734 (-6%)	£114,063 (-18%)	£289,160 (-21%)	£366,250 (+5%)



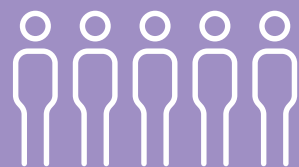
# THE YEAR AT A GLANCE

# 110

**CORPORATE  
MEMBERS**  
(-15%)

**8** NEW  
CORPORATE  
MEMBERS  
(-60%)

**84** EXHIBITORS  
AT EVENTS  
(+4%)



## CONFERENCES

**107** NORTHERN **86** MIDLANDS

**111** SOUTH WEST  
AND WALES

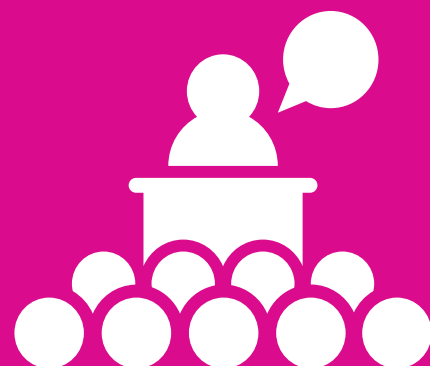
TOTAL NUMBER OF  
DELEGATES AT ALL  
CFG EVENTS:  
**3,534**

## EVENTS

**85** PROFESSIONAL  
DEVELOPMENT  
(CPD) EVENTS  
(-7%)

**16** TOTAL NUMBER  
OF CONFERENCES  
(+60%)

**639**   
ANNUAL CONFERENCE  
ATTENDEES (ALL)



## CHARITY MEMBERSHIP

**1,626**

CHARITY MEMBERS

**5,572**

PRIMARY AND SECONDARY CONTACTS

**319**

CHARITIES JOINED CFG AS MEMBERS  
FOR THE FIRST TIME IN 2018/19

**243**  
NORTHERN

**216**  
SOUTH WEST  
AND WALES

**179**  
MIDLANDS

**986**  
LONDON AND  
SOUTH EAST



**4** NUMBER OF  
SIG MEETINGS



**6** NUMBER OF  
HELPLINES  
(NEW TREASURY  
HELPLINE)



**4,656**  
VOLUNTEER  
HOURS

## MEDIA

**9,687**  
TWITTER FOLLOWERS

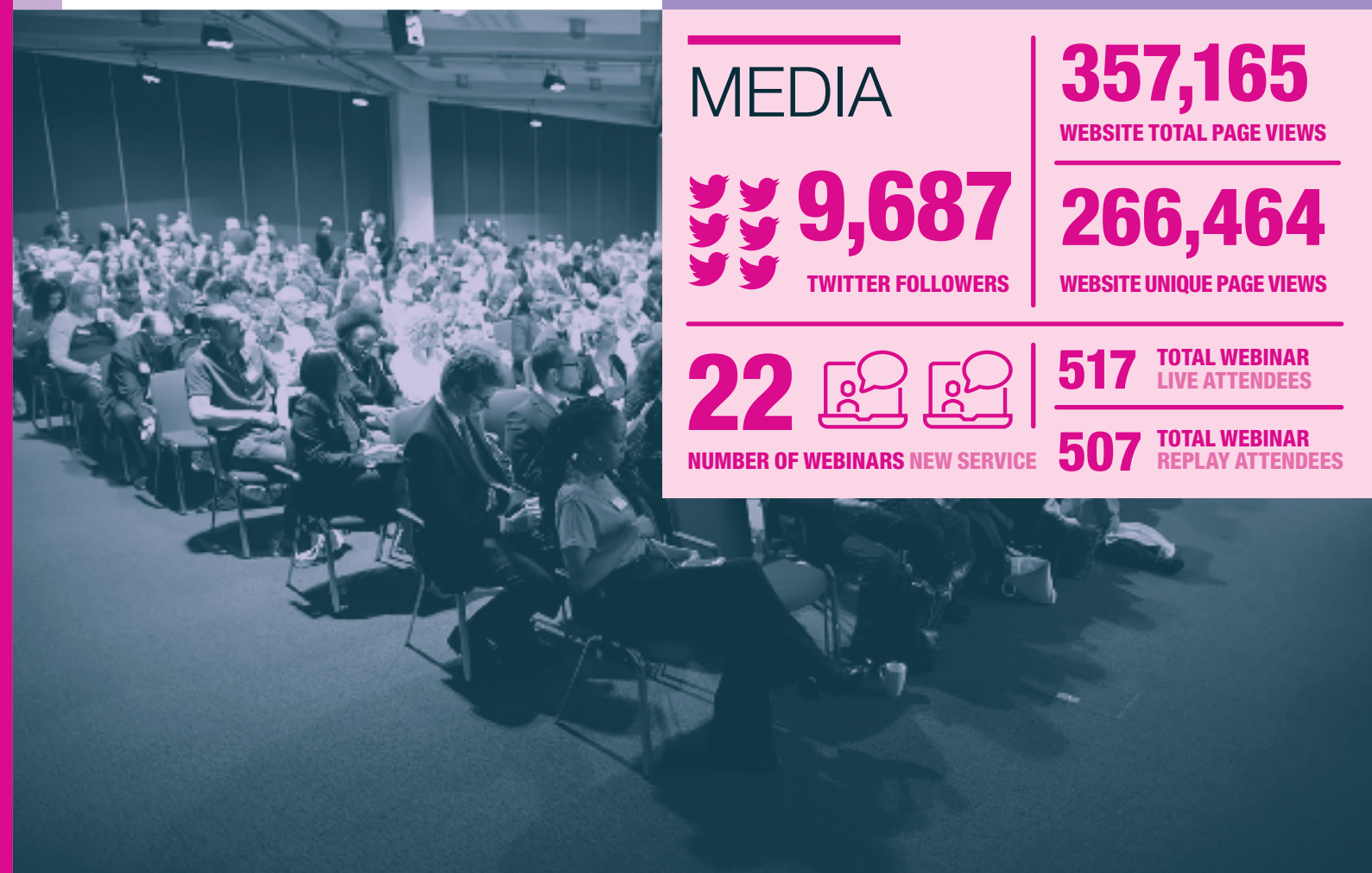
**357,165**  
WEBSITE TOTAL PAGE VIEWS

**266,464**  
WEBSITE UNIQUE PAGE VIEWS

**22**    
NUMBER OF WEBINARS NEW SERVICE

**517** TOTAL WEBINAR  
LIVE ATTENDEES

**507** TOTAL WEBINAR  
REPLAY ATTENDEES





# BE THE 'GO TO' BODY



## STRATEGIC PRIORITY

### AIMS

- ◉ **We will contribute to improving decision making by providing up-to-date, expert guidance on foreign exchange, Making Tax Digital and other challenges facing the sector.**
- ◉ **We will conduct further research into the impact of Brexit on charities and their beneficiaries.**
- ◉ **We will increase the number of online resources to help charities (large and small) manage their finance effectively.**
- ◉ **We will deliver, in collaboration with Social Enterprise UK (SEUK), a suite of training for Community Interest Companies (CICs) and explore how we can leverage this work to create online resources, training and support for them.**
- ◉ **We will develop an event season ticket – providing the very best value for our members and attracting new members, and cementing CFG's position as one of the most important sector membership bodies.**

### OVERVIEW

**CFG aims to be the most trusted and respected source of guidance across the UK non-profit sector on strong financial management as well as the governance and the broader management issues that determine financial security. We will draw on our expertise and stature to be a bold, brave and confident advocate for the sector.**

#### BETTER FX

We had planned to deliver a publication on foreign exchange as a follow up to the Better FX publication issued with Stamp Out Poverty. Our intention was for this publication to fill a gap in the market for smaller charities and those starting out on foreign exchange management.

However a number of matters, including a changing expectation of how such a new publication might best support the sector and exploring how we might collaborate with others to provide the best resource for the sector, delayed the publication. We continue to liaise with our sector colleagues and experts on meeting the needs of this target audience into 2019/20.

#### THE IMPACT OF BREXIT: STRENGTHENING THE SECTOR'S VOICE

Brexit has been a thorny and divisive issue for the sector. Immediately after the referendum leading sector bodies were reticent to get involved with the debate, preferring to wait to see the outcome of the political process. However, CFG was an almost lone voice in pushing for discussions with those shaping the debate; largely the Brexit supporting voices. Our bold step to engage with parties supporting an exit for the European Union and our willingness to consider how the sector could engage not just in the planned departure but also in how the sector should respond to life after Brexit, led the way in getting the not-for-profit sector on the radar.

Since our initial report many more sector bodies have become involved and are seeking to shape the debate more actively. We consider CFG's role in this has been substantial though the approach was not universally well received in the early days.

We have continued throughout to be a leading voice for charities on exiting from the European Union. We produced a report *A Cost Benefit Analysis of Brexit* for charities, outlining why the government's (then) plan for Brexit would be bad for both charities and their beneficiaries. This report was significantly more palatable to the sector than our previous reports on this topic, and was followed up with parliamentary briefings advocating for MPs to vote against the Brexit deal. As a result of these MP briefings, we have met with a number of parliamentarians including the Shadow Secretary of State for Exiting the European Union, Keir Starmer QC, the SNP's deputy Westminster leader, Kirsty Blackman and the Liberal Democrat Spokesperson for Exiting the European Union, Tom Brake.

Only by demonstrating our evidence based, measured and open minded approach to these issues have CFG been able to engage with both sides of the debate in a constructive and productive way. This has largely set us apart.

### CASE STUDY MAKING TAX DIGITAL

Richard Sagar, Policy Manager, CFG

“

Perhaps the most significant practical issue for charity finance teams to master in 2018/19 was Making Tax Digital (MTD) for VAT. To help our members stay on top of the required changes we recorded two webinars explaining the changes and how to make them. The first with HMRC, recorded in October 2018, explained all the required changes and the corresponding timeline over which they would need to be made. 261 people registered for the webinar with a further 102 viewing it after broadcast, making it by

someway the most watched CFG webinar. This was followed in 2019 with a case study webinar from Cancer Research UK, who explained how they as an organisation made the necessary changes. This had 149 registrants.

As with much government policy, the timelines and requirements were a moveable feast with regular alterations in timing and detailed requirements. Accordingly, CFG has provided frequent updates via our monthly magazine *Finance Focus*, our website and online briefings to members.

Alongside our work preparing our members, we have also joined forces with other organisations to lobby government to allow more time for charities to comply with MTD. As a result, the government announced a one-year soft landing period for organisations to have digital links in place between their functional compatible software.

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We have maintained an active voice and encouraged wider participation by producing timely comment and analysis. We've written articles in *Finance Focus* and *Charity Times* and engaged in debate; undertaking 11 speaking events across the country including keynotes, panel debates, interviews and podcasts. Our 14 Brexit-themed blogs and news items issued via our website attracted c.2,000 unique views, and we continue to make this a central theme of our influencing and engagement work.

*"Brexit has highlighted deep divides in our communities and across the UK. The UK is crying out for a social solution to the hard to resolve issues like social mobility, health and wellbeing and equality. This is the sector's space. This is where we thrive."* Caron Bradshaw, CEO Charity Finance Group

Alongside our influencing work, we have offered practical guidance to help prepare charities for Brexit. Following our survey of members in early March 2019, we reported that over a third of charities had made no preparations at all for no-deal, and that only 8% were fully aware of the impact on their charity and had made adequate preparations. CFG was subsequently invited to play a key role, alongside sector colleagues, working with the Department for Exiting the European Union (DEXEU) and the Office for Civil Society to shape guidance. As a direct result of these meetings, the government guidance *Prepare for EU Exit* now includes charities and voluntary organisations and a one-page checklist for charity trustees to use to help their organisation prepare for Brexit has been published.

*"CFG is one of the few voices of reason in the chaos of noise and confusion. CFG has been a powerful advocate of the charity sector's ability to heal divisions within divided communities over Brexit while using its unique position to find positive solutions to complex issues."* Charles Mesquita, Charities Director, Quilter Cheviot Investment Management

## BUILDING OUR OFFER TO COMMUNITY INTEREST COMPANIES (CICS)

Our partnership with Social Enterprise UK continued into 2018/19 and we delivered seventeen webinars and seven workshops, covering six topics. The topics offered various levels of interest, with a breakdown of interaction as follows:

- Cashflow Forecasting – 4 Webinars with 232 viewers in total
- Creating a Budget – 3 webinars with 76 viewers in total
- Management Accounts – 4 webinars with 180 viewers in total
- Costing and Pricing – 2 webinars with 53 viewers in total
- Making Tax Digital – 1 webinar with 15 viewers
- Preparing for a Funding Application – 1 webinar with 47 viewers

We had anticipated a greater level of engagement with non-charity social change organisations. Whilst we are pleased with the quality of the engagement we achieved we were disappointed at the low volume and therefore very limited reach. On reviewing our activities in this space we have determined that our focus in the near future should be on our core audience but we will concurrently consider how we might reach different audiences and tailor our offering to the widest range of different social change organisations.

## EVENT SEASON TICKETS

We had hoped to develop a season ticket driven by member need however we've had insufficient capacity to do so. As an interim alternative, discounts were offered to delegates who wanted to attend both the VAT and Gift Aid Conferences, and we have offered discounts on multi-stream conferences to encourage two or more people from one organisation to attend. As we progress with further development of our new integrated finance and CRM system (Enterprise Resource Planning system) and website, we will use technology to support the development, and roll out, of a season ticket.

## CONTINUOUS IMPROVEMENT OF MEMBER AND CUSTOMER SUPPORT

We are continually striving to improve systems and support so that members receive the most effective and personal service possible, because their needs and challenges are central to everything we do.

Last year we reported on the launch of our new website and Enterprise Resource Planning (ERP) system, designed to improve member experience. The ERP went live in April and the website in May 2018. The website design and information architecture is much simpler and user friendly. We have had positive feedback from users. The new website enabled new members to join online for the first time and existing members to renew their annual membership online. In February/March 2019, over 500 charities renewed their 2019/20 membership online. However, there is more to be done, including delivery of *myCFG*, a self-service online area.

Projects of this size are always more complicated and time consuming than initially anticipated, especially in a small organisation. Learning a new system and embedding new processes has been lengthy and we have made a significant investment of time throughout 2018/19, reviewing internal procedures and adding new functionality to the website. For example in March, our corporate supporters were able to book stands at our 2019 Annual Conference using the website.

The additional work following on from the implementation has meant our progress in developing our member-focused services has been slower than we'd like. Our experience of implementing and recognition of further opportunities for digital technologies to transform member experience and improve decision making within CFG has led us to prioritise further developments in 2019/20. The priority will be to gather information on members' needs and challenges, and feed this insight into the business development team to ensure our activities are aligned and delivering value for money.

## PUBLICATIONS

Over the course of the year we published 11 issues of our *Finance Focus* member magazine. In a membership survey in February and March 2019, just over 85% of respondents rated *Finance Focus* as either excellent, very good or good. Quality, relevance and readability of the content each scored highly. We have a pipeline of contributors and potential contributors across the corporate and charity sectors, which indicates that, as a professional publication and career development opportunity, it is held in high esteem.

We issued our annual Economic Outlook Briefing in May 2018, the annual 'Pink Book' and produced another four publications throughout the year. Capacity limited our publication output in 2018/9 whilst priority was given over to policy and influencing activity in light of Brexit and uncertainty in the wider operating environment for charities.

## TRAINING AND DEVELOPMENT

Over the course of the year, we scheduled 39 and delivered 33 training sessions. The cancelled sessions were predominantly London-based and were related to topics that we normally deliver through different channels, for example members' meetings or conferences. In addition we dropped some scheduled activity to enable us to be more responsive to emerging issues (such as developing our cloud computing course to focus on general cyber security).

We surveyed members in February 2018, and the top three barriers to attending training and events are: location, timing and being too busy (117 responses). These, along with other findings from the survey will be incorporated into a large-scale market research exercise in Autumn 2019, and inform the future direction of CFG's training and events programme.

We trialled four new topics: Introduction to VAT; Maximising Gift Aid; People Management for Finance Professionals and Cyber Security for Charities. Technical updates continue to be popular, and we delivered another successful round of Inspiring Financial Leadership.

## OUR POLICY WORK IN 2018/19

***The operating environment as a whole for charities remains challenging with continued media scrutiny and political pressure on charities. It is our goal to be the leading voice in the charity sector on finance issues as well as a leading voice on the future of our sector more broadly.***

## SHAPING APPROACHES TO CIVIL SOCIETY

As a charity and voluntary sector infrastructure body, privileged to represent and speak on behalf of our members and the wider sector, CFG considers it essential to engage with all decision and public policy makers. We help inform and shape their approaches to civil society, especially at a time where increasing political instability and slim majorities limit the ability to pass major legislative change.

Ahead of the government's publication of their Civil Society Strategy in August 2018, CFG engaged in contributing views and shaping the debate by meeting with officials and issuing a detailed consultation response which sought to encourage bold ambitions and adequate funding for the proposals. Although the Strategy was less ambitious than many hoped, we were pleased to see some movement towards Grants 2.0 and have been involved in subsequent discussions with officials from the Office for Civil Society to explore its application.

CFG was pleased to also be requested to help contribute views to the shaping of the opposition's Labour Civil Society Strategy, along with other sector representative bodies, seeking to ensure that our consistent message is heard across political divides.

We have established good working relationships with both the Office for Civil Society and the shadow civil society team. CFG continues to liaise across all political parties to place issues of charity finance at the heart of civil society strategies.

## GIFT AID AWARENESS DAY

To help reduce the £600m of Gift Aid that goes unclaimed every year, on 4 October 2018, CFG launched its first Gift Aid Awareness Day. This was a means of increasing awareness of the scheme, encouraging donors to tick the box and volunteers to encourage take up from donors. CFG took a driving role in uniting sector voices behind this common ask and was joined in support by a large number of charities and sector colleagues. Not only did we receive endorsement from the Exchequer Secretary for the Treasury, who recorded a video for us endorsing the day, but also received support from HMRC and the Charity Commission.

"The CFG Gift Aid Awareness Day is an important moment in which we can help to explain gift aid and encourage more charities to use it, more volunteers to understand it and more donors to tick the box..." Robert Jenrick MP, Exchequer Secretary for the Treasury

We created a range of supporting resources for charities and potential donors, these included: an essential Gift Aid Guide; a Gift Aid FAQ; a guide on things to avoid when claiming Gift Aid; and a number of blogs from partners outlining some of the more technical details to be aware of when claiming.

The slogan for the day #tickthebox trended on twitter in the UK, and received more than 9 million impressions, alongside support from some of the largest charities in the UK, including Cancer Research UK, Great Ormond Street, British Heart Foundation, Macmillan and many others.

This further cemented CFG's position as the leading voice on Gift Aid, and a leading voice on charity tax more broadly, and we are seeking to increase our reach and the tangible outputs we produce for the second iteration of the day.

## KEY LEARNINGS FROM 2018/19

***The volume and variety of content and support to the sector should be driven by members' needs. In 2019/20 fewer, more targeted activities will create capacity to develop internal processes leading to improved quality over quantity for the sector.***



# FINANCIAL SKILLS FOR LEADERS & LEADERSHIP SKILLS FOR FINANCE PROFESSIONALS

STRATEGIC  
PRIORITY

## AIMS

- ◉ **We will deliver new content for Trustees and Chairs of charities through a combination of face-to-face training and online resources to boost financial governance.**
- ◉ **We will continue to strengthen our CEO Network to support finance leaders that have made the transition to become chief executives and encourage the next generation of rising FD to CEOs and deliver a range of new products to support career development including, but not limited to, further work with CASS.**
- ◉ **Non finance staff – we will develop products and services to meet the needs of non-finance staff in our core areas.**
- ◉ **Scotland – we will strengthen our presence in Scotland in response to demand from charities and corporates (through partnerships where possible).**

## OVERVIEW

*We want to ensure that CFG provides financial skills to all not-for-profit leaders and leadership skills to finance professionals working in not-for-profit organisations.*

### NEW CONTENT FOR TRUSTEES AND CHAIRS

CFG has leveraged our partnership with the Association of Independent Museums (AIM) to develop a training programme aimed at supporting Financial Governance for Trustees working in heritage organisations. Across 2018/19, four in-house training sessions were delivered in London, Cambridge, Preston and Bristol with a further two delivered in May 2019 (Norfolk and Henley).

CFG supported the launch and promotion of 'The Informed Trustee' in June 2018, an online course produced by STEP, the global professional association for practitioners who specialise in family inheritance and succession planning. The course equips both established and aspiring trustees with awareness and knowledge of a broad range of charity regulation and charity finance matters.

CFG also partnered with one of our corporate members, MHA MacIntyre Hudson to run the second survey on Trustee Charity Finance Competency in October 2018. The survey was completed by over 200 respondents and the full report was published in March. CFG will be using the results to help shape our future activity around building financial confidence at board level.

But there is much more to be done and we will be looking to ways in which we can reach deeper into the governance of our members and provide more support.

### INSPIRING FINANCIAL LEADERSHIP ALUMNI NETWORK

One of the key successes of our flagship leadership programme, Inspiring Financial Leadership, is that it forges strong peer support. To help facilitate this, we have set up an alumni group. The first meeting, in 2018 was very well attended. The second is due to take place in Autumn 2019. We continue to explore how digital platforms may facilitate conversations outside of the meetings.

### CEO NETWORK

At our 2018 Annual Conference we ran our first *Career Corner* enabling financial professionals interested in becoming CEO to drop in for advice with sector CEOs and executive search professionals.

The Annual Conference also included a large number of sessions that were targeted at the most senior level. However, with streams focusing on leadership and core technical content, the breadth ensured there was something for all career stages.

In March 2019 we held an exclusive event for charity CEOs on how to create happier workplaces. The evening was led by Henry Stewart, Founder of Happy, who had previously delivered a very successful closing plenary at our 2018 Annual Conference. CFG also delivered a session, sharing our own experiences of cultural change within the organisation. Feedback from the event was overwhelmingly positive:

*"The idea of leadership being about humility, vulnerability and love. Great."*

*"Really interesting, worthwhile and topical. Instantly felt like a safe space/ kindred spirits to enable dialogue."*

*"Thank you for the openness and encouragement re vulnerability, even to those who look to you."*

*"What I enjoyed: the people were all lovely and the networking was useful, it felt like a safe space, it was a small intimate group, good conversation, it was free."*

### ENGAGING NON-FINANCE STAFF

We have offered discounts for additional places at our regional conferences to encourage finance professionals to bring colleagues from other teams and with other disciplines, such as HR, IT, and in trustee and CEO roles.

We have engaged in speaking and training events on financial leadership where audience members were primarily trustees and non-finance staff, such as delivering training for AIM members and speaking at events aimed at charity governance professionals. Our CEO is increasingly asked to speak on wider charity leadership issues to a variety of audiences across the sector.

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**CFG will be using the results to help shape our future activity around building financial confidence at board level.**

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## SCOTLAND

There is continued demand from both our charity and corporate members to extend the reach of our services and support to charities in Scotland. This year we have made excellent progress in engaging potential partners in Scotland and have worked closely with Scottish Charity Finance Group (SCFG) where opportunities have arisen.

Although we are increasingly asked to provide support to charities in Scotland and there is clear demand we are currently not able to provide direct services. In order to meet that need we have collaborated with third parties to provide input, content, briefings and training support, such as giving SCFG members access to our Making Tax Digital webinar series.

## PARTNERSHIPS

Since we announced our partnership with the Association of Independent Museums (AIM) at their National Conference in June 2018, over 200 of their members have taken advantage of their full CFG membership. We continue to provide tailored content and resources and are working with AIM to ensure that the needs of finance professionals in independent museums are met.

Building on the success of this model, we have also established a partnership with Community Leisure UK (formerly Sporta). This allowed all of their members to book CFG events and training at the discounted CFG member rate. The partnership has since been expanded (in April 2019) to offer their members the full range of CFG member benefits.

## MENTORING SCHEME

In November 2017 we launched the first pilot of the mentoring scheme for our members. We were able to match 15 pairs during the year, exceeding our initial goal of 10 pairs.

The scheme ran for approximately nine months, and mentors received support from The Centre which has worked closely with us on this project. They created training and guidance on how to be a great mentor which provided mentors, many of whom were first time mentors, with the confidence to build a successful relationship with their mentee.

The pilot concluded in 2018. We have received fantastic feedback from the participants of the scheme and have many new ideas for the second phase which is due to run in 2019/20. In fact the scheme was so successful that many of the mentees from the pilot would consider being a mentor with CFG.

As successful as the partnerships were, our long term goal is to devise a model that can be scaled up to support a much larger number of members, particularly those located outside of London. The approach we took required significant resource to assess applications and create mentor – mentee pairings we thought would be suitable. Our first event was postponed due to a lack of potential mentors. However following the Annual Conference where we further promoted the scheme, we have received over 40 sign ups which should mean we can run a very successful second phase in September.

This year we are developing a different approach to mentoring which would allow us to invite a number of interested members (mentor and mentees) to a networking event where they will have the opportunity to meet in person, participate in workshops and hopefully identify another member who would be the ideal mentor or mentee for them. We're planning to have these events across all of the regions on a regular basis in time.

## CASE STUDY INSPIRING FINANCIAL LEADERSHIP

**Sarah Noak**, Director of Finance,  
Lessons for Life Foundation

**“** If you asked me before the course if I was a leader the answer would have been fairly obvious: I am because my *job title* makes me the leader of Finance, my position means I am part of the Senior Leadership team and I take *responsibility* for making *decisions*. I knew of course that a leader is someone that people choose to follow but what else do people look for in a leader – is it great charisma, glittering humour, having all the answers all of the time? If so I would come up a bit short.

The first key insight for me was in the first module on “the Finance Journey”, setting out how finance professionals have an essential and strong purpose right at the heart of the organisation due to our unique oversight across the business. We absolutely need to focus on building up strong controls and processes

but we have huge potential beyond this in shaping, influencing and implementing strategy at the highest levels.

IFL has been a wonderful journey. Returning to my thoughts on leadership, I have been reminded that a strong leader creates an environment that helps other people to be the best that they can be. I can model this through collaboration, trust, sharing information, putting ‘we before me’, growing people through performance, making time for people, simplifying and cutting complexity (particularly as people interact with finance!), coaching others and always being careful of how I act and acting with care towards other people. I also need to make sure that I take care of myself.

If this is Inspiring Financial Leadership then I’m going to give it my best shot!”

**”**

## KEY LEARNINGS FROM 2018/19

*Partnerships and broadening CFG’s activities through the use of networks enables us to reach a wider audience more effectively and we will carry this approach through into 2019/20.*





# LEADING BY EXAMPLE

## STRATEGIC PRIORITY

### AIMS

- ◉ Develop and implement a framework of Key Performance Indicators (KPIs) and Objectives, Results and Activities (ORAs).
- ◉ We will embed our new IT systems and improve the effectiveness of systems for monitoring our performance internally – looking in 2019–20 to share our experiences with the wider sector.
- ◉ We will refine our piloted approach to risk management and create a toolkit to share our learning.

### OVERVIEW

*Sharing best practice is at the very heart of CFG's purpose. Commonly, we're a conduit for sharing knowledge and experience (whether good or bad) between members and with the wider charity finance community. This strategic priority turns the spotlight on our internal systems and processes – not only to improve performance and to deliver better value to our members and charity finance community, but also to share our experience in the hope that in doing so, we are helping others.*

### PERFORMANCE MANAGEMENT

We understand that collecting data and setting objectives is only effective if that data drives decisions and the objectives are agile enough to respond to an ever changing and volatile operating environment. We have invested significant time in exploring models that are in situ across sectors and have developed our own approach to performance management. The aim of our approach is to give ownership to staff, within agreed boundaries and to set objectives which drive forward CFG's ambitions rather beyond the usual day to day tasks.

We imagine a future where we are able to report on our activities using the principles of good financial management; identifying what we set out to do (budget), what we actually did (monthly accounts), what the variances were and what they taught us or amendments required (forecast), as we progress through each financial year. The intention is to give active control to the full CFG team whilst maintaining strategic oversight of the activities undertaken.

We continued to develop a new performance management framework for CFG, based on the principles of OKR methodology (objectives and key results). In time, we aim to share not only the model, but also our experiences of adapting it for our specific needs with our members and the wider sector.

The new framework uses team and individual ORAs (objectives, results and activities) and KPIs (key performance indicators) to support the delivery of the business plan, which in turn is based on the strategic priorities. This year, we refined the templates and trialed team ORAs across all four CFG directorates. New team and individual ORAs will be rolled out in 2019/20 to support the new business plan. While we're keen to share it with our community, it is important that it works internally before we share our experience more widely, and this objective will be rolled over to 2019/20.

### IT SYSTEMS

In July 2018, CFG's Director of Customer and Business Support, Martin Hubbard presented a case study on CRM interface and integration technologies, covering the end-to-end transition between new and old systems. As one delegate commented it was a 'warts and all' commentary on the process, and didn't shy away from the challenges we faced along the journey.

“

While we're keen to share it with our community, it is important that it works internally before we share our experience more widely, and this objective will be rolled over to 2019/20.

”

CASE STUDY
OUR NEW APPROACH TO RISK MANAGEMENT

Caron Bradshaw, Chief Executive, CFG

We have adopted a more dynamic way of thinking about risk. At its heart is continuous dialogue, within the staff, within the board and between the executive and board. Our journey is by no means complete, we continue to refine our approach, but we are confident that we're managing risk better than we ever have before.

The infamous risk register is a very limited tool. It steers us towards attempting to predict the future and focus on what might happen, rather than keeping us focused on what is happening in the present. It also treats risk as a separate entity, rather than something that is an inherent part of everything we do.

The greatest duty we hold towards our stakeholders is not to try to minimise all risks at all costs, it's to maximise impact. In order to do this, we need to know what situations could give rise to negative outcomes, be alert to the barriers, problems and challenges we will inevitably encounter as part of our charitable activities. We need to always be open to learning from and sharing our experiences when things go wrong and be fleet of foot to seize opportunity and share knowledge when our efforts bring about positive change.

I have long held the belief that an industrial approach to risk management does not help us avoid harm or seize opportunity. Many of us have bought into established processes which cannot, of themselves, embed effective risk management in our organisations. We have become caught up with calculating and weighting, identifying and recording risks and spend way too little time actually managing them.

In a traditional approach to risk we tend to try to predict things we might encounter and determine how likely they might be to happen and how badly they might hit us. We spend a lot of time debating whether something is a five or a six, a red or an amber and think about who should own that risk and what actions we should take to avoid, mitigate or transfer the risk.

But life isn't that predictable.

What if, instead of thinking about 'risk' as a topic in its own right, we change our mindset and think of risk being everything we do, and ask how we do it well. What if our starting point is that risk is life and we want to live better?

Risk is about life and life isn't about three or five big stages, it's about millions of different tiny steps. Embed consideration of risk and opportunity in everything you do, not just when encountering, seeking to avoid or managing failure.

It is important to recognise that CFG is a less complex organisation than many of our members. Whilst our activities and relationships can be quite complicated we are not managing multiple sites or complex different income streams. However, there are lessons from our experience that can easily be scaled up for a larger or more complex organisations if the culture and mindset is right.

Whilst we have tentatively shared the principles behind our approach with members we are not yet in a position to turn this into a toolkit. That aspiration has had to take a back seat to more time pressing issues. It is our intention to continue to share our experience and work towards a product that is transferable to others whatever the size or type of social change organisation.

The organisation feels like a very different place to work – not only is it a more positive environment to be in every day, but the challenges we face now are centred on how to be the best organisation for our members.

ACHIEVING CULTURAL CHANGE

Shifting and developing a culture is not a start and finish process and requires an ongoing effort and commitment from the whole team, particularly the senior management team. We have invested a lot of time and effort into developing the sort of culture we all wanted to work in and defining that as clearly as we can through shared processes. We believe that the best examples of not for profit organisations are those who harness the potential of a diverse workforce and whose culture facilitates personal growth and collaboration. Our cultural transformation has been predicated on the belief that more engaged, happy staff deliver a greater impact.

We undertook a diagnostic survey with the whole staff team and Trustees to establish where we most needed to focus attention. This work was followed up with a series of workshops to engage staff in co-creating policy (including values and behaviours), processes (eg around line management) and the working environment that would improve happiness, productivity and performance.

The organisation feels like a very different place to work – not only is it a more positive environment to be in every day, but the challenges we face now are centred on how to be the best organisation for our members.

The culture programme has been a priority for the whole organisation. Although it has required a major investment, it has produced excellent results and has made us a more sustainable organisation. We are really pleased with the impact.

The following data from recent participation in the Charity Pulse survey (which is completed by over 200 charities and provides a benchmark score for comparison) found significant improvements in a number of key areas:

"Poor performance is dealt with effectively at this charity"

- A shift from 64% disagree with this statement in 2017 to 20% disagree in 2019.

- The poor performance statement has improved radically, however there are still a large proportion of neutral scores. It's not possible to infer why there is such a high number of neutral scores, therefore we are likely to investigate the teams views on managing performance more thoroughly.

"Morale at this charity is high"

- A shift from 36% agree in 2017 to 81% agree in 2019 is fantastic and really embodies the shift in culture within the organisation. CFG feels different now and we are pleased that this is reflected in the scores.

"I have confidence in the Trustee board"

- A shift from 55% agree in 2017 to 86% agree in 2019
- The confidence and Trustee board statement has also improved, with far more agreeing with the statement whereas previously more staff were neutral.

The following statements best describe the cultural shift we have experienced compared to 2017:

- I understand what this charity wants to achieve as an organisation – 100% agree
- It is safe to challenge the way things are done here – 95% agree
- I would recommend this charity as an employer – 95% agree
- I feel empowered to take decisions that are relevant to my role – 95% agree
- My views are listened to and valued – 90% agree

HOW ARE WE DOING COMPARED TO OTHER CHARITIES?

When compared to the sector's results, the following statements were of particular note:

- It is safe to challenge the way things are done here – 95% of CFG staff agree compared to the average Charity Pulse score of 54%
- Morale at this charity is high – 81% of CFG staff agree compared to the average Charity Pulse score of 45%
- I have confidence in the Trustee board – 86% of CFG staff agree compared to the average Charity Pulse score of 53%

EMBEDDING INNOVATION

The cross-organisational innovation group, established in 2017/18 to capture ideas from all corners of CFG to improve the member experience and reach new audiences, has continued to flourish. In 2018/19 we launched the first of a series of podcasts, on our approach to risk management, and prepared for the launch of the CFG Awards 2019 recognising excellence in financial leadership.

An essential part of the innovation strand is to inspire others; to tell them about what worked and didn't work, and what we've learned along the way. In June 2018, our Director of Business Development and Events delivered a presentation on innovation to 60 delegates at a National Trust conference for business partners from across the UK.

KEY LEARNINGS FROM 2018/19

2018/19 has provided significant evidence of the importance of CFG seeking to be an exemplar of what makes a great not for profit organisation. Our members have expressed considerable interest in our activities, our cultural change in particular. We will seek out more ways to share our learning and enhance our support of members in 2019/20.



# OBJECTIVES 2019–20

*As we approached the final year of our three-year strategy we reflected on what we wanted to achieve, what we actually achieved, and whether what we had planned for the final year of the strategy remained*

*the most appropriate actions to continue on our organisational journey towards delivering, promoting and supporting a sector which is financially confident, dynamic and trustworthy.*

As a result of the review we have concluded our three main strategic priorities should remain the same, but that we should adopt a rolling three-year approach; each year pausing to reflect.

## OBJECTIVES

**OVER THE NEXT 12–18 MONTHS  
THE MAIN OBJECTIVES WILL BE:**

### 1

#### **BE THE GO TO BODY: BROADENING OUR INFLUENCE TO BE THE MOST TRUSTED AND RESPECTED SOURCE OF GUIDANCE ON FINANCIAL MANAGEMENT**

- Membership – we will undertake greater analysis of our membership and the wider sector in order to better target our content and engagement and tailor our messages to our audiences and become need led in our product and service development.
- Policy and Engagement – We will continue to build a more proactive approach to policy, led by evidence and member insight and making greater use of research to underpin and drive campaigning.
- We will reposition our benchmarking tool, Finance Count as an inclusive member benefit, driving up participation and boosting CFG's own research and intelligence for the benefit of the wider sector and members.
- We will launch services to support members with their recruitment needs.
- We will review how we support small charities and community accountants.

### 2

#### **EXPAND OUR SCOPE TO BETTER SUPPORT LEADERS**

- We will develop a segmented programme of 'Leadership Lectures'.
- We will explore how we can support the transition from Finance Director to C Suite (chief operational) roles, including through our mentoring scheme.
- The mentoring programme will be expanded to include mentoring aimed at the both the full range of careers – from most senior to junior finance professionals.
- We will focus on bringing our existing relevant content to Trustees.
- We will support other non-finance leaders by exploring partnerships with relevant bodies.

### 3

#### **CFG AS AN EXEMPLAR**

- We will continue our cultural change programme and share the learning.
- We will share the learning and experience of developing a new approach to innovation.
- We will recommence the development of a toolkit on risk.
- We will ensure that our tone of voice matches our behaviours by being data/evidence led, through our own leadership skills and by being bold, speaking out effectively and we will use digital resources more effectively.
- We will explore how our own reporting can become a 'gold standard', including how we use digital resources.



# REVIEW OF FINANCIAL POSITION

## CFG'S BUSINESS MODEL

*We aim to work in partnership and through collaboration. This means that where others are meeting needs in a cost-effective way CFG will avoid duplication. We will signpost to third parties unless to do so would undermine CFG's ability to meet sector need. Where possible we will work in partnership to deliver our objectives and make best use of our resources. We will only seek to provide products and services that add value (either by positively impacting our beneficiaries or through providing funds to enable impact).*

CFG currently earns virtually all our income (which is derived from membership fees, sponsorship and delegate fees) supplemented with modest grant income (e.g. core funding from Paul Hamlyn Foundation over five years).

Our funding model is predicated on the fact that corporate partners want to engage with us for two principle purposes; to connect with not-for-profit organisations that may purchase their products and services and to support the wider sector through sharing their expertise, financially supporting CFG's services provision and hosting our activities. The corporate support subsidises the cost of services to our charity members. Without corporate member support CFG could not effectively deliver to the sector (without changing our business model). However, CFG is keen to diversify funding to include more grant-funding where appropriate to support our outcomes.

## RESULTS FOR THE YEAR

The financial year 2018/19 was again a stable financial year for CFG with an overall surplus generated of £24,811, £25,274 if just looking at unrestricted funds.

Income was slightly higher in 2018/19, £1,796,120 compared to £1,776,430 in 2017/18. Expenditure, £1,771,309, was lower than the £1,810,712 spent in 2017/18, a decrease of 2%.

The net cost of our new Enterprise Resource Planning System and website is included within our Fixed Asset Reserve and we have started to depreciate these intangible assets. Approximately £40,000 remains to cover additional enhancements to processes.

£23,079 remains of the designated fund set up for additional Business Improvements, originally £80,000. Part of this fund, £15,000 was to fund the development of a Crisis Communications Plan. It is felt that this money could be better utilised elsewhere so this has been allocated back to free reserves. The balance of the designated fund relating to Small Charities has also been allocated back to free reserves as we have embedded the small charity activity into our wider planning/general activities.

Two new designated funds were approved by the Board in March. Firstly, £25,000 was set up to fund employee Qualification Training Contracts, to be used over the next 3 years. Secondly, the Board set aside £175,000 for an Innovation and Development Fund to adapt to the more challenging

environment for infrastructure charities, to better meet members' needs and put CFG's income-generating activities on a more sustainable footing. This fund will enable CFG to actively reduce the quantity of activities in 2019/20 freeing up resource to transform our intelligence, processes and the development of new products and services to better identify the activities that members want (whether inclusive or exclusive of the membership fee). The Innovation and Development Fund will draw on the reserves that we generated in earlier years, to ensure that CFG can continue to deliver effective support while we restructure and rationalise our offering. This strategy involves planned deficits in both 2019/20 and 2020/21, in anticipation that more cost-effective operations will allow CFG to break even in the third year, and return to profit from 2022.

Debtors and deferred income have both increased significantly compared to last year in line with previous year balance sheet patterns. This occurs as membership subscriptions for a new financial year are largely invoiced prior to 31 March. For the 2018/19 membership year this didn't happen, as a new online renewals system was developed and launched shortly after year end, so there were low balances as at 31st March 2018.

## Reserves policy

As part of the 2019/20 budget setting process, CFG's Finance and Audit Committee reviewed CFG's reserves policy. It was confirmed that the policy agreed previously was still valid and that CFG maintained free reserves:

- To provide a sustainable and appropriate level of working capital;
- To allow for periods of unexpected drops in planned income;
- To cope with sudden short-term increases in planned expenditure;
- To provide cover for other risks, contingencies or unforeseen events (these would have a low likelihood of occurring but, if they did, would have a significant effect on CFG).

It was agreed that the top end of the free reserve range would increase from £275,000 to £280,000. A new free reserve range of £175,000 to £280,000 was therefore agreed.

Our available free reserves as at 31 March 2019 were £228,722 (2018: £305,576) within the current agreed range. The drop in free reserves is as a direct result of the creation of new designated funds. The Board will at times designate funds from free reserves for specific costs that fall outside the normal business as

usual expenditure. Any funds received that can only be lawfully used for a specific charitable purpose will be held as restricted funds.

## Investment policy

CFG 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 CFG 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 CFG to adopt an ethical investment policy at this time.



# STRUCTURE, GOVERNANCE & MANAGEMENT



## STRUCTURE

Charity Finance Group (CFG) was incorporated by guarantee on 29 March 1996 and registered in England and Wales, changing its name from the Charity Finance Directors' Group on 20 March 2015, it has been trading as CFG since 2012. We have no share capital and the guarantee is limited to £1 per member. The governing document is the Memorandum and Articles of Association of the company, which was amended on 6 November 2014 following a Group Members' Special Resolution. The Board of Trustees are the directors of the company, and we have one wholly-owned trading subsidiary, CFGD Trading Limited, which carries out all trading activities for CFG. See note 2 to the financial statements.

## BOARD

The Board consists of up to ten Trustees, all able to serve two terms of three years. Up to seven are required to be CFG members, and the Board may appoint three non-member Trustees in order to bring in wider necessary skills and experiences. Member Trustees are elected by their fellow members. The Chair is allowed a further period of appointment if they would have less than two years in the Chair role due to their appointment date, subject to a maximum period of service as Trustee of eight years.

Non-member Trustees are appointed after an open recruitment process. The Chair and officers of the Board are appointed by the Trustees from among their number. The Board meets four times a year and holds additional strategy planning sessions and away days in order to closely engage with the work CFG delivers.

The Board receive bi-weekly updates on day to day activities, new risks and progress against key objectives. This provides the Board with regular and valuable information in order to carry out their duties and responsibilities. Sub-committees and ad hoc task and finish sub-groups of the Board are convened to expedite the execution of duties. Sub-committees, currently; Nominations Committee; Remuneration Committee; and Finance and Audit Committee are governed by their own

terms of reference and delegated duties are approved by the full Board. Sub-committees are served by Trustees and co-opted independent appointees. A special Advisor and expert forums/ad hoc working groups provide support and advice to the Board and staff.

## BOARD INDUCTION AND CONDUCT

Trustees sign a code of conduct and complete a register of interests (reviewed annually). Induction support and a Trustee handbook are provided to new Trustees by the staff team and Chair. The handbook includes a copy of relevant policies, procedures, governance information and role descriptions.

## MANAGEMENT

Day-to-day management of CFG is delegated to the CEO. Performance and risk is monitored against strategic objectives. CFG's headcount is currently, at 4 September 2019, 19 full-time positions.

## RISK MANAGEMENT

CFG's strategic risks are defined as those matters which could inhibit or, if managed appropriately, advance the achievement of our charitable objects as articulated in our outcomes framework. Trustees do not fix these risks by category or by nature but rather have adopted a dynamic approach which considers the appropriate risk response to a wide range of variables. The major risk elements have been reviewed and systems or procedures have been established to manage them. The Board of Trustees is satisfied that reasonable steps are being taken to limit the probability and the impact of risk.

CFG continues to view active risk management as a day-to-day aspect of running the organisation. Risk is the responsibility of every member of staff and all Trustees. It has been embedded into staff activities, reporting and Board meetings ensuring CFG has the best opportunity to prevent issues arising, minimise risks and maximise opportunities. The senior management team reviews risk on a regular basis, especially when considering changes to plans or new opportunities.



The Trustees review a risk issues log at Finance & Audit Committee (twice a year) and Board meetings (once a year) in order to monitor the effectiveness of CFG's risk management. Key changes in risk are reported to the Board as required and it is a standing agenda item at every Board meeting.

In 2018/19 we have noted that, our increasingly bold approach, taking public positions on controversial matters such as Brexit, has caused Reputation to be in a top three risk area. These bolder stances have been taken in the knowledge that there could be negative outcomes. Nonetheless we pressed ahead because we felt the possible opportunities were greater and steps could be taken to minimise the risk of damage. We remain focussed on the risks and opportunities that could impact our reputation.

Capacity issues have been somewhat curtailed, resulting in people and performance dropping out of the top three areas of risk. Our focus on culture and people development continues and we are starting see really positive engagement with members and the sector through sharing our experiences thus far. It remains a top priority but the risk has diminished.

We have continued to focus on our business model and sustainability. In addition as we approach the final year of the three-year strategy we have been reviewing our plans and resources. During the budget cycle the CFG team and trustees concluded that the ability to sustainably deliver CFG's charitable objectives in a volatile and changeable environment required some improvements in data, use of systems and quality. A significant investment has been designated to improve skills, implementation of systems and processes deliver efficiency and effectiveness as well as exploration of member needs and revisions to our programmes of activity. We are confident that the work we are proposing to undertake will deliver a really firm platform for future activities and safeguard against financial uncertainty (including Brexit) but we also recognise the risk that sacrificing income without delivering this change could undermine the financial security of CFG.

As a result of the experiences of the past and our predictions for the challenges over the next 12 months we predict that the issues that we will need to focus on during 2019/20 will be:

#### Financial and resource

**management:** In common with many others providing support and services to the sector, income is becoming harder to generate and the environment is ever more competitive. We are focussing on being creative and flexible in our products and services. This will mean taking more risks to provide new services which can meet the needs of the sector and continuously refreshing and reviewing our more established programme of activities as well as new partnerships and greater collaboration.

**People and Development:** As we work hard to become an exemplar of how social change organisations should operate we have focussed more on culture and people development. This presents some wonderful opportunities for CFG but also will present risks as the organisation changes.

**Reputation:** As we have become bolder in our approach and have publicly taken a position on matters which are arguably more controversial (such as Brexit and charging charities for regulation) we have encountered higher levels of potential risk.

We recognise the importance of our reputation to our policy and engagement work and will continue to ensure that we remain balanced, evidence based and brave in the stances we take.

#### Our governance around remuneration: how we decide how much to pay our staff

CFG is an accredited Living Wage employer and we are committed to ensuring that we pay our staff fairly and in a way which ensures we attract and retain the right skills to have the greatest impact in delivering our charitable objectives.

In accordance with the Statement of Recommended Practice (SORP) CFG discloses:

- all payments to trustees (no trustees receive 'pay')
- the number of staff in receipt of more than £60,000 and above (in bands of £10,000)
- pensions and other benefits.

CFG has a Remuneration Committee, which meets annually, is comprised of the CFG Chair, Vice-Chair, Treasurer and one other (who shall be appointed by the Chair), which sets the pay for all staff.

The CEO and Director of People and Performance are in attendance for the meeting (leaving for the discussion regarding their remuneration respectively) and no members of the executive are members of the committee.

The main responsibilities of the Committee are to:-

- Review the CFG salary banding and make sure amendments as are appropriate to ensure that CFG salaries remain competitive
- Determine the remuneration package of the Chief Executive
- Approve the annual percentage increase in the payroll for all staff (which can be zero) taking into account the average RPI for the previous year
- Approve any consolidated pay awards and staff salary increases outside of the annual review process as recommended from time to time by the Chief Executive

- Approve any non-consolidated pay awards (bonus) as recommended by the Chief Executive
- Determine pension arrangements and ensure that contractual terms on termination are fair to the individual and the charity, that poor performance is not rewarded and a duty to mitigate loss is recognised.

In determining CFG's remuneration policy, the Remuneration Committee takes into account all factors which are deemed necessary. The objective of the policy is to ensure that the Chief Executive and staff team are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the charity.

The appropriateness and relevance of the remuneration policy is reviewed annually, including reference to comparisons with other charities ensuring CFG remains sensitive to the broader issues e.g. pay and employment conditions elsewhere.

We aim to recruit, subject to experience, at the entry level within a band, providing scope for development and opportunity to be rewarded for excellence. We do not employ interns without pay and we pay at least the London Living Wage for all our staff.

Delivery of CFG's charitable vision and purpose is primarily dependent on our staff, which is the largest single element of charitable expenditure. In 2018-19 CFG awarded staff a 3% cost of living uplift in salary. One member of staff earned more than £60,000 per annum being remunerated £96,641(2017: £95,213).

Further information on pension arrangements and on the salary costs for the year with comparisons to the previous year are presented in the notes to the financial statements.

## FUNDRAISING

As the Charity Finance Group undertakes no direct fundraising with the public it is not registered with the Fundraising Regulator. No complaints regarding any fundraising activities have been received.

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We will continue to ensure that we remain balanced, evidence based and brave in the stances we take.

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# STATEMENT OF TRUSTEES' RESPONSIBILITIES

***The Trustees are responsible for preparing the strategic report, the report of the Board of Trustees and the Financial Statements in accordance with applicable law and regulations.***

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application or resources, including the income and expenditure of the group for that period.

In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the Trustees. The Trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

The Trustees have confirmed that, so far as they are aware, there is no relevant audit information of 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.

## **Appointment of auditors**

Mazars LLP were appointed during the year as our auditors for the fourth year and they will be proposed for reappointment in the coming year.



Gary Forster  
Chair of Trustees

# FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 March 2019 (Incorporating the income and expenditure account)	Unrestricted Funds		Restricted Funds	Total	Total
	Notes	2019	2019	2019	2018
INCOME FROM:	1	£	£	£	£
<b>Donations &amp; Legacies</b>		44,262	6,570	50,832	2,281
<b>Charitable Activities</b>					
• Well Developed Skills, Learning, Knowledge & Practice		1,081,563	-	1,081,563	1,064,201
• Effective Governance & Leadership		426,091	-	426,091	468,066
• Operating in a Supportive Environment		106,734	-	106,734	114,063
<b>Other Trading Activities</b>					
• Annual Fundraising Dinner		127,795	-	127,795	126,280
<b>Investments</b>		2,339	-	2,339	1,539
<b>Other</b>		766	-	766	-
<b>TOTAL INCOME</b>		<b>1,789,550</b>	<b>6,570</b>	<b>1,796,120</b>	<b>1,776,430</b>
<b>EXPENDITURE ON:</b>					
<b>Raising Funds</b>					
• Annual Fundraising Dinner		77,518	-	77,518	72,739
<b>Charitable Activities</b>					
• Well Developed Skills, Learning, Knowledge & Practice		1,058,267	6,941	1,065,208	1,052,271
• Effective Governance & Leadership		339,423	-	339,423	319,452
• Operating in a Supportive Environment		289,068	92	289,160	366,250
<b>TOTAL EXPENDITURE</b>	<b>3</b>	<b>1,764,276</b>	<b>7,033</b>	<b>1,771,309</b>	<b>1,810,712</b>
<b>NET INCOME/(EXPENDITURE)</b>	4	25,274	(463)	24,811	(34,282)
<b>TOTAL FUNDS BROUGHT FORWARD AT 1 APRIL</b>	-	686,412	13,009	699,421	733,703
<b>TOTAL FUNDS CARRIED FORWARD AT 31 MARCH</b>	10	711,686	12,546	724,232	699,421

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

For Companies Act purposes, total income is £1,617,214 (2018: £1,553,944) and total expenditure is £1,592,403 (2018: £1,588,226), which is total income and total expenditure as shown above, both net of gifts in kind of £178,906 (2018: £222,486).

All the above amounts relate to continuing activities.

For the charity, total income is £1,768,263 (2018: £1,760,716) and total expenditure is £1,768,805 (2018: £1,787,583).

The charity generated a surplus of £24,811 for the year ended 31 March 2019 (2018: a deficit of £34,282).

The financial statements are prepared in accordance with the special provisions of Part 15 of the

Companies Act 2006 relating to small companies. The notes on pages 38 to 46 form part of these accounts.

The accounts were approved and authorised for issue by the Board of Trustees on 23rd September 2019 and signed on their behalf by:

**Gary Forster**  
Chair

**Samantha Husband**  
Treasurer



# BALANCE SHEETS

As at 31 March 2019  
Company no. 03182826

		2019	2018	Total
		Group	Charity	Group
	NOTES	£	£	£
<b>FIXED ASSETS</b>				
Intangible assets	6	161,917	161,917	180,902
Tangible assets	6	12,367	12,367	22,853
Investments	7	-	10,000	-
		<b>174,284</b>	<b>184,284</b>	<b>203,755</b>
<b>CURRENT ASSETS</b>				
Debtors	8	816,448	576,495	148,143
Short term deposits		335,901	335,901	583,563
Cash at bank and in hand		530,331	404,927	88,122
		<b>1,682,680</b>	<b>1,317,323</b>	<b>819,827</b>
<b>LIABILITIES</b>				
Creditors: amounts falling due within one year	9	(1,132,732)	(804,131)	(324,161)
<b>NET CURRENT ASSETS</b>		549,948	513,192	495,667
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>724,232</b>	<b>697,476</b>	<b>699,421</b>

<b>FUNDS</b>	10			
<b>UNRESTRICTED FUNDS</b>				
• Free Reserves		228,723	201,967	305,577
• Fixed Asset Reserves		203,755	203,755	153,495
<b>DESIGNATED FUNDS</b>				
• Fixed Asset Reserves		174,284	174,284	203,755
• ICT Development		40,155	40,155	69,951
• Inspiring Financial Leadership		15,445	15,445	5,814
• Business Improvements		23,079	23,079	49,579
• Market Research		30,000	30,000	30,000
• Small Charities Programme		-	-	21,736
• Qualification Training Contracts		25,000	25,000	-
• Innovation and Development		175,000	175,000	-
<b>RESTRICTED FUNDS</b>				
• Small Charities Programme		12,546	12,546	13,009
		<b>724,232</b>	<b>697,476</b>	<b>699,421</b>



# CONSOLIDATED STATEMENT OF CASH FLOWS AT 31 MARCH 2019

	2019	2019	2018	2018
<b>CASH-FLOWS FROM OPERATING ACTIVITIES</b>				
Net Income	24,811		(34,282)	
<b>Adjustments for:</b>				
• Depreciation	59,266		14,702	
• Loss on Disposal of tangible fixed asset	-		625	
• Interest Expense	2,339		1,539	
• Trade and Other Receivables	(668,305)		586,461	
• Trade and Other Payables	808,570		(756,039)	
<b>Cash-flows generated from operations</b>		<b>226,681</b>		<b>(186,994)</b>
Interest Paid		(2,339)		(1,539)
<b>Net Cash-flow from operating activities</b>		<b>224,342</b>		<b>(188,533)</b>

<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of IT Systems/Equipment	(29,795)		(65,587)	
Proceeds on disposal of Equipment	-	(29,795)	-	(65,587)
<b>NET (DECREASE)/INCREASE IN CASH</b>		<b>194,547</b>		<b>(254,119)</b>

	At 1st April 2018	Cash-flows	At 31st March 2019
Cash at bank	88,122	442,209	530,331
Cash on deposit	583,563	(247,662)	335,901
	<b>671,685</b>	<b>194,547</b>	<b>866,232</b>



# NOTES TO THE FINANCIAL STATEMENTS

## 1. ACCOUNTING POLICIES

***The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)) and the Companies Act 2006.***

The Charity Finance Group meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

**The principal accounting policies of the Group are set out below:**

### CONSOLIDATION

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the charity and of its subsidiary undertaking, namely CFDG Trading Limited. 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.

### FUND ACCOUNTING

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

### RECOGNITION OF INCOME

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

### DONATED FACILITIES

Donated facilities, as described in note 4b below, are included at the value to CFG i.e. the value CFG would have paid in the open market. Although SORP 2015 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 CFG considers this gives a fairer presentation.

Members' subscriptions and events & conferences and deferred income 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.

### PENSIONS

Contributions to our defined contribution group personal pension scheme are charged to revenue according to the period to which they relate.

### EXPENDITURE

All expenditure is accounted for on an accruals basis and has been listed under headings that aggregate all the costs related to that activity. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing CFG to the expenditure. 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 expenses headings on the basis of time spent.

The cost of the Annual Fundraising Dinner covers direct expenditure on the dinner together with the appropriate allocation of staff and support costs.

Charitable activities include expenditure associated with the operation of CFG and the provision of our services.

### OPERATING LEASES

Rentals paid under operating leases are charged to expenditure on a straight-line basis over the terms of the leases. In accordance with UITF Abstract 28 operating lease incentives and SSAP 21, the rent free period incentive on the lease of 15/18 White Lion Street, London, N1 9PG, has been spread over the term to the first break in the lease i.e. three years.

### GOING CONCERN

Free unrestricted reserves of CFG at the year-end amount to £228,723. After consideration of the current strategic plan to 2019/20 and with an aligned three year budget agreed, the Trustees consider there is a reasonable expectation that the CFG group has adequate resources to continue in operational existence for the foreseeable future. The Trustees are also satisfied with the controls in place for monitoring and flexing the budget throughout the years. There are no material uncertainties that would impact on the charity's ability to continue. Accordingly we continue to adopt the going concern basis in preparing this annual report and financial statements.

### INTANGIBLE AND TANGIBLE FIXED ASSETS

All fixed assets are stated at historical cost less depreciation. Assets with a cost in excess of £2,000 and which are intended to be of ongoing use to CFG in carrying out its activities are capitalised as fixed assets.

Depreciation/amortisation is charged on all tangible/intangible fixed assets at 25% of cost per annum, so as to write them off over their expected useful lives.

### SIGNIFICANT JUDGEMENTS AND ESTIMATES

No significant judgements or estimates have been required in the production of these accounts.

### INVESTMENTS

The investment in the subsidiary CFDG Trading Limited is valued at cost.



## 2. RESULTS FROM THE TRADING ACTIVITIES OF THE SUBSIDIARY

*The charity has one wholly owned subsidiary which is incorporated in Great Britain. CFDG Trading Limited was incorporated on 5th February 2009 to raise funds via commercial activities and sponsorship for CFG. CFDG Trading Limited donates its taxable profits to CFG under Gift Aid subject to its working capital requirements being maintained.*

	2019	2018
<b>CFDG TRADING LIMITED</b>	£	£
Turnover	461,701	506,512
Cost of sales	(151,226)	(162,260)
<b>Gross profit</b>	<b>310,475</b>	<b>344,252</b>
Administrative Expenses	1,280	(2,849)
<b>Operating profit</b>	<b>311,755</b>	<b>341,403</b>
Interest receivable	-	-
<b>Profit before tax and distribution</b>	<b>311,755</b>	<b>341,403</b>
<b>Fund balance brought forward</b>	<b>11,403</b>	<b>18,818</b>
Distribution to parent charity	(286,403)	(348,818)
Retained in subsidiary	36,755	11,403
<b>BALANCE SHEET</b>		
Current assets	575,367	61,090
Current liabilities	(538,612)	(49,688)
<b>NET ASSETS</b>	<b>36,755</b>	<b>11,403</b>
Share capital	10,000	10,000
Reserves	26,755	1,403
<b>TOTAL FUNDING</b>	<b>36,755</b>	<b>11,403</b>

## 3. EXPENDITURE ANALYSIS

### A) ANALYSIS OF TOTAL EXPENDITURE

	Staff costs	Support costs	Other direct costs	Total 2019	Total 2018
	£	£	£	£	£
<b>Raising Funds</b>					
• Annual Fundraising Dinner	19,396	7,056	51,066	77,518	72,739
<b>Charitable activities</b>					
• Well Developed Skills, Learning, Knowledge & Practice	532,099	193,018	340,091	1,065,208	1,052,271
• Effective Governance & Leadership, Operating in a Supportive	148,453	56,136	134,834	339,423	319,452
• Environment	177,210	64,655	47,295	289,160	366,250
<b>TOTAL EXPENDITURE</b>	<b>877,158</b>	<b>320,865</b>	<b>573,286</b>	<b>1,771,309</b>	<b>1,810,712</b>
<b>Total Expenditure 2016/17</b>	<b>925,681</b>	<b>219,189</b>	<b>665,842</b>	<b>1,810,712</b>	<b>-</b>

### B) ANALYSIS OF SUPPORT COSTS

	Raising Funds	Developing Skills, Learning, Knowledge and Practice	Inspiring Financial Leadership	Encouraging a Supportive Environment	Total 2019	Total 2018
	£	£	£	£	£	£
Premises & Office Services	2,197	60,154	16,794	20,067	99,212	74,195
IT & Communications	1,587	43,455	12,133	14,496	71,671	71,342
HR, Recruitment & Training	1,193	32,489	11,318	11,103	56,103	38,030
Financial costs	519	14,220	3,970	4,744	23,453	5,649
Depreciation	1,313	35,933	10,032	11,988	59,266	15,327
Governance (incl External Audit)	247	6,767	1,889	2,258	11,161	14,645
<b>Total</b>	<b>7,056</b>	<b>193,018</b>	<b>56,136</b>	<b>64,655</b>	<b>320,865</b>	<b>219,189</b>

Within total expenditure the 'Other direct costs' column includes costs of £178,906 (2018: £222,486) relating to services donated to CFG that were not incurred by CFG (see note 4b). Had these services not been donated CFG would have incurred this cost.

All support costs are allocated on the basis of staff time. Staffing support costs have not been analysed as the majority of CFG staff work directly on activities and the amount that can be allocated to support is therefore not material.

## 4. NET OUTGOING RESOURCES

A) THESE ARE STATED AFTER CHARGING		
	2019	2018
	£	£
<b>Auditor's remuneration</b>		
• Audit – current year	7,615	7,663
• Non-audit services	1,150	1,100
<b>Depreciation</b>	<b>59,266</b>	<b>15,327</b>
<b>Operating lease premises</b>	<b>65,124</b>	<b>45,523</b>

### OPERATING LEASE COMMITMENTS

The minimum payments, which CFG is committed to make in the coming year under operating leases, are as follows:

### GROUP AND CHARITY PROPERTY

	2019	2018
	£	£
<b>Leases which expire:</b>		
• within one year	7,663	8,070
• within one or two years	1,100	1,100
<b>Total</b>	<b>14,702</b>	<b>13,245</b>

### B) VALUATION OF DONATED RESOURCES

Donated facilities are included at the value to CFG. These are largely made up of meeting and training venues, audio-visual equipment and refreshments.

	2019	2018
	£	£
<b>Raising funds</b>		
• Annual Fundraising Dinner	512	1,981
<b>Charitable activities</b>		
• Developed Skills, Learning, Knowledge & Practice	171,601	197,542
• Effective Governance & Leadership	180	6,152
• Operating in a Supportive Environment	6,613	16,810
<b>Total</b>	<b>178,906</b>	<b>222,485</b>

## 5. TRUSTEES AND EMPLOYEE INFORMATION

### A) TRUSTEE INFORMATION

No remuneration was paid to or waived by, any Trustee during the year (2018: £Nil). Expenses of £3,289 for travel and subsistence were reimbursed to six trustees during the year (2018: £2,362, four trustees).

### B) EMPLOYEE INFORMATION

Employee numbers	2019	2018
	No.	No.
• The full time equivalent number of staff employed during the year was:	20.4	21.3
• The average headcount during the year was:	21.4	21.7
<b>Employee costs during the year were :</b>	<b>£</b>	<b>£</b>
• Salaries	744,579	805,405
• Social security	74,348	80,304
• Pension	48,266	49,139
<b>Subtotal salaried staff</b>	<b>867,193</b>	<b>934,848</b>
• Contractors	29,918	26,367
• Holiday Pay Accrual	6,407	(12,892)
• Other	2,179	-
<b>Total employee costs</b>	<b>905,697</b>	<b>948,323</b>

The number of employees whose total pay amounted to £60,000 or above for the year is as follows:

	2019	2018
	No.	No.
£90,001 – £100,000	1	1

Total pay for this purpose includes gross salary but excludes expenses. Systems are in place for the correct management of expenses.

The one member of staff included in the above bandings for 2019 has benefits accruing under CFG's group personal pension arrangement. The employer contributions into the group personal pension scheme during the year on behalf of this member of staff amounted to £9,664 (2018: £9,671).

There were nineteen active members of staff in total accruing benefits under the group's personal pension schemes as at 31 March 2019 (2018: twenty-five).

### C) REMUNERATION OF KEY MANAGEMENT PERSONNEL

The total of employee benefits including pension contributions received by Key Management Personnel in 2018/19 is £301,143 (2018: £304,691). CFG's Board had defined that "key management personnel" would be based on our scheme of delegation where significant control had been delegated to the CEO and others; namely Directors or those making decisions of a significant nature. As a result, the following roles have been included; CEO, Director of Events and Business Development, Director of Policy and Engagement, Director of People and Performance, Director of HR and Director of Customer and Business Support.

### D) PENSIONS

CFG offers an auto-enrolment compliant group personal pension scheme which is currently administered and managed by the Peoples Pension. For previously signed up employees CFG has a group personal pension scheme which is currently administered and managed by Aegon. New employees are enrolled at an employee contribution rate of 3%. CFG pays twice the percentage that the employee contributes up to a maximum of 10%. The amount of outstanding contributions at 31 March 2019 was £6,445 (2018: £9,683).



# 6. TANGIBLE AND INTANGIBLE FIXED ASSETS – GROUP AND CHARITY

	Office Furniture (Tangible Fixed Assets)	Computers (Tangible Fixed Assets)	Software (Intangible Fixed Assets)	Total
	£	£		£
<b>Cost</b>				
• At 1 April 2017	27,522	42,972	180,902	251,396
• Additions	-	-	29,795	29,795
• Disposals	-	-	-	-
<b>At 31 March 2019</b>	<b>27,522</b>	<b>42,972</b>	<b>210,697</b>	<b>281,192</b>
<b>Depreciation/Amortisation</b>				
• At 1 April 2017	(21,598)	(26,043)	-	(47,641)
• Disposals	-	-	-	-
• Charge for the year	(2,988)	(7,498)	(48,780)	59,266)
<b>At 31 March 2019</b>	<b>(24,586)</b>	<b>(33,541)</b>	<b>(48,780)</b>	<b>(106,908)</b>
<b>Net book value</b>				
<b>At 31 March 2019</b>	<b>2,936</b>	<b>9,431</b>	<b>161,917</b>	<b>174,284</b>
<i>At 31 March 2018</i>	5,924	16,929	180,902	203,755

The above fixed assets are used to support all of CFG’s activities.  
At 31st March 2019 CFGD Trading Limited had no fixed assets.

# 7. INVESTMENTS

		Shares in subsidiary undertaking	Charity
		No.	£
At historic cost:			
At 1 April 2018 and at 31 March 2019		10,000	10,000
Principal Subsidiary Undertakings	Registered in	Percentage of capital held	No of £1 ordinary shares held
CFDG Trading Limited	England & Wales	100%	10,000

# 8. DEBTORS

	2019		2018	
	Group	Charity	Group	Charity
	£	£	£	£
Trade debtors	681,655	299,494	31,027	16,919
Other debtors	14,890	14,890	15,088	15,088
Taxation Debtors	-	-	3,297	2,118
Prepayments & accrued income	119,903	101,822	98,729	81,479
Amounts owed by subsidiary	-	160,289	-	3,117
	<b>816,448</b>	<b>576,495</b>	<b>148,143</b>	<b>118,721</b>

All amounts fall within one year.

# 9. CREDITORS

	2019		2018	
Amounts falling due within one year				
	Group	Charity	Group	Charity
	£	£	£	£
Trade creditors	107,801	89,837	100,724	91,761
Deferred income	847,470	485,345	110,675	76,577
Pension contributions outstanding	6,445	6,445	9,683	9,683
Taxation & social security creditors	68,203	72,319	27,187	27,187
Other creditors and accruals	102,815	100,464	75,892	73,542
Amounts owed to subsidiary	-	49,721	-	8,807
	<b>1,132,732</b>	<b>804,131</b>	<b>324,161</b>	<b>287,557</b>

All deferred income brought forward at the beginning of the year was released to income during the year (2018: same).  
All deferred income relates to membership fees and event bookings invoiced in advance.

# 10. OUTLINE SUMMARY OF FUND MOVEMENTS

Fund	Balance b/f 1st April 2018	Income	Expenditure	Transfer between Funds	Balance c/f 31st March 2019
<b>Unrestricted Funds</b>					
• Free Reserves	305,577	1,789,550	(1,752,776)	(113,628)	228,723
<b>Designated Funds</b>					
• Fixed Asset Reserves	203,755	-	-	(29,471)	174,284
• ICT Development	69,951	-	-	(29,796)	40,155
• IFL Training	5,814	-	-	9,631	15,445
• Business Improvements	49,579	-	(11,500)	(15,000)	23,079
• Market Research	30,000	-	-	-	30,000
• Small Charities Programme	21,736	-	-	(21,736)	-
• Qualification Training Contracts	-	-	-	25,000	25,000
• Innovation and Development	-	-	-	175,000	175,000
<b>Restricted Funds</b>					
• Small Charities Programme	13,009	-	(463)	-	12,546
• Community Accountants Network	-	6,570	(6,570)	-	-
<b>Total Funds</b>	<b>699,421</b>	<b>1,796,120</b>	<b>(1,771,309)</b>	<b>-</b>	<b>724,232</b>

Free reserves are those reserves that are wholly at the discretion of the trustees to utilise for our charitable objectives. The Fixed Asset reserve equates to the Net Value of CFG's Fixed Assets and therefore cannot be easily converted into cash balances. Approximately £40,000 remains of the ICT Development Designated fund which will be used to complete the upgrade of our Finance and CRM systems and new website, including a phase 2. The remaining £23,079 of the Business Improvement designated fund will be used to improve the office environment as we made the decision

to renew our property lease in 2018 for at least 5 years. The £15,000 that had been set aside to devise a Crisis Communication Plan has been put back to free reserves. Two new designated funds have now been created. The first is to cover employee qualification contracts (£25,000) and the second for Innovation and Development (£175,000) is a reflection of CFG's commitment to its strategy whereby over the next 2–3 years, there is an expectation that we will be utilising reserves to invest in new products and services for our customers.

The restricted fund for the Small Charities Programme relates to the balance of funding given by the Esmée Fairbairn Foundation which will be used to support small charities improve their financial capabilities.

In partnership with the Foundation for Social Investment, CFG ran several training sessions and webinars promoting basic financial skills.

# 11. CAPITAL COMMITMENTS

At 31 March 2019, CFG aims to spend an additional £40,155 on its IT development programme or which a designated fund had been set up (2018: £69,951).

# 12. RELATED PARTY TRANSACTIONS

During the year ending 31 March 2019 the Charity charged its subsidiary £147,441 for management fees relating to CFDG Trading Ltd's activities (2018: £141,980). CFDG Trading Limited Donated £286,403 to CFG from its profits (2018: £348,818). There were no other related party transactions.

At 31 March the balance due from CFDG Trading Ltd to CFG was £110,568 (2018: £5,690 due to CFDG Trading Ltd from CFG).

# 13. SUMMARY OF ASSETS AND LIABILITIES BY FUND

Current Year	Unrestricted Funds	Designated Funds	Restricted Funds	Total
	£	£	£	£
Intangible Fixed Assets	-	161,917	-	161,917
Tangible Fixed Assets	-	12,367	-	12,367
Current Assets	1,360,855	308,679	13,146	1,682,680
Current Liabilities	(1,132,132)	-	(600)	(1,132,732)
<b>Total</b>	<b>228,723</b>	<b>482,963</b>	<b>12,546</b>	<b>724,232</b>

Prior Year	Unrestricted Funds	Designated Funds	Restricted Funds	Total
	£	£	£	£
Intangible Fixed Assets		180,902		180,902
Tangible Fixed Assets		22,853		22,853
Current Assets	616,738	183,080	20,009	819,827
Current Liabilities	(311,161)	(6,000)	(7,000)	(324,161)
<b>Total</b>	<b>305,577</b>	<b>380,835</b>	<b>13,009</b>	<b>699,421</b>



# 14. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds	Restricted Funds	Total
	2018	2018	2018
	£	£	£
<b>Income from:</b>			
Donations & Legacies	2,281	-	2,281
Charitable Activities			
• Well Developing Skills, Learning, Knowledge & Practice	1,064,201	-	1,064,201
• Effective Governance & Leadership	468,066	-	468,066
• Operating in a Supportive Environment	114,063	-	114,063
Other trading Activities			
• Annual Fundraising Dinner	126,280	-	126,280
Investments	1,539	-	1,539
Other	-	-	-
<b>Total Income</b>	<b>1,776,430</b>	<b>-</b>	<b>1,776,430</b>
<b>Expenditure on:</b>			
Raising Funds			
• Annual Fundraising Dinner	72,739	-	72,739
Charitable Activities			
• Well Developing Skills, Learning, Knowledge & Practice	1,024,320	27,951	1,052,271
• Effective Governance & Leadership	319,452	-	319,452
• Operating in a Supportive Environment	357,658	8,592	366,250
<b>Total Expenditure</b>	<b>(1,774,169)</b>	<b>(36,543)</b>	<b>(1,810,712)</b>
<b>Net Income</b>	<b>2,261</b>	<b>(36,543)</b>	<b>(34,282)</b>
<b>Total funds brought forward at 1 April</b>	<b>684,151</b>	<b>49,552</b>	<b>733,703</b>
<b>Total funds carried forward at 31 March</b>	<b>686,412</b>	<b>13,009</b>	<b>699,421</b>

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHARITY FINANCE GROUP

## OPINION

*We have audited the financial statements of the Charity Finance Group (the 'parent charity') and its subsidiary (the 'group') for the year ended 31 March 2019 which comprise the consolidated statement of financial activities, the consolidated and charity balance sheets, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies.*

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 March 2019 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## THE IMPACT OF UNCERTAINTIES DUE TO BRITAIN EXITING THE EUROPEAN UNION ON OUR AUDIT

The Trustees' view on the impact of Brexit is disclosed on page 13.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the group's and charity's activities, suppliers and the wider economy.

We considered the impact of Brexit on the group and charity as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the group's and charity's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the charity and this is particularly the case in relation to Brexit.

## CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees' have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## OTHER INFORMATION

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report which includes the Strategic Report and the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In light of the knowledge and understanding of the group and the parent charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included within the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit.

## RESPONSIBILITIES OF TRUSTEES

As explained more fully in the trustees' responsibilities statement set out on pages 32–33 the trustees (who are also the directors of the parent charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## USE OF THE AUDIT REPORT

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. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's 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 and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

Nicola Wakefield (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Times House, Throwley Way, Sutton, Surrey, SM1 4JQ

Date: 2 December 2019

# TRUSTEES, OFFICERS AND ADVISORS

## BOARD OF TRUSTEES

**Nicki Deeson**  
(Chair until 22 September 2019)

**Gary Forster**  
(Deputy Chair from 11 December 2018/  
Chair from 23 September 2019)

**Samantha Husband**  
(Chair of Finance & Audit Committee  
from 11 December 2018)

**Brigid Janssen**  
(Deputy Chair until 11 December 2018)

**John Tranter**  
(Treasurer until 11 December 2018)

**Kerry Shea**

**Arati Patel**

**Liz Fosbury**

**Stella Smith**  
(from 3 July 2018)

**Kevin O'Brien**  
(from 18 December 2018)

**Simon Hopkins**  
(until September 2018)

## FINANCE & AUDIT COMMITTEE

**Samantha Husband**  
(Chair from December 2018)

**Kevin O'Brien**

**Brigid Janssen**  
(from December 2018)

**Mark Cornish**

**Michael Price**  
(from March 2019)

**John Tranter**  
(until December 2018)

**Liz Fosbury**  
(until December 2018)

## NOMINATIONS COMMITTEE

**Gary Forster**  
(Chair)

**Arati Patel**  
(from October 2018)

**Rosie Chapman**

**Kai Adams**

**Simon Hopkins**  
(until September 2018)

## REMUNERATION COMMITTEE

**Liz Fosbury**  
(Chair from January 2019)

**Gary Forster**

**Samantha Husband**  
(from December 2018)

**Nicki Deeson**  
(until January 2019)

**Brigid Janssen**  
(until December 2018)

**John Tranter**  
(until December 2018)

## SPECIAL ADVISOR

**Pesh Framjee**

## CHIEF EXECUTIVE OFFICER

**Caron Bradshaw**

## HEAD OFFICE AND REGISTERED OFFICE

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Company no. 3182826

## AUDITORS

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