

STEWARDSHIP SERVICES (UKET) LIMITED

Operating as

stewardship[®]
transforming generosity

Annual Report & Financial Statements

For the year ended 30 September 2013

Registered Charity Number 234714
Company limited by guarantee registered number 90305

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Stewardship Services (UKET) Limited

CONTENTS

	<u>Page</u>
Strategic Report	1
Report of the Council	3
Statement of Council's Responsibilities	8
Independent auditor's report to the members of Stewardship Services (UKET) Limited	9
Statement of Financial Activities	11
Balance Sheet	13
Cash flow statement	14
Notes to the accounts	15
Directors and Members of the Council of Trustees	25
Legal & administrative details	26

Stewardship Services (UKET) Limited
Strategic Report

Stewardship has continued to grow in the course of this last year. We have seen giving increase significantly and have been able to make increasing levels of grants to recipient organisations.

We have also grown our team, strengthening key management functions and expanding our educational programme.

As we look back, we are pleased with the key achievements of the year, building a strong foundation for future periods where we hope to see continued growth in both receipts and our operations.

KEY ACHIEVEMENTS DURING THE YEAR

Giving Services	<p>Ever greater use of the new online service is being made by givers and recipients. Around 44% of all one off donations are now being made online (last year 34%).</p> <p>In the course of 2012, a major new fundraising service, www.give.net, was launched. This has started well and is an attractive service to churches and charities needing the means of receiving gifts online and for individuals undertaking fundraising sponsorship projects.</p> <p>The sustained level of giving is greatly encouraging and total gifts received at £59.8m showed very encouraging growth of 16% when compared with the previous year.</p>
Fund management	<p>The funds under management in the investment funds rose from £24.1m at 30 September 2012 to £25.1m at 30 September 2013.</p> <p>Funds on the Money Market also grew, increasing from £41.8m to £47.0m.</p> <p>Demand from churches for mortgages to support new building development remained steady with the church mortgages portfolio currently standing at £11.7m with growth expected in the year ahead.</p> <p>Investment approach is to pursue investments aligned to the values of the organisation with ethical screening in place to minimise exposure to sectors considered to be contrary to these values.</p>
Professional Services	<p>The payroll service continued to grow with the number of church and charity clients now up to 390 and covering 1,750 employees (2012: 360 clients and 1,568 employees).</p> <p>The accounts examination service continued to support and advise its 280 clients throughout the year.</p> <p>The number of charities assisted to form and register remained constant at around 60 in the year.</p> <p>Training was provided to church leaders, treasurers, administrators and charity trustees through seminars, e-briefings and free briefing papers or briefing notes on technical issues for charities.</p> <p>Under the general theme of Transforming Generosity successful campaigns were run at Christmas and Easter, festivals and holiday weeks were attended in the Spring and Summer, and training materials made available to encourage generous living.</p> <p>Stewardship remained in a leading role in engaging with HMRC and HM Treasury on matters directly affecting churches and Christian charities.</p>

KEY ORGANISATIONAL RISKS

Stewardship's long term health is dependent upon ongoing donations by givers. The key operational risks are therefore concentrated around the conditions that facilitate that giving and the operational excellence demonstrated by Stewardship, enabling it to retain its position as the first choice organisation amongst existing, and future, givers. Key risks (and mitigants) include:

- Change in tax rules reducing the incentives for charitable giving
 - This may have a dual impact, reducing the overall level of giving amongst the UK population and also undermining the benefit to those givers of the services that Stewardship and other similar organisations provide
- A worsening of economic conditions restricting ability to give
 - While this is a risk, we have been enormously encouraged by the continued growth in giving in recent years despite economic uncertainty and the difficulties that have arisen from that. Consequently, we do not consider this to be a significant risk
- Reputation concern around use of funds
 - In the context of increased scrutiny of the investment practices of charitable organisations, we need to continue to be careful in our investment activity. Our approach will continue to include significant ethical screening of all proposed investments in order to minimise this risk
- Prolonged system problems would affect the users of Stewardship and could have an adverse impact on our reputation
 - We are therefore extremely careful to minimise this risk with stringent IT processes in place
- Loss of key management remains a risk for the organisation
 - We are fortunate to have a highly motivated and dedicated management team who are extremely committed to Stewardship and continue to seek to grow that dedication as part of our retention strategy. We also have processes in place to continually grow new leaders from our staff, providing succession planning

FUTURE PROSPECTS

We are excited as we look towards the coming financial year. We are in the process of relocating to Central London premises in the course of this year as part of a broader strategy to continue to grow the organisation and be best placed to recruit and retain a strong team.

We are looking to improve the services provided - increasing the flexibility of our 'Gold Accounts' by introducing expanded investment options, continuing to grow our education and marketing functions with Christmas and Easter campaigns that promote generosity in all aspects of life, and appraising our Professional Services with a view to expanding the number of clients that we can help, particularly those at an early stage of their development.

This growth will be closely monitored with expanded Key Performance Indicator reporting in order to seek to maintain operational efficiency and target appropriate returns on resources invested in these areas.

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 2013

OBJECTS OF THE CHARITY, MISSION, AND PRINCIPAL ACTIVITIES

Stewardship's Vision

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

Stewardship's Aims and Objectives

Stewardship supports a community of generous givers - people passionate about resourcing the Kingdom and making an impact

- **We help people give**

We provide a variety of channels for tax effective giving, from online fundraising to a regular giving account, to organise all of one's charitable giving from the first gift to the last, any amount at any age

- **We have influence**

We offer a range of professional, legal and financial support services to churches, charities and individuals

We have an important voice in the UK and in government, advocating for causes important to our community and the church

- **We encourage entrepreneurship**

We support the next generation of ministries and Christian leaders through our full-time Christian worker programme and charity formation department

- **We educate**

We work with key leaders and thinkers to produce and promote content and materials that equips others to live, give and lead generously

- **We connect**

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

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 25 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
- **Legacy Grants Committee:** During the prior year a new Committee was formed to oversee the distribution of grants from funds received under legacies and held its first meeting in September 2012

Senior Management Team

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

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:

- Equity and fund investments are managed by the charity's Investment and Finance Committees with advice from the charity's investment advisors subject to ethical restrictions 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.
- Programme related and mixed motive investments are increasingly being considered and reviewed by the Finance and Investment Committees, seeking to generate a social impact alongside a financial return.

The investment objective on the equity and fund 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.

RESERVES POLICY

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 £4.3m.

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 £6.8m (2012 £6.2m). However, the Trustees have acquired fixed assets (currently £2.6 million) which are accounted for within the unrestricted reserves; this accounting restricts the amount of freely available reserves to £4.2 million. The trustees are planning to review the reserves policy in the coming year and this, combined with the anticipated result for the year, will result in the elimination of the gap between freely available reserves and the required minimum.

UNRESTRICTED FUNDS

Net unrestricted incoming resources for the year, after transfers, amounted to £0.6m (2012 £0.8m) and this figure, added to the figure brought forward, resulted in unrestricted fund balances carried forward at the year end of £6.8m (2012 £6.2m).

RESTRICTED FUNDS

Restricted funds carried forward at 30 September 2013 amounted to £73.3m (2012 £63.0m). 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 11.

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 8 February 2014 and signed on its behalf

A handwritten signature in black ink, appearing to read 'David Vardy', with a stylized flourish at the end.

David Vardy, 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 8 February 2014



D Vardy

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 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 Statement of Trustees' Responsibilities, 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2013 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 strategic report and trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements

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, or
- we have not received all the information and explanations we require for our audit



Andrew Stickland Senior Statutory Auditor

for and on behalf of BDO LLP, Statutory Auditor

Gatwick

United Kingdom

Date 27 February 2014

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 2013

	Notes	Unrestricted Funds 2013 £'000	Restricted Funds 2013 £'000	Total Funds 2013 £'000	Total Funds 2012 £'000
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income					
Gifts from account holders		1,229	58,542	59,771	51,461
Investment Income	2	1,826	780	2,606	2,510
Income from charitable activities					
Fees for services provided		516	-	516	435
Total incoming resources		3,571	59,322	62,893	54,406
RESOURCES EXPENDED					
Charitable activities					
Grants to charitable causes	3	4	50,996	51,000	47,586
In furtherance of charitable objects					
Giving Services		1,893	11	1,904	1,750
Fund Management		171	-	171	169
Professional Services		662	-	662	609
Governance costs		82	-	82	79
Total resources expended	4	2,812	51,007	53,819	50,193
Net incoming resources before transfers		759	8,315	9,074	4,213
Other transfers between funds	11	(286)	286	-	-
NET INCOME FOR THE YEAR		473	8,601	9,074	4,213

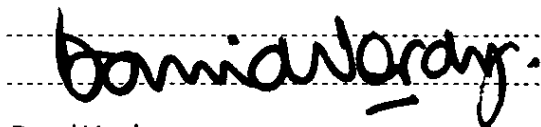
Stewardship Services (UKET) Limited
Statement of Financial Activities
For the year ended 30 September 2013

		Unrestricted Funds 2013 £'000	Restricted Funds 2013 £'000	Total Funds 2013 £'000	Total Funds 2012 £'000
	Notes				
Net income for the year		473	8,601	9,074	4,213
Unrealised gains/(losses)					
On revaluation of investments	8	119	1,621	1,740	1,942
Realised gains/(losses)					
On disposal of investments		-	96	96	(48)
Net movement in funds for the year		592	10,318	10,910	6,107
Fund balances at 1 October 2012		6,217	63,013	69,230	63,123
Fund balances at 30 September 2013	11	6,809	73,331	80,140	69,230

Stewardship Services (UKET) Limited
Balance Sheet
As at 30 September 2013

Company number 90305		2013	2013	2012	2012
	Notes	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
FIXED ASSETS					
Tangible assets					
Leasehold premises		2,407		66	
Fixtures, fittings, equipment and software		196		231	
	7	<u>2,603</u>		<u>297</u>	
Investments					
Mortgages and loans		10,733		10,629	
Investments other than loans	8	<u>25,113</u>		<u>24,073</u>	
		35,846		34,702	
Total fixed assets			38,449		34,999
CURRENT ASSETS					
Stocks		6		5	
Debtors	9	1,830		1,152	
Mortgages and loans		966		1,479	
Money market deposits		47,045		41,751	
Cash at bank and in hand		<u>2,684</u>		<u>1,044</u>	
		52,531		45,431	
CREDITORS Amounts falling due within one year					
Church and mission organisations deposits held		7,834		8,612	
Third party trusts' cash balances		7		5	
Other creditors	10	<u>2,999</u>		<u>2,583</u>	
		10,840		11,200	
NET CURRENT ASSETS			41,691		34,231
Total assets less current liabilities			<u>80,140</u>		<u>69,230</u>
NET ASSETS	12		<u>80,140</u>		<u>69,230</u>
FUND BALANCES					
Restricted funds	11		73,331		63,013
Unrestricted funds	11		<u>6,809</u>		<u>6,217</u>
			80,140		69,230

Approved and authorised for issue by the Board of Directors and Council of Trustees and signed on their behalf on 8 February 2014



David Vardy
Chairman

The notes on pages 15 to 24 form part of these accounts

Stewardship Services (UKET) Limited
Cash flow statement
For the year ended 30 September 2013

	2013 <u>£'000</u>	2013 <u>£'000</u>	2012 <u>£'000</u>	2012 <u>£'000</u>
Net cash inflow from operating activities				
Operating surplus		7,448		2,553
Depreciation		268		320
(Increase)/Decrease in debtors		(678)		232
(Decrease) in creditors		(360)		(2,941)
(Increase)/Decrease in stocks		(1)		2
(Profit)/loss on sale of fixed assets		(96)		41
Net cash inflow from operating activities		<u>6,581</u>		<u>207</u>
Returns on investments and servicing of finance				
Interest received	1,795		1,680	
Interest paid	<u>(73)</u>		<u>(67)</u>	
Net cash inflow from returns on investments and servicing of loans		1,722		1,613
Capital expenditure and financial investment				
Purchase of tangible assets	(2,574)		(184)	
Purchase of investments	(1,688)		(1,745)	
Decrease/(increase) in mortgages/loans	409		(1,568)	
Sale of investments	<u>2,484</u>		<u>1,809</u>	
Net cash (outflow) from investing activities		(1,369)		(1,688)
Management of liquid resources				
(Increase) in short-term deposits		(5,294)		(2,751)
(Decrease)/increase in cash		<u>1,640</u>		<u>(2,619)</u>
Reconciliation of net incoming resources to net cash inflow from operating activities				
		2013		2012
		<u>£'000</u>		<u>£'000</u>
Net incoming resources before transfers		9,074		4,213
Realised gain/(loss) on disposal of investments		96		(47)
Net interest received		<u>(1,722)</u>		<u>(1,613)</u>
		<u>7,448</u>		<u>2,553</u>
Cash at bank and in hand				
		2013		2012
Analysis of changes in cash in the year		<u>£'000</u>		<u>£'000</u>
Balance as at 1 October		1,044		3,663
Net cash (outflow)/inflow		<u>1,640</u>		<u>(2,619)</u>
Balance as at 30 September		<u>2,684</u>		<u>1,044</u>

Stewardship Services (UKET) Limited
Notes to the accounts
For the year ended 30 September 2013

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) Short leasehold assets (including improvements) are capitalised and then depreciated on a straight line basis with an assumed life of 30 years. The assets will be revalued every 5 years and depreciation adjusted as appropriate.
- (i) Long leasehold assets are carried on the Balance Sheet on the basis of existing use value. They are subject to a full valuation every 5 years with an interim valuation carried out in the third year of this cycle.
- (j) 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.
- (k) 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 2013

1 ACCOUNTING POLICIES (continued)

(l) The reserves of the Trust and the purposes for which they are established are described in Note 11. 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

(m) Governance costs include the cost of the audit, Trustees' expenses and the staff costs associated with directly supporting Trustees' meetings

2 INVESTMENT INCOME

	2013 <u>£'000</u>	2012 <u>£'000</u>
Cash investments	1,203	1,054
Mortgage interest	592	626
Income from externally managed investment funds	811	830
	<u>2,606</u>	<u>2,510</u>

Stewardship Services (UKET) Limited
Notes to the accounts
For the year ended 30 September 2013

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:

		2013 <u>Number</u>	2013 <u>£'000</u>	2012 <u>Number</u>	2012 <u>£'000</u>
Grants of over £1,000	- to Christian organisations	4,203	13,702	4,685	12,074
	- to support Christian workers	870	1,576	798	1,419
	- to support Bible college students	80	124	65	119
	- to other charities	331	2,112	319	2,037
		<u>5,484</u>	<u>17,514</u>	<u>5,867</u>	<u>15,649</u>
Grants of under £1,000	- to Christian organisations	348,224	23,163	340,853	21,949
	- to support Christian workers	226,042	8,691	232,811	8,452
	- to support Bible college students	14,217	478	16,154	488
	- to other charities	28,234	1,154	24,949	1,048
		<u>616,717</u>	<u>33,486</u>	<u>614,767</u>	<u>31,937</u>
Total Grants		<u>622,201</u>	<u>51,000</u>	<u>620,634</u>	<u>47,586</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.

Stewardship Services (UKET) Limited
Notes to the accounts
For the year ended 30 September 2013

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>	<u>Total 2013 £'000</u>	<u>Total 2012 £'000</u>
Staff costs	1,064	72	470	50	1,656	1,499
Interest payable	-	73	-	-	73	67
Services to clients	-	1	13	-	14	20
IT costs	385	9	38	-	432	429
Marketing	188	3	38	-	229	230
Premises	135	8	56	-	199	167
Printing, postage and stationery	40	2	15	-	57	58
Professional costs	12	-	6	25	43	53
Other costs	69	3	26	7	105	84
	<u>1,893</u>	<u>171</u>	<u>662</u>	<u>82</u>	<u>2,808</u>	<u>2,607</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 £21,070 (2012 £21,000) for audit and £500 (2012 £500) for non-audit services

Stewardship Services (UKET) Limited
Notes to the accounts
For the year ended 30 September 2013

5 STAFF COSTS & TRUSTEES' FEES AND EXPENSES

	2013	2012
<u>Staff costs and emoluments</u>	<u>£'000</u>	<u>£'000</u>
Gross wages and salaries	1,293	1,149
Employer's National Insurance	124	117
Pension contributions	170	159
	<u>1,587</u>	<u>1,425</u>

	2013	2012
<u>Average number of full time equivalent employees</u>	<u>No</u>	<u>No</u>
Giving services	27	26
Fund management	2	2
Professional services	11	10
	<u>40</u>	<u>38</u>

	2013	2012
Employees emoluments exceeding £60,000 (excluding pension contributions)	<u>No</u>	<u>No</u>
£90,000 - £99,999	1	
£80,000 - £89,999		1
Contributions to money purchase pension schemes for these employees	£15,569	£13,784

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 £2,900 (2012 £1,442) were reimbursed to four Trustees.

6 PENSION CONTRIBUTIONS

The company contributes to a defined contribution scheme. Contributions for the year amounted to £169,790 (2012 £159,350).

Company pension contributions are accounted for and paid as they fall due. There were no outstanding contributions at the balance sheet date (2012 £Nil).

Stewardship Services (UKET) Limited
Notes to the accounts
For the year ended 30 September 2013

7 TANGIBLE FIXED ASSETS

	Leasehold premises <u>£'000</u>	Leasehold improvements <u>£'000</u>	Fixtures, fittings, equipment & software <u>£'000</u>	Total <u>£'000</u>
At cost or valuation				
As at 1 October 2012	-	215	1,378	1,593
Additions	2,377	-	197	2,574
Disposals	-	-	(9)	(9)
As at 30 September 2013	<u>2,377</u>	<u>215</u>	<u>1,566</u>	<u>4,158</u>
Depreciation				
As at 1 October 2012	-	149	1,147	1,296
Charge for the period	-	36	232	268
Released on disposals	-	-	(9)	(9)
As at 30 September 2013	<u>-</u>	<u>185</u>	<u>1,370</u>	<u>1,555</u>
Net Book Values:				
As at 30 September 2013	<u>2,377</u>	<u>30</u>	<u>196</u>	<u>2,603</u>
As at 1 October 2012	<u>-</u>	<u>66</u>	<u>231</u>	<u>297</u>

Leasehold premises and 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
Notes to the accounts
For the year ended 30 September 2013

8 INVESTMENTS OTHER THAN LOANS

All restricted investments are held in the form of units in the Stewardship Pooled Investment Funds, 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.

		2013 <u>£'000</u>	2012 <u>£'000</u>
Historic cost	- Unrestricted funds	551	551
	- Restricted funds	22,303	23,003
		<u>22,854</u>	<u>23,554</u>
Market value	- Unrestricted funds	938	819
	- Restricted funds	24,175	23,254
		<u>25,113</u>	<u>24,073</u>
UK		24,521	22,307
Overseas		583	606
Cash		9	1,160
		<u>25,113</u>	<u>24,073</u>

At the above dates, with the exception of an investment in 3i Infrastructure Plc representing 10.4% 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.

	2013 <u>£'000</u>	2012 <u>£'000</u>
Market value of investments at 1 October	24,073	22,242
Additions	1,688	1,745
Disposals	(2,388)	(1,856)
Net investment (losses)/gains	1,740	1,942
Market value of investments at 30 September	<u>25,113</u>	<u>24,073</u>

Stewardship Services (UKET) Limited
Notes to the accounts
For the year ended 30 September 2013

9 DEBTORS: DUE WITHIN ONE YEAR

	2013 <u>£'000</u>	2012 <u>£'000</u>
Income tax recoverable - gift aid	572	230
Trade debtors	35	29
Other debtors	356	126
Prepayments	47	57
Accrued income	820	710
	<u>1,830</u>	<u>1,152</u>

All amounts fall due within one year

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 <u>£'000</u>	2012 <u>£'000</u>
Trade creditors	1,003	821
Other creditors	1,688	1,577
Taxation and social security	35	37
Accruals and deferred income	273	148
	<u>2,999</u>	<u>2,583</u>

Stewardship Services (UKET) Limited
Notes to the accounts
For the year ended 30 September 2013

11 FUND BALANCES

	As at 1 October 2012 <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 2013 <u>£'000</u>
General Funds					
General Reserve	5,950	-	759	(286)	6,423
Revaluation Reserve	267	119	-	-	386
	<u>6,217</u>	<u>119</u>	<u>759</u>	<u>(286)</u>	<u>6,809</u>
Restricted Funds					
Donor balances	63,013	1,717	8,315	286	73,331
	<u>63,013</u>	<u>1,717</u>	<u>8,315</u>	<u>286</u>	<u>73,331</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	(286)	286

12 ANALYSIS OF NET ASSETS BY FUND

	Unrestricted Funds <u>£'000</u>	Restricted Funds <u>£'000</u>	Client Funds <u>£'000</u>	Total Funds 2013 <u>£'000</u>	Total Funds 2012 <u>£'000</u>
Fixed assets	2,603	-	-	2,603	297
Mortgage loans to churches	-	10,733	-	10,733	10,629
Investments	938	24,175	-	25,113	24,073
Money market deposits and cash balances	3,363	36,838	9,528	49,729	42,795
Other current assets	1,074	1,728	-	2,802	2,636
Current liabilities	(1,169)	(143)	(9,528)	(10,840)	(11,200)
Net Assets	<u>6,809</u>	<u>73,331</u>	<u>-</u>	<u>80,140</u>	<u>69,230</u>

Stewardship Services (UKET) Limited
Notes to the accounts
For the year ended 30 September 2013

13 CAPITAL COMMITMENTS & CONTINGENT LIABILITIES

There were no material capital commitments or contingent liabilities as at 30 September 2013 and 30 September 2012

14 OPERATING LEASE COMMITMENTS

As at 30 September 2013 and 30 September 2012, the Trust had annual operating lease commitments for rental payments on its administrative offices and equipment

Expiry date	2013 £'000	2012 £'000
Annual amounts due on leases expiring within one year	22	-
Annual amounts due on leases expiring within one to two years	-	52

15 INDEMNITY INSURANCES ETC.

The Trust has effected indemnity insurance cover. Premiums due for the policies during the year totalled £15,317 (2012 £15,025)

16 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.

17 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 2013 except where stated otherwise

Name	Date of change	Committee service
DAVID VARDY (Chairman)	Appointed 13 June 13	
HEATHER GRIZZLE (Vice Chairman)		Legacy Grants
SIMON BLAKE FCA CF		Finance
SANDRA COBBIN		Legacy Grants
LUKE FLETCHER LLB		Legacy Grants
DAVID FLOWERS Dip PFS		Finance
GRAHAM DUNN		Finance
MICHAEL WRIGHT FSI		Investment
LESLIE LUCAS FCII ACI Arb	Retired 2 February 13	Finance, Investment
RICHARD GOUGH ACA	Resigned 13 February 13	
MICHAEL WILSON ACII	Resigned 15 May 13	Legacy Grants

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

Withers
16 Old Bailey, London, EC4M 7EG

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
1 Curzon Street, London W1J 5FB

AUDITORS

BDO LLP
2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA

CHIEF EXECUTIVE

Michael O'Neill

FINANCE DIRECTOR AND COMPANY SECRETARY

Andrew Simmons LLB CA

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