

STEWARDSHIP SERVICES (UKET) LIMITED

Operating as

# stewardship<sup>®</sup>

transforming generosity

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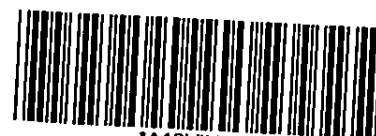
Annual Report & Financial Statements

For the year ended 30 September 2011

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Registered Charity Number 234714  
Company limited by guarantee registered number 90305

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## **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 30 September 2011

**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 charitable work of evangelical Christian churches, societies, workers and charities for the public benefit

**Stewardship's Vision**

We envision a thriving UK church, abundantly resourcing the global work of the Kingdom of God

**Stewardship's Mission**

Stewardship supports a community of generous givers – people passionate about resourcing the Kingdom and making an impact. We accomplish this by employing the following key strategies

<b>We Help People Give .</b>	We provide a single, tax effective account to organise all of one's charitable giving, from the first gift to the last, any amount at any age
<b>We Have Influence :</b>	We make approximately £52m in grants each year and offer a range of professional, legal and financial support services to churches, charities and individuals. We have an important voice in the UK, advocating causes important to our community and the church
<b>We Encourage Entrepreneurship.</b>	We support the next generation of ministries and Christian leaders through our full-time Christian worker programme and charity formation department
<b>We Educate:</b>	We work with key leaders and thinkers to produce and promote content and materials that equips others to live, give and lead generously
<b>We Connect :</b>	We are a catalyst, supporter and servant to those with a heart for promoting generosity

**Stewardship's principal activities to fulfil this Mission are.**

- **Giving services:** a Stewardship 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 seven figure single gifts. The Stewardship Account also serves thousands of recipient charities, churches and Christian workers
- **Fund management** firstly, the placement for income generation and capital growth of funds that will ultimately be disbursed within the charitable objectives of Stewardship. Secondly, the management of surplus funds for which churches and charities have no immediate need, and thirdly, the provision of loans to Christian churches and charities that are seeking to extend their mission activities through construction or development of buildings
- **Professional services:** the supply of accounts examination, payroll administration, education resources and specialist consultancy services to promote efficiency and increase knowledge on different aspects of church and charity activities including charity formation, and laws and taxation relating to charities, employment and property

Stewardship Services (UKET) Limited  
Report of the Council (continued)

**Public benefit**

Stewardship seeks to add value and facilitate the work of Christian churches, workers and charities in the UK and abroad by providing services designed to handle efficiently the receipt and distribution of charitable funds (see Note 3 to the Accounts). In addition, the range of services provided by Stewardship enables churches, workers and charities to fulfill better their key activities of advancing the Christian faith, preventing or relieving poverty, the advancing of health and the saving of lives, and the bringing of relief to those in need.

The Charity Commission's general guidance on public benefit has been referred to in the review process of our aims and objectives and in planning future developments.

**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 23 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. Prospective trustees are given the opportunity to examine the organisation extensively and to attend two trustee meetings before they, and other trustees, reach a conclusion as to the appropriateness of the appointment. New trustees are provided with the opportunity to visit the Stewardship office and meet the chief executive and senior management team as well as other staff members.

Trustees meet regularly, either as a full Council or in committees, to oversee and govern the charity's affairs. They are supported by an Executive and broader staff team which possess 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 three times during the year to oversee the performance of the investment funds that are under management by external managers.

**Chairman**

The Board and Senior Management Team very much appreciated the leadership of David Vardy who retired from the role of Chairman at 30 June 2011. They welcomed Richard Gough who was appointed as his replacement.

**Senior Management Team**

The senior management team now comprises of the Chief Executive, the heads of Finance, Giving Services and Business Development and has delegated authority, within certain limits, to run the day to day affairs of the charity.

Stewardship Services (UKET) Limited  
Report of the Council (continued)

**GRANT MAKING POLICY**

Stewardship works in partnership with its givers and other parties to identify Christian churches, workers and charities for the purpose of providing grant support. Assessment of the work being performed by proposed recipients is undertaken by Stewardship initially checking to ensure that the activities of the recipient are consistent with its own objectives. Then, public information on registered charities is reviewed and considerably more information required on the projects where the recipients are not UK registered charities.

Once projects have been created for recipient churches, charities and full time Christian workers, account holders who have made gifts to Stewardship may express a preference that funds are donated to specific recipient causes. This process enables those that give to Stewardship to identify closely with the recipient and the recipient to be aware of committed support. Stewardship is therefore facilitating the ministry of the recipient by means of the generosity of the account holder.

**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 the counter-parties.
- Mortgages and loans to churches and Christian charities, governed by the charity's Mortgage Policy, which is primarily designed to manage risk.

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 Stewardship faces 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.

Stewardship Services (UKET) Limited  
Report of the Council (continued)

**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 £5.4m (2010 £4.9m)

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 year, total running costs are covered for at least three months and support is provided for the loans advanced for church and charity building projects. These four criteria derive a required minimum reserves figure of £3.3m

Free reserves, as determined by the guidance provided by the Charity Commissioners, are in excess of this requirement by £1.7m, a level considered appropriate in view of the current economic uncertainties

**UNRESTRICTED FUNDS**

Net unrestricted incoming resources for the year, after transfers, amounted to £0.5m (2010 £0.2m) and this figure, added to the figure brought forward, resulted in unrestricted fund balances carried forward at the year end of £5.4m (2010 £4.9m)

**RESTRICTED FUNDS**

Restricted funds carried forward at 30 September 2011 amounted to £57.7m (2010 £58.1m). These funds predominantly comprise gifts where, subject to purposes consistent with the charity's own objects, the trustees allow donors to express preferences as to direct distributions for other charitable purposes.

The net movement on restricted funds is summarised in Note 12

**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 (2010 Nil)

Stewardship Services (UKET) Limited  
Report of the Council (continued)

**KEY ACHIEVEMENTS DURING THE YEAR**

- |                       |  |
|-----------------------|--|
| Giving Services       | <ul style="list-style-type: none"><li>▪ The new online service was fully rolled out to all givers and recipients during the year £7m has been distributed by means of the online system</li><li>▪ As progressively more use is made of the online system more staff time becomes available for greater direct client support</li><li>▪ Total gifts received at £53.0m were up 3.5% against the previous year</li><li>▪ At £51.8m the total grants to recipients were up by 10.0%</li><li>▪ The sustained level of giving and record distribution of grants is greatly encouraging</li></ul>  |
| Fund management       | <ul style="list-style-type: none"><li>▪ The funds under management in the investment funds rose from £21.1m at 30 September 2010 to £22.2m at 30 September 2011</li><li>▪ Funds on the Money Market remained relatively constant throughout the year at approximately £40.0m</li><li>▪ Demand from churches for mortgages to support new building development remained strong throughout the year and the church mortgages portfolio increased from £8.6m to £10.5m and further growth in the year ahead is expected</li></ul>   |
| Professional Services | <ul style="list-style-type: none"><li>▪ The payroll service continued to grow with the number of clients now up to 306 and covering 1,525 employees (2010 299 clients and 1,515 employees)</li><li>▪ The income of the accounts examination service, with its 300 clients, also grew in the year</li><li>▪ Assistance was provided in the formation of 68 charities (2010 80)</li><li>▪ Training was provided to church leaders, treasurers, administrators, and charity trustees through seminars, e-briefings, and twelve free briefing papers or briefing notes on technical issues for charities. Throughout the year the valued consultancy service continued to be provided</li><li>▪ Under the general theme of Transforming Generosity successful campaigns were run at Christmas and Easter, festivals were attended in the Spring and Summer, and training material made available to encourage generous living</li><li>▪ Stewardship remained in a leading role in engaging with HMRC and HM Treasury on matters directly affecting churches and Christian charities, and was very encouraged by the repeal of the Substantial Donor Regulations in the 2011 Finance Act. Stewardship was at the forefront of the campaign to remove this unintended burden on churches and charities</li></ul> |

Stewardship Services (UKET) Limited  
Report of the 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 LLP as auditors will be proposed at the annual general meeting

As required by s 234za 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 4 February 2012 and signed on its behalf

A handwritten signature in black ink, appearing to read 'RGC Gough', written in a cursive style.

Richard Gough, 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 applicable law and regulations

Company law requires the members of Council to prepare financial statements for each financial year. Under that law the members of Council have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. Under company law the members of Council 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 charity and of the surplus or deficit of the charity for that period.

In preparing these financial statements, the members of Council are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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 members of Council are responsible for keeping adequate accounting records that show and explain the charity's transactions, 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 group's website is the responsibility of the members of Council. The members of Council's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Date 4 February 2012

RFC Gough

By Order of the Council

Stewardship Services (UKET) Limited  
Independent auditor's report to the members of Stewardship Services (UKET) Limited

We have audited the financial statements of Stewardship Services (UKET) Limited for the year ended 30 September 2011 which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

***Respective responsibilities of trustees and auditor***

As explained more fully in the Council's Responsibilities Statement (set out on page 7), the trustees (who are also the directors of the company 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

***Scope of the audit of the financial statements***

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

***Opinion on financial statements***

In our opinion the financial statements

- give a true and fair view of the state of the charity's affairs as at 30 September 2011 and of its incoming resources and application of resources, including its 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.

***Opinion on other matters prescribed by the Companies Act 2006***

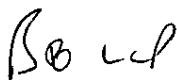
In our opinion the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Stewardship Services (UKET) Limited  
Independent auditor's report to the members of Stewardship Services (UKET) Limited

***Matters on which we are required to report by exception***

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made,
- we have not received all the information and explanations we require for our audit, or
- the trustees were not entitled to prepare the financial statements and the trustees' report in accordance with the small companies' regime



Andrew Stickland

Senior Statutory Auditor

for and on behalf of BDO LLP, Statutory Auditor

Epsom

United Kingdom

Date 15 February 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Stewardship Services (UKET) Limited  
Statement of Financial Activities  
For the year ended 30 September 2011

		Unrestricted Funds 2011 <u>£'000</u>	Restricted Funds 2011 <u>£'000</u>	Total Funds 2011 <u>£'000</u>	Total Funds 2010 <u>£'000</u>
	Notes				
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds					
Voluntary income					
Gifts from account holders		1,167	51,816	52,983	51,206
Other		1	-	1	26
Investment Income	2	1,645	636	2,281	2,341
Income from charitable activities					
Fees for services provided		439	-	439	458
<b>Total incoming resources</b>		<b>3,252</b>	<b>52,452</b>	<b>55,704</b>	<b>54,031</b>
<b>RESOURCES EXPENDED</b>					
Charitable activities					
Grants to charitable causes	3	13	51,747	51,760	47,112
Transfer to Church Growth Trust Limited		-	-	-	4,204
In furtherance of charitable objects					
Giving Services		1,814	-	1,814	1,837
Fund Management		95	-	95	127
Professional Services		573	-	573	853
Governance costs		79	-	79	75
<b>Total resources expended</b>	4	<b>2,574</b>	<b>51,747</b>	<b>54,321</b>	<b>54,208</b>
Net incoming resources before transfers		678	705	1,383	(177)
Other transfers between funds	12	(169)	169	-	-
<b>NET INCOME FOR THE YEAR</b>		<b>509</b>	<b>874</b>	<b>1,383</b>	<b>(177)</b>

Stewardship Services (UKET) Limited  
Statement of Financial Activities  
For the year ended 30 September 2011

		Unrestricted Funds 2011 <u>£'000</u>	Restricted Funds 2011 <u>£'000</u>	Total Funds 2011 <u>£'000</u>	Total Funds 2010 <u>£'000</u>
	Notes				
Net income for the year		509	874	1,383	(177)
Unrealised gains/(losses)					
On revaluation of investments	8	(22)	(1,562)	(1,584)	1,516
On revaluation of fixed assets		-	-	-	587
Realised gains/(losses)					
On disposal of investments		-	305	305	(80)
On disposal of fixed assets		-	-	-	(1)
Net movement in funds for the year		487	(383)	104	1,845
Fund balances at 1 October 2010		4,940	58,079	63,019	61,174
Fund balances at 30 September 2011	12	5,427	57,696	63,123	63,019

Stewardship Services (UKET) Limited  
Balance Sheet  
As at 30 September 2011

Company number 90305		2011	2011	2010	2010
	Notes	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<b>FIXED ASSETS</b>					
Tangible assets					
Leasehold property		104		143	
Fixtures, fittings, equipment and software		324		332	
	7	428		475	
Investments					
Mortgages and loans		9,940		8,053	
Investments other than loans	8	22,242		21,068	
		32,182		29,121	
Total fixed assets			32,610		29,596
<b>CURRENT ASSETS</b>					
Stocks		7		4	
Debtors	9	1,384		1,522	
Mortgages		600		520	
Pooled investment fund units	11	173		226	
Money market deposits		39,000		42,000	
Cash at bank and in hand		3,663		1,776	
		44,827		46,048	
CREDITORS Amounts falling due within one year					
Church and mission organisations deposits held		8,847		9,740	
Third party trusts' cash balances		8		56	
Other creditors	10	5,286		2,603	
		14,141		12,399	
Pooled investment fund units	11	173		226	
		14,314		12,625	
NET CURRENT ASSETS			30,513		33,423
Total assets less current liabilities			63,123		63,019
NET ASSETS	13		63,123		63,019
<b>FUND BALANCES</b>					
Restricted funds	12		57,696		58,079
Unrestricted funds	12		5,427		4,940
			63,123		63,019

Approved and authorised for issue by the Board of Directors and Council of Trustees and signed on their behalf on

4 February 2012  
REC Gough

Richard Gough  
Chairman

The notes on pages 14 to 22 form part of these accounts

Stewardship Services (UKET) Limited  
Cash flow statement  
For the year ended 30 September 2011

	<u>2011</u> <u>£'000</u>	<u>2011</u> <u>£'000</u>	<u>2010</u> <u>£'000</u>	<u>2010</u> <u>£'000</u>
Net cash inflow from operating activities				
Operating surplus / (deficit)		88		(1,786)
Depreciation		352		331
Decrease in debtors		138		285
Increase/(decrease) in creditors		1,742		(88)
(Increase) in stocks		(3)		(3)
(Profit)/loss on sale of fixed assets		(305)		81
Net cash inflow/(outflow) from operating activities		<u>2,012</u>		<u>(1,180)</u>
Returns on investments and servicing of finance				
Interest received	1,637		1,567	
Interest paid	<u>(37)</u>		<u>(39)</u>	
Net cash inflow from returns on investments and servicing of loans		1,600		1,528
Capital expenditure and financial investment				
Purchase of tangible assets	(305)		(605)	
Purchase of investments	(3,809)		(2,018)	
(Increase) in mortgages/loans	(1,967)		(2,492)	
Transfer of tangible fixed assets	-		4,086	
Sale of investments	<u>1,356</u>		<u>1,205</u>	
Net cash (outflow)/inflow from investing activities		(4,725)		176
Management of liquid resources				
Decrease / (increase) in short-term deposits		3,000		(1,000)
Increase / (decrease) in cash		<u>1,887</u>		<u>(476)</u>
Reconciliation of net incoming resources to net cash inflow from operating activities				
		<u>2011</u> <u>£'000</u>		<u>2010</u> <u>£'000</u>
Net incoming resources before transfers		1,383		(177)
Realised gains on disposal of investments		305		(81)
Net interest received		<u>(1,600)</u>		<u>(1,528)</u>
		<u>88</u>		<u>(1,786)</u>
		Cash at bank and in hand		
		<u>2011</u> <u>£'000</u>	<u>2010</u> <u>£'000</u>	
Analysis of changes in cash in the year				
Balance as at 1 October		1,776	2,252	
Net cash inflow/(outflow)		<u>1,887</u>	<u>(476)</u>	
Balance as at 30 September		<u>3,663</u>	<u>1,776</u>	

Stewardship Services (UKET) Limited  
Notes to the accounts  
For the year ended 30 September 2011

**1 ACCOUNTING POLICIES**

- (a) The Financial Statements have been prepared on the historic cost basis except for investments, which are included at market value. The Financial Statements have been prepared in accordance with the Companies Act 2006, 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 referred to in the Statement of Financial Activities, are continuing.

- (b) Earned income and all expenditure are recognised on an accruals basis of accounting.
- (c) Gifts and Gift Aid receipts are taken into account when the conditions for receipt have been met and there is reasonable assurance of receipt.
- (d) Income tax recoverable is accounted for once a claim has been made to HM Revenue & Customs. Claims are made weekly throughout the year.
- (e) Interest on fixed interest investments, deposits and income from the Stewardship Pooled Investment Fund is accounted for on an accruals basis.
- (f) Depreciation of fixtures, fittings, equipment and software is charged to write the assets off over their useful lives which is estimated to be three years, a rate of 33.33% per year.
- (g) Leasehold improvements are capitalised, where material, and depreciated in equal instalments over the remaining life of the minimum lease term.
- (h) Where Stewardship has exercised discretion in making an allocation of funds to a recipient, there is no legal obligation to pay those funds to the specific recipient since Stewardship continues to have discretion to decline to make payment if circumstances change between the time of allocation and the time of payment. However, the trustees are of the view that in almost all cases, a constructive obligation (as defined by the Charities SORP) will have been created. Accordingly, amounts allocated to recipients, but not yet paid to them, at the balance sheet date are recognised as a liability in these accounts.
- (i) The Statement of Financial Activities includes resources receivable and expended on Trust Funds. Where the Trust manages other cash funds either as agent or manager on behalf of other charitable trusts, they are shown as liabilities.
- (j) 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.



Stewardship Services (UKET) Limited  
Notes to the accounts  
For the year ended 30 September 2011

**1 ACCOUNTING POLICIES (continued)**

- (k) 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 offset the risk of loss which might arise on the assets of the Trust
  - To provide funds to support loans to churches and charities for building development
  - To provide adequate working capital for the various activities and services of the Trust
  - 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
- (l) Governance costs include the cost of the audit, Trustees' expenses and the staff costs associated with directly supporting Trustees' meetings

**2 INVESTMENT INCOME**

	2011 <u>£'000</u>	2010 <u>£'000</u>
Rents from properties used as places of worship	-	141
Cash investments	1,116	1,166
Mortgage interest	521	401
Income from externally managed investment funds	<u>644</u>	<u>633</u>
	<u>2,281</u>	<u>2,341</u>

Stewardship Services (UKET) Limited  
Notes to the accounts  
For the year ended 30 September 2011

### 3 GRANTS

The Trustees make grants to a wide range of charitable causes. The Trustees allow supporters to express a preference as to how the funds may be distributed as long as this is consistent with the charity's own objectives. Because of the volume of grants made each 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:

		2011 <u>Number</u>	2011 <u>£'000</u>	2010 <u>Number</u>	2010 <u>£'000</u>
Grants of over £1,000	- to Christian organisations	3,921	16,331	3,989	14,391
	- to full-time Christian workers	787	1,344	727	1,287
	- to Bible college students	55	90	69	115
	- to other charities	321	3,028	313	1,153
		<u>5,084</u>	<u>20,793</u>	<u>5,098</u>	<u>16,946</u>
Grants of under £1,000			<u>30,967</u>		<u>30,166</u>
			<u>51,760</u>		<u>47,112</u>

Limited further information about grants made is available, in accordance with grant disclosure guidelines contained in the Statement of Recommended Practice "Accounting and Reporting by Charities". A request should be made to Stewardship's Registered Office.

### 4 RESOURCES (EXCLUDING GRANTS IN NOTE 3) EXPENDED IN FURTHERANCE OF CHARITABLE OBJECTS

	<u>Giving services</u>	<u>Fund Management</u>	<u>Professional services</u>	<u>Governance costs</u>	Total 2011 <u>£'000</u>	Total 2010 <u>£'000</u>
Staff costs	985	42	370	49	1,446	1,637
Interest payable	-	37	-	-	37	39
Services to clients	-	-	68	-	68	86
IT costs	436	2	30	-	468	417
Marketing	160	2	25	-	187	205
Premises	97	4	35	-	136	154
Printing, postage and stationery	43	1	16	-	60	67
Professional costs	38	5	10	24	77	100
Other costs	55	2	19	6	82	187
	<u>1,814</u>	<u>95</u>	<u>573</u>	<u>79</u>	<u>2,561</u>	<u>2,892</u>

Costs are either allocated directly to the service area to which they relate or are apportioned, based on some measure of utilisation.

Auditors remuneration totalled £24,600 (2010 £24,000)

Stewardship Services (UKET) Limited  
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**5 STAFF COSTS & TRUSTEES' FEES AND EXPENSES**

<u>Staff costs and emoluments</u>	2011 <u>£'000</u>	2010 <u>£'000</u>
Gross wages and salaries	1,127	1,259
Employer's National Insurance	111	118
Pension contributions	159	180
	<u>1,397</u>	<u>1,557</u>

<u>Average number of full time equivalent employees</u>	2011 <u>No</u>	2010 <u>No</u>
Giving services	25	26
Fund management	1	1
Professional services	9	11
	<u>35</u>	<u>38</u>

Employees emoluments exceeding £60,000 (excluding pension contributions)	2011 <u>No</u>	2010 <u>No</u>
£60,000 - £69,999	-	1
£80,000 - £89,999	1	-

Contributions to money purchase pension schemes for these employees	£12,245	£8,126
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Trustees fees and expenses

No fees are paid to Members of the Council for their services. Expenses incurred in carrying out Trustee's duties totalling £2,806 (2010 £2,851) were reimbursed to three Trustees.

**6 PENSION CONTRIBUTIONS**

The company contributes to a defined contribution scheme. Contributions for the year amounted to £158,700 (2010 £179,900).

Company pension contributions are accounted for and paid as they fall due. There were no outstanding contributions at the balance sheet date (2010 £Nil).

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**7 TANGIBLE FIXED ASSETS**

	Leasehold improvements £'000	Fixtures, fittings, equipment & software £'000	Total £'000
<b>At cost or valuation</b>			
As at 1 October 2010	215	895	1,110
Additions	-	305	305
As at 30 September 2011	<u>215</u>	<u>1,200</u>	<u>1,415</u>
<b>Depreciation</b>			
As at 1 October 2010	72	563	635
Charge for the period	39	313	352
As at 30 September 2011	<u>111</u>	<u>876</u>	<u>987</u>
<b>Net Book Values.</b>			
As at 30 September 2011	<u>104</u>	<u>324</u>	<u>428</u>
As at 1 October 2010	<u>143</u>	<u>332</u>	<u>475</u>

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

Stewardship Services (UKET) Limited  
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**8 INVESTMENTS OTHER THAN LOANS**

All restricted 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, fixed interest stocks and property funds. All of the underlying investments are listed on recognised stock exchanges.

		2011 <u>£'000</u>	2010 <u>£'000</u>
Historic cost	- Unrestricted funds	551	551
	- Restricted funds	23,113	20,354
		<u>23,664</u>	<u>20,905</u>
Market value	- Unrestricted funds	723	745
	- Restricted funds	21,519	20,323
		<u>22,242</u>	<u>21,068</u>
UK		20,766	20,229
Overseas		689	672
Cash		787	167
		<u>22,242</u>	<u>21,068</u>

At the above dates, with the exception of an investment in 3i Infrastructure Plc representing 10.2% of the total market value of the Pools, 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 stated preference of the supporter of the funds.

	2011 <u>£'000</u>	2010 <u>£'000</u>
Market value of investments at 1 October 2010	21,068	18,819
Additions	3,808	2,019
Disposals	(1,050)	(1,286)
Net investment (losses)/gains	(1,584)	1,516
	<u>22,242</u>	<u>21,068</u>

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**9 DEBTORS DUE WITHIN ONE YEAR**

	2011 <u>£'000</u>	2010 <u>£'000</u>
Income tax recoverable - gift aid	607	714
Trade debtors	30	40
Other debtors	96	107
Prepayments	63	44
Accrued income	588	617
	<u>1,384</u>	<u>1,522</u>

All amounts fall due within one year

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

	2011 <u>£'000</u>	2010 <u>£'000</u>
Trade creditors	868	899
Other creditors	4,294	1,555
Taxation and social security	30	32
Accruals and deferred income	94	117
	<u>5,286</u>	<u>2,603</u>

Other creditors at 30 September 2011 included an exceptionally large grant of £2.4m which had been processed at that date but the related bank transfer was only completed at the start of the new financial year

**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 16 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.

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**12 FUND BALANCES**

	As at 1 October 2010 <u>£'000</u>	Investment gains / (losses) <u>£'000</u>	Net income for the year <u>£'000</u>	Transfers <u>£'000</u>	As at 30 September 2011 <u>£'000</u>
General Funds					
General Reserve	4,747	-	678	(169)	5,256
Revaluation Reserve	193	(22)	-	-	171
	<u>4,940</u>	<u>(22)</u>	<u>678</u>	<u>(169)</u>	<u>5,427</u>
Restricted Funds					
Donor balances	58,079	(1,257)	705	169	57,696
	<u>58,079</u>	<u>(1,257)</u>	<u>705</u>	<u>169</u>	<u>57,696</u>

Donor balances

Supporter balances represent funds given to Stewardship, where, subject to purposes consistent with the Trust's own objectives, the Trustees allow supporters to express preferences as to direct distribution to other charities. A Gold account is designed to offer the supporter facilities normally achieved by establishing a personal charitable trust but without the legal and financial complications for the settlor.

	General Funds <u>£'000</u>	Restricted Funds <u>£'000</u>
<u>Transfers</u>		
Investment income attributable to certain funds	(169)	169

**13 ANALYSIS OF NET ASSETS BY FUND**

	Unrestricted Funds <u>£'000</u>	Restricted Funds <u>£'000</u>	Client Funds <u>£'000</u>	Total Funds 2011 <u>£'000</u>	Total Funds 2010 <u>£'000</u>
Fixed assets	428	-	-	428	475
Mortgage loans to churches	3,310	6,630	-	9,940	8,053
Investments	723	21,519	173	22,415	21,294
Money market deposits and cash balances	1,119	32,689	8,855	42,663	43,776
Other current assets	838	1,153	-	1,991	2,046
Current liabilities	(991)	(4,295)	(8,855)	(14,141)	(12,399)
Long term liabilities	-	-	(173)	(173)	(226)
Net assets	<u>5,427</u>	<u>57,696</u>	<u>-</u>	<u>63,123</u>	<u>63,019</u>

Stewardship Services (UKET) Limited  
Notes to the accounts  
For the year ended 30 September 2011

**14 CAPITAL COMMITMENTS & CONTINGENT LIABILITIES**

There were no material capital commitments or contingent liabilities as at 30 September 2011 and 30 September 2010

**15 OPERATING LEASE COMMITMENTS**

As at 30 September 2011 and 30 September 2010, the Trust had annual operating lease commitments for rental payments on its administrative offices and equipment

Expiry date	2011 <u>£'000</u>	2010 <u>£'000</u>
Annual amounts due on leases expiring within two to five years	52	52

**16 INDEMNITY INSURANCES ETC**

The Trust has effected indemnity insurance cover. Premiums due for the policies during the year totalled £15,873 (2010 £14,600)

**17 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 supporters have expressed their wishes and the funds flow in the normal course of the Trust's 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.

While certain of the grants were made to organisations which are related through common Trustees the amounts concerned are immaterial.

**18 TAXATION**

The company is a registered charity that carries out certain activities to achieve its primary purposes, such activities are exempt 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 30 September 2011 except where stated otherwise

<b>Name</b>	<b>Date of change</b>	<b>Committee service</b>
RICHARD GOUGH ACA (Chairman)		
HEATHER GRIZZLE (Vice Chairman)	Appointed 5 February 11	
SIMON BLAKE FCA CF		Finance
SANDRA COBBIN	Appointed 1 January 11	
LUKE FLETCHER LLB		
DAVID FLOWERS BA Hons Dip PFS		Finance
KATH HOWELL	Appointed 18 October 10	
LESLIE LUCAS FCII ACI Arb		Finance, Investment
ANDREW NOVEMBER ASIP		Investment
MICHAEL WILSON ACII		
MICHAEL WRIGHT FSI		Investment
DAVID VARDY (Chairman)	Retired 30 June 11	
RICHARD NAYLOR MCIAT MRICS MaPS	Retired 5 February 11	

Registered Charity Number 234714  
Company Limited by Guarantee Registered Number 90305

Stewardship Services (UKET) Limited  
Legal & administrative details

**BANKERS**

Lloyds TSB Bank PLC  
First Floor, Criterion House, 40 Parkway, Chelmsford, Essex CM2 7PN

**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**

BlackRock Investment Managers (UK) Limited  
Drapers Gardens, 12 Throgmorton Avenue, London EC2N 2DL

Rathbone Investment Managers Limited  
159 New Bond Street, London W1S 2UD

**AUDITORS**

BDO LLP  
Emerald House, East Street, Surrey KT17 1HS

**CHIEF EXECUTIVE**

Michael O'Neill

**FINANCE DIRECTOR AND COMPANY SECRETARY**

Richard Broad CIMA ICSA

**TECHNICAL DIRECTOR / ASSISTANT CO. SECRETARY**

Kevin Russell ACA CTA FCIE

**REGISTERED OFFICE**

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

**OPERATING NAME**

The Trust operates under the name of Stewardship