

**STEWARDSHIP SERVICES (UKET) LIMITED**

Operating as

**STEWARDSHIP**

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Annual Report & Financial Statements  
for the year ended 30th September 2008

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COMPANIES HOUSE

Registered Charity Number 234714  
Company Limited by Guarantee Registered Number 90305

## STEWARDSHIP SERVICES (UKET) LIMITED

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## **STEWARDSHIP SERVICES (UKET) LIMITED**

### **REPORT OF THE COUNCIL**

The Board of Trustees has pleasure in presenting its Report and its audited Financial Statements for the year ended 30th September 2008.

#### **OBJECTS OF THE CHARITY, MISSION, AND PRINCIPAL ACTIVITIES**

##### **Objects of the Charity**

The main objects of the charity are to advance the evangelical Christian faith and to promote the charitable work of evangelical Christian churches, societies and charities.

##### **Stewardship's Mission**

The mission of Stewardship is to enable the Church to thrive by:

- Releasing Christians to live and give generously and to resource God's Kingdom
- Equipping the Church to develop excellence in legal and financial governance

##### **Stewardship's principal activities to fulfil this Mission are:**

**Giving Services:** a Sovereign Account provides a donor with one account to simplify and maximise the effectiveness of all their charitable giving. The accounts serve donors giving from £10 a month to a seven figure single gift. Donations into a sovereign account can be through Gift Aid or Payroll Giving, or through gross gifts and gifts of shares. The Sovereign Account also serves thousands of recipient charities, churches and Christian workers.

**Accounting and Insurance Services for churches and charities:** including payroll administration, deposit and mortgage facilities, an independent accounts examination service and a specialist insurance agency offering cover for a variety of church and charity risks.

**Church and Charity Support Services:** including a charity formation service, property consultancy services, general charity and property law advice and employment contract resources. In addition, publications, seminars and conferences on charity law, finance, accounting, taxation and property.

**Stewardship Money:** The ministry aims to help Christians develop in their understanding and practice of biblical principles of stewardship. Through it we deliver a holistic money education service to the Church. In addition, working through a church based network of volunteers the Stewardship Money team develops resources and training to provide assistance in the field of personal money management and to help people avoid excessive debt and the problems and suffering that accompany it.

**Church Growth Fund:** holds a portfolio of church and other buildings for use by the Christian community. The management of the buildings is supervised by the Property Committee and the Property Services Manager. Rents and any realisations that are earned from these properties are used to maintain the properties and to provide a grant to the Church Planting Initiative.

Utilisation of income from Giving Services, investments and Accounting and Insurance Services enables Stewardship to provide education and training services to churches and Christian charities at often low or no cost.

## STEWARDSHIP SERVICES (UKET) LIMITED

### REPORT OF COUNCIL (continued)

#### LONG TERM OBJECTIVES

Stewardship's long term objectives are to be:

- An outstanding provider of charitable giving services to the UK Christian community, and the giving charity of choice for Christian givers and recipients
- The leading interdenominational money education charity providing a biblically informed and holistic money education service to the Church, built on stewardship principles
- A highly regarded and valued provider of services and knowledge to advance excellence in legal and financial governance in the UK Church, and a leading advocate with government and regulatory bodies on behalf of the Christian community in this sphere.

#### ORGANISATION

All directors of the Company are also trustees of the charity, and there are no other trustees. Unless otherwise stated, all of the trustees named on page 26 served throughout the year. The trustees have the power by a two thirds majority to appoint additional trustees. There is no formal recruitment practice but the trustees and the Executive always look for potential new trustees whose skills and experience could contribute to the development of the organisation.

Trustees meet regularly, either as a full Board or in committees, to oversee and govern the charity's affairs. They are supported by an Executive and broader staff team which possesses appropriate skills and experience. The trustee committees are as follows:-

- **Finance Committee:** The Finance Committee met three times during the year and covered a broad range of financial issues including quarterly accounts, budgeting, investment of cash funds, lending and audit matters.
- **Investment Committee:** The Investment Committee met twice during the year to oversee the performance of the pooled investment funds that are under management by external managers.
- **Property Committee:** The Property Committee met three times in the year. This committee deals with the charity's property portfolio including property trusts and liaison with the Church Planting Initiative.
- **Stewardship Money Committee:** The Committee, which met four times in the year, oversees the activities of the Stewardship Money team.

**Senior Management Team:** comprises the Chief Executive and the four Directors responsible for Finance, Business Systems and Strategy, Philanthropy and Human Resources, and Marketing and have delegated authority, within certain limits, to run the day to day affairs of the Charity.

#### GRANT MAKING POLICY

The charity does not invite applications for grants. The majority of grants are made where donors express a preference which the trustees allow as long as it is consistent with purposes in the Charity's own objects. A small number of additional grants are made on the basis of the trustees' knowledge of specific needs or situations.

## STEWARDSHIP SERVICES (UKET) LIMITED

### REPORT OF COUNCIL (continued)

#### INVESTMENT POLICY AND POWERS

The investment powers of the charity allow funds that are not immediately required to be invested in such manner as the trustees may deem fit and the following are used:

- Stock Exchange investments are managed by the charity's investment advisors in accordance with Discretionary Management Agreements, which preclude investment in companies with substantial involvement in armaments, brewing, gaming, pornography and tobacco.
- Investment in cash and short term deposits on the money markets is governed by the charity's Treasury Policy, which determines the eligibility of counter-parties.
- Mortgages and loans to Churches and Christian charities. At 30 September 2008 £5.1m was loaned on secured mortgages and £0.2m on an unsecured basis.

The investment objective on the Stock Exchange investments is to look at a total return, balancing the needs of income for ministry whilst maintaining capital. This requirement has been expressed in a benchmark performance rate which is applied to the individual funds. The performance of the funds managed by the Trust's investment managers against the benchmarks is reviewed regularly by the Investment Committee which has concluded that performance in the context of market conditions has been acceptable.

#### RISK REVIEW

Management and trustees constantly review the risks that face Stewardship and act accordingly to manage or reduce those risks. A formal and systematic approach to identification and management of risks has been introduced and is regularly reviewed and updated.

#### RESERVES POLICY

The level of reserves held by the charity is reviewed regularly in the context of current risks and other relevant factors and the policies determining the requirement for reserves are stated in Note 1 to the Accounts. Unrestricted reserves amounted to £3.6m (2007: £3.1m).

The trustees determine that Stewardship needs to maintain reserves such that investments are covered to protect against the risk of default, all budgeted capital expenditure is covered for the next twelve months and total running costs are covered for two months. These three criteria derive a required reserves figure of £2.1m. Free Reserves, as determined by the guidance provided by the Charity Commissioners, are in excess of this requirement by £1.3m. The trustees will continue to monitor the level of reserves to enable further mortgage advances to be made and to secure the ongoing capability to deliver the range of services to the Christian community.

## STEWARDSHIP SERVICES (UKET) LIMITED

### REPORT OF COUNCIL (continued)

#### TRANSACTIONS AND FINANCIAL POSITION

##### Unrestricted Funds

Net unrestricted incoming resources for the year, after transfers, amounted to £0.5m (2007: £0.4m) and this figure, added to the figure brought forward, resulted in unrestricted fund balances carried forward at the year end of £3.6m (2007: £3.1m).

##### Restricted Funds

Restricted funds carried forward at 30th September 2008 amounted to £51.4m (2007: £34.5m). These funds predominantly comprise donations received under Gift Aid where, subject to purposes consistent with the charity's own objects, the trustees allow donors to express preferences as to direct distributions to other charities.

The net movement on restricted funds is summarised in Note 12.

#### FIXED ASSETS

Details of movements in fixed assets are set out in Note 7 to the Accounts.

#### ASSETS HELD ON BEHALF OF OTHERS

Stewardship acts as trustee or custodian trustee for a number of church buildings which are used for Christian worship. The charity's involvement as custodian trustee is generally limited to holding legal title to each property. No account of these properties is taken in these accounts.

#### CHARITABLE AND POLITICAL DONATIONS

Charitable donations made by the charity are shown in the Statement of Financial Activities. No political donations were made in the year (2007: nil).

#### MERGER WITH THE MAXCO TRUST

On 19<sup>th</sup> October 2007 the trustees of the Maxco Trust and Stewardship entered into an agreement that the two organisations should merge during 2008. This merger was completed on 31<sup>st</sup> January 2008 when the assets and liabilities of the Maxco Trust were transferred to Stewardship. The merger, as well as bringing around 180 additional accounts to Stewardship also raised very substantially the total value of the investments under management. Three of the Maxco trustees were appointed to the Board on 8<sup>th</sup> November 2007. The net assets transferred to Stewardship on 31<sup>st</sup> January 2008 amounted to £13.6m, the breakdown of which is shown under Note 17

**STEWARDSHIP SERVICES (UKET) LIMITED  
REPORT OF COUNCIL (continued)**

**OTHER KEY DEVELOPMENTS DURING THE YEAR**

**Achievements in the year**

During the year Stewardship:

**Giving Services**

- Received £ 50m in donations (up 8.5% on the previous year)
- Obtained £ 9m in tax benefits
- Administered the distribution of £44m to beneficiaries
- Ended the year with 33,000 donor accounts and 16,000 beneficiary accounts
- In the nine months to September 2008 37% of mail was switched to email.
- Published "Share" magazine (circulation 32,000) three times in the year

**Investments**

- Managed Pooled Investment Funds in excess of £16m at 30 September 2008
- Managed Money Market investments of approximately £40m
- Increased the church mortgage portfolio to £5.3m at 30 September 2008

**Services**

- Managed a payroll service to 248 clients covering 1,596 employees
- Provided an Accounts Examination Service to 245 churches and charities.
- Managed £11m of surplus cash funds for churches and charities
- Administered over 60 church properties
- Serviced around 900 clients with insurance services
- Assisted in the formation of 68 charities

**Education, Training and Advisory Services**

- Gave consultancy services and seminars for church treasurers and trustees
- Trained volunteers in personal money management
- Assisted churches to develop "Money Ministries" reflecting the biblical stewardship of money and offering personal budget coaching for money management
- Played a lead role in engaging with HMRC and HM Treasury on seeking improvements to the operation of the Substantial Donor regulations.
- Supported the Church Planting Initiative

**Client satisfaction**

- All regular surveys throughout the year, in all areas, yielded high satisfaction ratings. Average overall satisfaction was rated at 92%

**Strategic Planning and Development**

- During the year a strategic review was undertaken, bringing adjustments to strategy while affirming the overall positioning and direction for Stewardship. Investment in people development and systems continued with the objective of delivering continual improvement in services.

**STEWARDSHIP SERVICES (UKET) LIMITED**

**REPORT OF COUNCIL (continued)**

**RE-ELECTION OF BOARD OF TRUSTEES (THE COUNCIL)**

Under the Articles of the charity, one third of the current members of the Council retire and, being eligible, offer themselves for re-election.

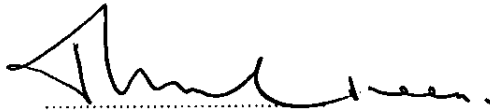
**AUDITORS**

A resolution to reappoint BDO Stoy Hayward LLP as auditors will be proposed at the annual general meeting.

As required by s234za of the Companies Act, the trustees who held office at the date of approval of the Annual Report as set out above each confirm that: so far as they are aware, there is no relevant audit information (information required by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and as the directors of the Company they have taken all the steps they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**APPROVAL**

This report was approved by the Council of Trustees on 30th January 2009 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'Tim Green', written over a dotted line.

Tim Green, Chairman



## STEWARDSHIP SERVICES (UKET) LIMITED

### STATEMENT OF COUNCIL'S RESPONSIBILITIES

The members of Council are responsible for preparing the annual report and the financial statements in accordance with the applicable law in the UK and generally accepted accounting practice.

The members of Council have the following responsibilities as directors of the charitable company. Law applicable to charitable companies in England and Wales requires the directors to prepare financial statements for the financial year that gives a true and fair view of the charity's financial activities during the year and of its financial position at the end of the year.

In preparing those financial statements giving a true and fair view, the directors should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial accounts;
- prepare the financial accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial accounts comply with Companies Act 1985.

They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Date

30 January 2008



By Order of the Council

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF STEWARDSHIP SERVICES (UKET) LIMITED

We have audited the financial statements of Stewardship Services (UKET) Limited for the year ended 30th September 2008 which comprise the statement of financial activities, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### *Respective responsibilities of trustees and auditors*

The trustees' (Council's) responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Council's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Report of the Council is consistent with the financial statements. We also report to you if, in our opinion, the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

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

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability

### *Basis of audit opinion*

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### *Opinion*

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charity at 30th September 2008, and of its incoming resources and resources expended, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Council is consistent with the financial statements.

BDO STOKY HAYWARD LLP

Chartered Accountants & Registered Auditors  
EPSOM, SURREY

BDO Stokky Hayward LLP

Date 2 February 2009

STEWARDSHIP SERVICES (UKET) LIMITED

**Statement of Financial Activities**  
**For the year ended 30th September 2008**

Income and Expenditure Account

	Notes	Unrestricted Funds 2008 <u>£'000</u>	Restricted Funds 2008 <u>£'000</u>	Total Funds 2008 <u>£'000</u>	<i>Total Funds 2007 <u>£'000</u></i>
<b>INCOMING RESOURCES</b>					
Incoming resources from Generated Funds					
Voluntary Income					
Donations from account holders		1,052	49,079	50,131	<i>45,886</i>
Other		81	56	137	<i>516</i>
Investment income	2	2,572	616	3,188	<i>2,232</i>
Income from charitable activities					
Fees for services provided		347	-	347	<i>290</i>
Insurance commissions		133	-	133	<i>132</i>
Publications and other		37	-	37	<i>28</i>
Other incoming resources					
Funds received from the Maxco Trust	17	89	13,501	13,590	-
Profit on sale of functional property		-	1	1	-
<b>Total incoming resources</b>		<b>4,311</b>	<b>63,253</b>	<b>67,564</b>	<b><i>49,084</i></b>
<b>RESOURCES EXPENDED</b>					
Charitable activities:					
Grants to Christian charitable causes	3	-	44,392	44,392	<i>43,693</i>
In furtherance of charitable objects:					
Services to clients		2,422	-	2,422	<i>2,060</i>
Insurance services		81	-	81	<i>84</i>
Property services		12	61	73	<i>155</i>
Educational and advice services		158	-	158	<i>145</i>
Governance costs		70	-	70	<i>118</i>
<b>Total resources expended</b>	4	<b>2,743</b>	<b>44,453</b>	<b>47,196</b>	<b><i>46,255</i></b>
<b>Net incoming resources before transfers</b>		<b>1,568</b>	<b>18,800</b>	<b>20,368</b>	<b><i>2,829</i></b>
<b>Other transfers between funds</b>	12	<b>(997)</b>	<b>997</b>	<b>-</b>	<b><i>-</i></b>
<b>NET INCOME FOR THE PERIOD</b>		<b><u>571</u></b>	<b><u>19,797</u></b>	<b><u>20,368</u></b>	<b><i><u>2,829</u></i></b>

All amounts relate to continuing activities

STEWARDSHIP SERVICES (UKET) LIMITED

**Statement of Financial Activities**  
**For the year ended 30th September 2008**

Income and Expenditure Account

	Notes	Unrestricted Funds 2008 £'000	Restricted Funds 2008 £'000	Total Funds 2008 £'000	Total Funds 2007 £'000
Net income for the period		571	19,797	20,368	2,829
Unrealised gains/ (losses):					
On revaluation of investments		(148)	(3,271)	(3,419)	556
On revaluation of fixed assets	7		(188)	(188)	2
Realised gains/(losses):					
On disposal of investments		78	600	678	-
Net Movement in funds for the period		501	16,938	17,439	3,387
Fund balances at 1 October 2007		3,112	34,492	37,604	34,217
<b>Fund balances c/fwd at 30<sup>th</sup> September 2008</b>	<b>12</b>	<b>3,613</b>	<b>51,430</b>	<b>55,043</b>	<b>37,604</b>

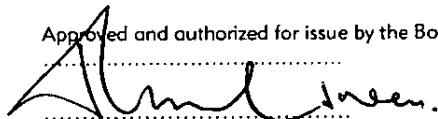
All amounts relate to continuing activities

STEWARDSHIP SERVICES (UKET) LIMITED

**Balance Sheet**  
**As at 30th September 2008**

	Notes	2008 <u>£'000</u>	2008 <u>£'000</u>	2007 <u>£'000</u>	2007 <u>£'000</u>
<b>FIXED ASSETS</b>					
Tangible Assets					
Freehold properties		2,349		2,076	
Leasehold property		14		13	
Plant, equipment and furniture		213		181	
	7	2,576		2,270	
Investments					
Mortgages and loans		5,255		3,491	
Investments other than loans	8	16,400		6,290	
		21,655		9,781	
<b>Total fixed assets</b>			24,231		12,051
<b>CURRENT ASSETS</b>					
Stocks		4		9	
Debtors	9	1,207		906	
Pooled investment fund units	11	577		758	
Money market deposits		42,000		32,750	
Cash at bank and in hand		1,845		1,825	
		45,633		36,248	
<b>CREDITORS: Amounts falling due within one year</b>					
Church & mission organisations: deposits held		11,642		8,880	
Third party trusts' cash balances		82		104	
Other creditors	10	2,520		953	
		14,244		9,937	
Pooled investment fund units	11	577		758	
		14,821		10,695	
<b>NET CURRENT ASSETS</b>			30,812		25,553
<b>Total assets less current liabilities</b>			<u>55,043</u>		<u>37,604</u>
<b>NET ASSETS</b>	13		<u>55,043</u>		<u>37,604</u>
<b>FUND BALANCES</b>					
Restricted Funds	12		51,430		34,492
Unrestricted Funds	12		<u>3,613</u>		<u>3,112</u>
			<u>55,043</u>		<u>37,604</u>

Approved and authorized for issue by the Board of Directors and Council of Trustees and signed on their behalf on 30 January 2009



Tim Green  
Chairman

The notes on pages 15 to 25 form part of these accounts

STEWARDSHIP SERVICES (UKET) LIMITED

**Cash flow Statement**  
**For the year ended 30th September 2008**

	2008 £'000	2008 £'000	2007 £'000	2007 £'000
Net cash inflow from operating activities				
Operating profit		19,013		1,244
Depreciation		197		157
(Increase) / decrease in debtors		(301)		(264)
Increase / (decrease) in creditors		4,307		754
(Increase) / decrease in stocks		5		(4)
Net cash inflow from operating activities		23,221		1,887
Returns on investments and servicing of finance				
Interest received	2,572		1,989	
Interest paid	(539)		(404)	
Net cash inflow from returns on investment and servicing of finance		2,033		1,585
Capital expenditure and financial investment				
Purchase of tangible assets	(691)		(195)	
Purchase of investments	(18,672)		(737)	
Decrease/(increase) in mortgages/loans	(1,764)		(432)	
Sale of investments	5,143		215	
Net cash (outflow) from investing activities		(15,984)		(1,149)
Management of liquid resources				
(Increase) / decrease in short-term deposits		(9,250)		(3,000)
Increase / (decrease) in cash		20		(677)
Reconciliation of net incoming resources to net cash inflow from operating activities				
		2008		2007
		£'000		£'000
Net incoming resources before transfers		20,368		2,829
Realised gains on disposal of investments		678		-
Net interest received		(2,033)		(1,585)
		19,013		1,244
Analysis of changes in cash during the period				
	Cash at bank	Overdrafts	Total	
	£'000	£'000	£'000	
Balance as at 1 October 2007	1,825		1,825	
Net cash outflow	20		20	
Balance as at 30 September 2008	1,845	-	1,845	

**STEWARDSHIP SERVICES (UKET) LIMITED**

**NOTES TO ACCOUNTS**

**FOR THE YEAR ENDED 30th September 2008**

**1. ACCOUNTING POLICIES**

- (a) The Financial Statements have been prepared on the historic cost basis except for investments, which are included at market value and freehold properties that have been re-valued in accordance with the Trust's policy. The Financial Statements have been prepared in accordance with the Companies Act 1985, the applicable Accounting Standards and in particular, the Statement of Recommended Practice: Accounting and Reporting by Charities (issued March 2005).

They include the results of the Charity's operations which are described in the Annual Report of the Council. All operations are continuing.

- (b) Earned income and all expenditure are recognised on an accruals basis of accounting.
- (c) Donations and Gift Aid receipts are taken into account when the conditions for receipt have been met and there is reasonable assurance of receipt.
- (d) Rental income is accounted for in the year in which it falls due.
- (e) Interest on fixed interest investments, deposits and income from the Stewardship Pooled Investment Funds is accounted for on the accruals basis.
- (f) Income Tax recoverable is accounted for once a claim has been made to the Inland Revenue. Claims are made weekly throughout the year.
- (g) Freehold property is re-valued either:
- By valuation every 5 years, on the basis of a fixed rate per square foot of internal usable space as church premises, the rate per square foot having been agreed by the Trustees, or:
  - By external professional valuation where there is a justifiable need to obtain such a valuation

The alternative bases of valuation are shown in these accounts as two separate classes of assets.

- (h) Depreciation of plant, machinery, fixtures, fittings and equipment is charged to write the assets off over their useful life which is estimated to be three years, a rate of 33.33% per year. No provision is made for the depreciation of freehold buildings as the Trustees have judged that any provision for depreciation would not be material. The materiality of depreciation of buildings is subject to annual review.
- (i) Grants payable by the Trust are accounted for when a constructive obligation has been created. This will usually take place when the donors expression of preference has been assessed as being valid and consistent with the Charities own objectives and the cleared funds are available.

**STEWARDSHIP SERVICES (UKET) LIMITED**

**NOTES TO ACCOUNTS**

**FOR THE YEAR ENDED 30th September 2008**

**1. ACCOUNTING POLICIES (continued)**

- (j) Leasehold improvements are capitalised, where material, and amortised in equal instalments over the remaining life of the minimum lease term.
- (k) The Statement of Financial Activities includes resources receivable and expended on Trust Funds. Where the Trust manages other client cash funds either as agent or manager on behalf of other charitable trusts, they are shown as liabilities.
- (l) Expenditure is directly attributed to the expenditure headings in the Statement of Financial Activities as far as possible. The remaining expenditure and overheads are apportioned to each activity on a reasonable, justifiable and consistent basis.
- (m) The Reserves of the Trust and the purposes for which they are established are described in Note 12. In accordance with the Trust policy the Trustees seek to maintain sufficient reserves for the following purposes:
  - To provide funds to make loans to churches to finance church buildings
  - To enable the Trust to protect donor client balances or deposits from any risk of loss which might arise from the assets which such balances or deposits are effectively funding
  - To provide an adequate capital base for the various activities and services which the Trust provides including the financing of related Fixed Assets and working capital
  - To provide a capital base for the future growth in the volume and range of services provided by the Trust including any major capital projects.
  - To provide a contingency in the event of any substantial reduction in activities including any caused by major changes in UK taxation.
- (n) Governance Costs include the costs of the annual audit, trustees' expenses and the staff costs associated with directly supporting trustees' meetings.

**2. INVESTMENT INCOME**

	<u>2008</u> <u>£'000</u>	<u>2007</u> <u>£'000</u>
Rents from properties used as places of worship	70	55
Cash investments	2,274	1,762
Mortgage interest	298	228
Income from UKET Common Investment Fund	<u>546</u>	<u>187</u>
	<u>£3,188</u>	<u>£2,232</u>



STEWARDSHIP SERVICES (UKET) LIMITED

NOTES TO ACCOUNTS

FOR THE YEAR ENDED 30th September 2008

3. GRANTS

The Trustees make grants to a wide range of charitable causes. The Trustees allow donors to express a preference as to how funds may be distributed as long as this is consistent with the charity's own objectives. The Trustees also make grants out of annual surpluses made by the Trust. Because of the volume of grants made in the year, it is impractical, and of limited value, to include a list of grants in these accounts. However, larger grants can be summarised as follows:

		<u>2008 Number</u>	<u>2008 Total Value</u>	<u>2007 Number</u>	<u>2007 Total Value</u>
			<u>£'000</u>		<u>£'000</u>
Grants of over £1,000	- to Christian Organisations	3,788	13,920	3,338	13,743
	- to full-time Christian workers	780	1,542	723	1,365
	- to Bible College students	79	137	96	161
	- to other charities	285	1,062	372	1,421
		<u>4,932</u>	<u>16,661</u>	<u>4,529</u>	<u>16,690</u>
Grants of under £1,000			27,731		27,003
			<u>44,392</u>		<u>43,693</u>

Full details of grants made, in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities", are available, on request, from the Registered Office.

STEWARDSHIP SERVICES (UKET) LIMITED

NOTES TO ACCOUNTS

FOR THE YEAR ENDED 30th September 2008

4. TOTAL RESOURCES EXPENDED

	Services to clients	Insurance Services	Property Services	Education/ Advisory Services	Govern- ance Costs	Total 2008	Total 2007
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Grants to charitable causes	44,392	-	-	-	-	44,392	43,693
Staff costs ( incl. pensions & training)	1,055	73	48	114	38	1,328	1,253
Financial costs	539	-	-	-	-	539	405
Premises costs	95	1	1	-	-	97	96
Promotional costs	136	1	1	5	-	143	125
Auditors, legal and professional fees	20	1	-	-	28	49	61
Equipment depreciation & loss on sale of fixed assets	196	-	-	-	-	196	157
Other expenditure	381	5	23	39	4	452	465
	<b>46,814</b>	<b>81</b>	<b>73</b>	<b>158</b>	<b>70</b>	<b>47,196</b>	<b>46,255</b>

The costs are attributed to each service area based on some measure of utilisation, Staff costs will be on the basis of time directly and indirectly attributable to the different categories, premises related costs are on the basis of a square footage occupied.

Auditors' remuneration totalled £27,000 (2007 £30,600)

5. STAFF COSTS & TRUSTEES' FEES AND EXPENSES

	<u>2008</u>	<u>2007</u>
	<u>£'000</u>	<u>£'000</u>
<u>Staff costs and emoluments</u>		
Gross Wages & Salaries	1,020	1,009
Employer's National Insurance	104	102
Pensions Contributions	96	95
	<b><u>£1,220</u></b>	<b><u>£1,206</u></b>
	<u>2008</u>	<u>2007</u>
<u>Average number of full time equivalent employees</u>	<u>No.</u>	<u>No.</u>
Giving Services	22	21
Insurance Services	3	3
Accounting Services	5	6
Property Services	2	2
Education Services	4	4
	<b><u>36</u></b>	<b><u>36</u></b>

**STEWARDSHIP SERVICES (UKET) LIMITED**  
**NOTES TO ACCOUNTS**  
**FOR THE YEAR ENDED 30th September 2008**

**5. STAFF COSTS & TRUSTEES' FEES AND EXPENSES (cont'd)**

	<u>2008</u>	<u>2007</u>
	<u>No.</u>	<u>No.</u>
<u>Employee emoluments exceeding £50,000</u>		
<u>(excluding pension contributions)</u>		
£60,000-£69,999	-	1
£70,000-£79,999	1	-
Contributions to money purchase pension scheme for employee	£7,200	£6,900

Trustees' fees and expenses

No fees are paid to Members of the Council for their services and in the financial period no Trustees were reimbursed any expenses incurred in carrying out Trustees' duties. In 2007 four Trustees were reimbursed £1,900.

**6. PENSION CONTRIBUTIONS**

The Company contributes to a defined contribution pension scheme. Contributions for the year amounted to £95,900 (2007: £94,900).

Company pension contributions are accounted for and paid as they fall due. There were outstanding contributions of £9,589 at the balance sheet date. (2007 – Nil)

STEWARDSHIP SERVICES (UKET) LIMITED

NOTES TO ACCOUNTS

FOR THE YEAR ENDED 30th September 2008

7. TANGIBLE FIXED ASSETS

	Freehold Land & Internally valued £'000	Buildings Externally valued £'000	Leasehold Improvements £'000	Fixtures, Fittings & Equipment £'000	Total £'000
<b>At cost or valuation</b>					
As at 1 <sup>st</sup> October 2007	2,049	27	92	874	3,042
Additions	68	393	3	227	691
Disposals	-	-	-	(12)	(12)
Transfers	(37)	37	-	-	-
Revaluations	89	(277)	-	-	(188)
<b>As at 30<sup>th</sup> September 2008</b>	<b>2,169</b>	<b>180</b>	<b>95</b>	<b>1,089</b>	<b>3,533</b>
<b>Depreciation</b>					
As at 1 <sup>st</sup> October 2007	-	-	79	693	772
Charge for the period	-	-	2	195	197
Disposals	-	-	-	(12)	(12)
<b>As at 30<sup>th</sup> September 2008</b>	<b>-</b>	<b>-</b>	<b>81</b>	<b>876</b>	<b>957</b>
<b>Net Book Values :</b>					
As at 30 <sup>th</sup> September 2008	2,169	180	14	213	2,576
As at 1 <sup>st</sup> October 2007	2,049	27	13	181	2,270

Freehold property accounted for on an unmodified historic cost basis would have cost/net book value at 30<sup>th</sup> September of £689,000 (2007 £227,800)

Freehold property is periodically re-valued as follows:

- Internally, by a member of the Trust's staff on the basis of a rate per square foot of internal usable space at each property. The rate is agreed by the Trustees from time to time. A revaluation of all properties is carried out on this basis every five years. The last internal valuation was carried out at the 30th September 2007.
- Externally, on a property by property basis, by a professional valuer where the expense of obtaining such a valuation is justified by the Trust's need for such a valuation. Properties within this asset class have been re-valued at various dates within the last five years.

The freehold properties consist of 47 buildings currently in use as place of worship. Most of the properties have been in the ownership of the Trust for many years and are occupied by church congregations, as part of the charitable purposes of the Trust.

Leasehold improvements, software equipment and furniture are used partly to support direct charitable purposes and partly for the management and administration of the Trust.

STEWARDSHIP SERVICES (UKET) LIMITED

NOTES TO ACCOUNTS

FOR THE YEAR ENDED 30th September 2008

8. INVESTMENTS OTHER THAN LOANS

All investments are held in the form of units in the Stewardship Pooled Investment Funds (see Note 11), which invest wholly in UK and overseas equities, UK gilts, fixed interest stocks and Eurobonds. All of the underlying investments are listed on recognised stock exchanges.

	<u>2008</u>	<u>2007</u>
	<u>£'000</u>	<u>£'000</u>
Historic cost		
- Unrestricted funds	583	504
- Restricted funds	17,836	4,430
	<u>£18,419</u>	<u>£4,934</u>
Market value		
- Unrestricted funds	611	679
- Restricted funds	15,789	5,611
	<u>£16,400</u>	<u>£6,290</u>
UK	14,176	4,383
Overseas	367	1,579
Cash	1,857	328
	<u>£16,400</u>	<u>£6,290</u>

At the above dates, the market value of each individual investment within the Common Investment Pools was less than 5% of the total market value of the Pools. Market value is based on unit values declared in the most recent Accounts of the Common Investment Pool. Restricted funds are invested in the Common Investment Pool at the request of the donor of the funds.

	<u>2008</u>	<u>2007</u>
	<u>£'000</u>	<u>£'000</u>
Market Value of Investments at 1 <sup>st</sup> October 2007	6,290	5,212
Addition from The Maxco Trust	12,926	-
Additions	5,746	737
Disposals	(5,143)	(215)
Net Investment Gains/ (Losses)	(3,419)	556
Market Value of Investments at 30 <sup>th</sup> September 2008	<u>£16,400</u>	<u>£6,290</u>

**STEWARDSHIP SERVICES (UKET) LIMITED**  
**NOTES TO ACCOUNTS**  
**FOR THE YEAR ENDED 30th September 2008**

**9. DEBTORS: DUE WITHIN ONE YEAR**

	<u>2008</u>	<u>2007</u>
	<u>£'000</u>	<u>£'000</u>
Income tax recoverable – Gift Aid	764	583
Trade debtors	52	38
Other debtors	99	3
Prepayments	36	33
Accrued income	256	249
	<u>£1,207</u>	<u>£906</u>

All amounts fall due within one year

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<u>2008</u>	<u>2007</u>
	<u>£'000</u>	<u>£'000</u>
Trade creditors	2,075	717
Other creditors	21	-
Taxation and social security	28	30
Accruals and deferred income	396	206
	<u>£2,520</u>	<u>£953</u>

**11. POOLED INVESTMENT FUNDS**

The Trust administers the United Kingdom Evangelization Trust Common Investment Funds. These pooled funds were established by a Scheme of the Charity Commission made on the 16th March 1993 under reference BD-234714A(Ldn.1). The fund is under the control and management of the Trust which is the sole trustee appointed for the purpose. Accordingly the market value of units held in the funds by other charities are included in these Accounts as both an asset and a corresponding liability.

STEWARDSHIP SERVICES (UKET) LIMITED

NOTES TO ACCOUNTS

FOR THE YEAR ENDED 30th September 2008

12. FUND BALANCES

	<i>As at 1<sup>st</sup> Oct 2007</i>	Revaluations investments & fixed assets	Net income for the year before transfers	Transfers	<i>As at 30<sup>th</sup> September 2008</i>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
General Funds :					
General reserve	2,937	-	1,646	(997)	3,586
Revaluation reserve	175	(148)	-	-	27
	<u>3,112</u>	<u>(148)</u>	<u>1,646</u>	<u>(997)</u>	<u>3,613</u>
Restricted Funds					
Donor client Balances	31,389	(3,265)	19,425	962	48,511
Arthur Garston Fund	7	-	-	-	7
Church Growth Fund	3,096	(194)	(25)	35	2,912
	<u>34,492</u>	<u>(3,459)</u>	<u>19,400</u>	<u>997</u>	<u>51,430</u>

Donor client balances

Donor client balances represent funds received by Gift Aid where, subject to purposes consistent with the Trust's own objects, the Trustees allow donors to exercise discretion as to direct distribution to other charities. A Gold account is designed to offer the donor facilities normally achieved by establishing a personal charitable trust but without the legal and financial complications for the settlor.

Church Growth Fund

The Church Growth Fund was created in 2004 to hold the property assets of Stewardship and to restrict all the income and capital to specific evangelical purposes. The primary beneficiary to date has been the Church Planting Initiative, a ministry starting new Churches in the UK.

Transfers	General funds £'000	Restricted funds £'000
Transfer of investment income attributable to certain Trust	(997)	997

13. ANALYSIS OF NET ASSETS BY FUND

	Unrestricted Funds £'000	Restricted Funds £'000	Client Funds £'000	Total Funds 2008 £'000	Total Funds 2007 £'000
Fixed assets	227	2,349	-	2,576	2,271
Mortgage Loans to churches	3,534	1,765	-	5,299	3,491
Investments	611	15,745	577	16,933	7,048
Money market deposits and bank balances	1,231	30,890	11,724	43,845	34,831
Other current assets	358	853	-	1,211	915
Current liabilities	(2,348)	(172)	(11,724)	(14,244)	(10,194)
Long term liabilities	-	-	(577)	(577)	(758)
Total net assets	<u>3,613</u>	<u>51,430</u>	<u>-</u>	<u>55,043</u>	<u>37,604</u>

STEWARDSHIP SERVICES (UKET) LIMITED

NOTES TO ACCOUNTS

FOR THE YEAR ENDED 30th September 2008

14. CAPITAL COMMITMENTS & CONTINGENT LIABILITIES

Except where amounts have been included in these accounts, there were no material capital commitments or contingent liabilities at 30th September 2008 and 30th September 2007.

15. OPERATING LEASE COMMITMENTS

At 30th September 2008 and 30th September 2007, the Trust had annual operating lease commitments for rental payments on its administrative offices and equipment

<u>Expiry Date</u>	<u>2008</u> <u>£'000</u>	<u>2007</u> <u>£'000</u>
Annual amounts due within two to five years	58	45

16. INDEMNITY INSURANCES ETC

The Trust has effected indemnity insurance cover. Premiums due for the policies during the year totalled £12,800 (2007: £13,200)

17. THE MERGER WITH THE MAXCO TRUST

On 31st January, 2008 the following net assets of the Maxco Trust were transferred to Stewardship:

	<u>Unrestricted</u> <u>Funds</u> <u>£'000</u>	<u>Designated</u> <u>Funds</u> <u>£'000</u>	<u>Restricted</u> <u>Funds</u> <u>£'000</u>	<u>Total</u> <u>£'000</u>
Fixed Assets				
Investments	-	12,445	438	12,883
Life policy	-	43	-	43
Total	-	12,487	438	12,925
Current Assets				
Debtors	11	22	-	33
Short term deposits	83	1067	-	1,150
Cash at bank	2	365	132	499
Total	96	1,454	132	1,682
Creditors-falling < 1year	(8)	(891)	(119)	(1,018)
Net Current Assets	88	563	13	664
<b>Net Assets</b>	<b>88</b>	<b>13,051</b>	<b>451</b>	<b>13,590</b>
Income Funds				
Restricted funds	-	-	451	451
Designated funds	-	13,051	-	13,051
Unrestricted funds	88	-	-	88
<b>Total funds</b>	<b>88</b>	<b>13,051</b>	<b>451</b>	<b>13,590</b>



**STEWARDSHIP SERVICES (UKET) LIMITED**  
**NOTES TO ACCOUNTS**  
**FOR THE YEAR ENDED 30th September 2008**

**18. RELATED PARTY TRANSACTIONS**

Directors of Stewardship may use the services that are provided but these are in the normal course of the activities of the organisation and there are no preferential terms. The Directors may also be Trustees of other organisations which Stewardship supports from its restricted funds, where donors have expressed their wishes and the funds flow in the normal course of the Charities activities, but they receive no personal benefit. The Directors have instituted a register of other interests and a policy has been instituted for disclosure at any meeting where there is a conflict of interest.

The Church Growth fund which is a separately constituted restricted fund pays grants to the Church Planting Initiative, a separate charity involved in encouraging new churches. Stewardship is a founding partner of CPI and is represented on the board of CPI by Leslie Lucas. The grants payable for the year are £20,000 (*2007: £25,000*). Stewardship has also contributed out of its general funds to assist the administration of CPI the amounts total £7,500 (*2007: £7,500*).

Stewardship has also made grants out of general funds to support other ministries in the UK which are included in note 3. The total amount of general fund donations for the year was £9,000 (*2007: £11,000*). Whilst certain of the grants were made to organisations which are related through common Trustees the amounts concerned are immaterial.

**19. TAXATION**

The company is a registered charity that carries out certain activities to achieve its primary purposes; such activities are exempted from taxation.

**STEWARDSHIP SERVICES (UKET) LIMITED**

**DIRECTORS AND MEMBERS OF THE COUNCIL OF TRUSTEES**

The following served as Directors and Members of the Council of Trustees for the full year ended 30th September 2008 except where noted otherwise:

<b>Name</b>	<b>Date of change</b>	<b>Committee service</b>
TIM GREEN FCIB (Chairman)		Finance, Stewardship Money
LESLIE LUCAS FCII, ACI Arb ( Vice Chairman)		Finance, Investment, Property
SIMON BLAKE ACA CF	Appointed 30 Sep 08	Finance
PAUL DOYE ACIB		Finance ,Investment
RICHARD GOUGH ACA		
PHILIP LOVEGROVE OBE LLM		Investment
RICHARD NAYLOR MCIAT MRICS MaPS		Property
DAVID VARDY	Appointed 10 Jun 08	
MICHAËL WILSON ACII		Stewardship Money
MICHAEL WRIGHT FSI		Investment
BRIAN ADAMS MA ACIB	Resigned 9 Feb 08	
PHILIP ALBON BSc, FCA	Resigned 9 Feb 08	
RICHARD AMBOR BA MCIM	Resigned 9 Feb 08	

Registered Charity Number 234714  
Company Limited by Guarantee Registered Number 90305

## **STEWARDSHIP SERVICES (UKET) LIMITED**

### **LEGAL AND ADMINISTRATIVE DETAILS**

#### **BANKERS**

Lloyds TSB Bank PLC  
First Floor Criterion House, 40 Parkway, Chelmsford, Essex, CM2 7PN  
National Westminster Bank PLC  
PO Box 39952, 2 1/2 Devonshire Square, London, EC24XJ

#### **SOLICITORS**

Lawson Lewis & Co.  
37 Brassey Avenue, Hampden Park, Eastbourne, East Sussex BN22 9QD  
Anthony Collins  
St. Philip's Gate, 5 Waterloo Street Birmingham, B2 5PG

#### **INVESTMENT MANAGERS AND ADVISORS**

BlackRock Investment Management (UK) Ltd  
33 King William Street. London EC4R 9AS

Rathbone Investment Management Limited  
159 New Bond Street. London W1S 2UD

Brewin Dolphin Limited  
12 Smithfield Street. London EC1A 9BD

#### **AUDITORS**

BDO Stoy Hayward LLP  
Emerald House, East Street, Epsom, Surrey, KT17 1HS

#### **CHIEF EXECUTIVE AND COMPANY SECRETARY**

David Jones LL.B, Solicitor

#### **TECHNICAL DIRECTOR/ASSISTANT CO. SECRETARY**

Kevin Russell ACA CTA FCIE

#### **FINANCE DIRECTOR**

Richard Broad CIMA ICSA

#### **REGISTERED OFFICE**

Oakwood House, Oakwood Hill Industrial Estate  
Loughton, Essex, IG10 3TZ

#### **OPERATING NAME**

The Trust operates under the name of Stewardship