

STEWARDSHIP SERVICES (UKET) LIMITED

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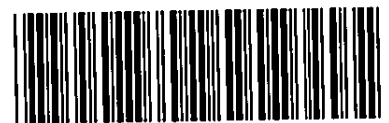
**stewardship<sup>®</sup>**

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Annual Report & Financial Statements  
for the year ended 30<sup>th</sup> September 2009

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18/02/2010

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COMPANIES HOUSE

Registered Charity Number 234714

Company limited by guarantee registered number 90305

## **Stewardship Services (UKET) Limited**

### **CONTENTS**

	<b><u>Page</u></b>
Report of the Council	<b>1</b>
Statement of Council's Responsibilities	<b>7</b>
Independent auditor's report to the members of Stewardship Services (UKET) Limited	<b>8</b>
Statement of Financial Activities	<b>10</b>
Balance Sheet	<b>12</b>
Cash flow statement	<b>13</b>
Notes to the Accounts	<b>14 to 21</b>
Directors and Members of the Council of Trustees	<b>22</b>
Legal and administrative details	<b>23</b>

## **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 2009

#### **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 and charities for the public benefit

##### **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 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. Donations into a Stewardship Account can be through Gift Aid or Payroll Giving, or through gross gifts and gifts of shares. 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, and specialist consultancy services on different aspects of church and charity activities including charity formation, and laws and taxation relating to charities, employment and property. Stewardship also funds a team to help Christians develop in their understanding and practice of the biblical principles of stewardship and develops resources and training to provide assistance in the field of personal money management. Professional services are often provided at low or no cost

##### **Public benefit**

Stewardship seeks to add value and facilitate the work of Christian churches 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 and charities to fulfill 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.

## **Stewardship Services (UKET) Limited**

### **Report of the 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 22 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 twice during the year to oversee the performance of the investment funds that are under management by external managers
- **Property Committee.** The Property Committee met three times during the year. This committee deals with the charity's property portfolio including property trusts
- **Stewardship Money Committee.** The Committee met once in the year after which, following an internal reorganisation at Stewardship, it was resolved to discontinue the Committee

#### **Senior Management Team**

The senior management team comprises of the Chief Executive and the four directors responsible for Finance, Business Systems and Strategy, Philanthropy and Human Resources, and Marketing 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**

The charity does not invite applications for grants. The majority of grants are made where donors express a preference which the Trustees normally 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.

#### **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. At 30 September 2009 £6.1m was loaned on secured mortgages.

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.

#### **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 £4.7m (2008 £3.6m).

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 reserves figure of £3.0m.

Free reserves, as determined by the guidance provided by the Charity Commissioners, are in excess of this requirement by £1.4m, a level considered appropriate in view of the current economic uncertainties.

## **Stewardship Services (UKET) Limited**

### **Report of the Council (continued)**

#### **TRANSACTIONS AND FINANCIAL POSITION**

##### **Transfer of Insurance Business**

Stewardship has been concerned at the growing regulatory burden placed by the Financial Services Authority (FSA) on any organisation that offers insurance services. The insurance services activity was the only part of Stewardship's many activities that was subject to FSA regulation. After careful assessment of possible partners over many months, on 30 April 2009 the insurance services, along with two members of staff, were transferred to a third party with strong Christian values.

##### **Unrestricted Funds**

Net unrestricted incoming resources for the year, after transfers, amounted to £1.1m (2008: £0.5m) and this figure, added to the figure brought forward, resulted in unrestricted fund balances carried forward at the year end of £4.7m (2008: £3.6m).

##### **RESTRICTED FUNDS**

Restricted funds carried forward at 30 September 2009 amounted to £56.5m (2008: £51.4m). These funds predominantly comprise donations 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.

##### **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 of 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 (2008: Nil).

## **Stewardship Services (UKET) Limited**

### **Report of the Council (continued)**

#### **KEY ACHIEVEMENTS DURING THE YEAR**

- |                              |   |
|------------------------------|---|
| <b>Giving Services</b>       | <ul style="list-style-type: none"><li>▪ Total gifts received at £47m were down 6.3% against the previous year. However, gifts under Gift Aid which tend to reflect more regular giving (as opposed to gross one off gifts), were only down by 4%.</li><li>▪ At £43m the total grants to recipients were only down by 2.8%.</li><li>▪ A heavy investment in IT continued throughout the year both towards the new online systems for both recipients and givers and a new credit/debit card giving service which may assist many Christian charities when it is launched in early 2010.</li></ul>  |
| <b>Fund management</b>       | <ul style="list-style-type: none"><li>▪ The funds under management in the investment funds rose from £16m at September 2008 to in excess of £19m at 30 September 2009.</li><li>▪ Funds on the Money Market remained relatively constant throughout the year at approximately £41m.</li><li>▪ The total value of deposits held on behalf of churches and charities was, despite the economic turmoil, reduced by only around £1.7m to £10m. These funds, which are pooled with other funds, increase Stewardship's overall lending capacity to churches and charities.</li><li>▪ It was encouraging to see churches continuing to commence new building development and in the year the church mortgages portfolio increased from £5.3m to £6.1m.</li></ul>  |
| <b>Professional Services</b> | <ul style="list-style-type: none"><li>▪ The payroll service continued to grow strongly with the number of clients now up to 263 and covering 1,724 employees (2008: 248 clients and 1,596 employees).</li><li>▪ The accounts examination service also grew in the period with the number of churches and charities served up from 245 to 300.</li><li>▪ The insurance service was transferred to a third party with strong Christian values on 30 April 2009.</li><li>▪ 73 church properties continued to be administered.</li><li>▪ Assistance was provided in the formation of 72 charities (2008: 68).</li><li>▪ Training was provided to approximately 2,000 charity trustees and treasurers through seminars, e-briefings, and eight free briefing papers on technical issues for charities. Throughout the year the valued consultancy service continued to be provided.</li><li>▪ Our red2black campaign - During the year our education work (formerly known as Stewardship Money) closed the direct support of an ever expanding national network of volunteers in favour of web based indirect support for a wider audience of money education champions. The team conducted a variety of workshops and training programmes with 371 individuals trained as Budget Coaches and over 200 attending the Managing Money God's Way workshops.</li><li>▪ Stewardship remained in a leading role in engaging with HMRC and HM Treasury on seeking improvements to the operation of the Substantial Donor Regulations.</li></ul> |
| <b>Client satisfaction</b>   | <ul style="list-style-type: none"><li>▪ All regular surveys throughout the year, in all areas, yielded high satisfaction ratings (average overall satisfaction was rated at 92%, the same level achieved in the previous year).</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 [6 February 2010] 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 the Companies Act 2006 and for being satisfied that the financial statements give a true and fair view. The members of Council are also responsible for preparing the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the members of Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources 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 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

*6 Feb 2010*

*Bannion*

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 2009 which comprise the statement of financial activities, balance sheet, the cash flow statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's members, as a body, in accordance with sections 495 and 496 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 auditors***

The trustees' (who are also the directors of the company for the purposes of company law) responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' 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 have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, have been prepared in accordance with the Companies Act 2006 and give a true and fair view. We also report to you whether in our opinion the information given in the Trustees' Report of the Council (here the 'Annual Report,') is consistent with those financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

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

#### ***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 judgements 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.

**Stewardship Services (UKET) Limited**

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

***Opinion***

In our opinion

- the financial statements give a true and fair view of the state of the charity's affairs as at 30 September 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006,
- the information given in the Annual Report is consistent with the financial statements

BDO LLP

Andrew Stickland Senior Statutory Auditor

for and on behalf of BDO LLP, Statutory Auditor

Epsom

United Kingdom

Date 10 February 2010

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 2009**

		Unrestricted Funds 2009 <u>£'000</u>	Restricted Funds 2009 <u>£'000</u>	Total Funds 2009 <u>£'000</u>	Total Funds 2008 <u>£'000</u>
Notes					
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds					
Voluntary income					
		1,076	45,883	46,959	50,131
		36	132	168	137
		2,000	689	2,689	3,188
Income from charitable activities					
		466	1	467	384
		86	-	86	133
Other incoming resources					
		300	-	300	-
		-	-	-	13,590
		-	-	-	1
		<u>3,964</u>	<u>46,705</u>	<u>50,669</u>	<u>67,564</u>
<b>RESOURCES EXPENDED</b>					
Charitable activities					
		34	43,127	43,161	44,392
In furtherance of charitable objects					
		1,554	-	1,554	1,437
		209	-	209	536
		874	87	961	761
		67	-	67	70
		<u>2,738</u>	<u>43,214</u>	<u>45,952</u>	<u>47,196</u>
		1,226	3,491	4,717	20,368
		-335	335	-	-
		<u>891</u>	<u>3,826</u>	<u>4,717</u>	<u>20,368</u>

**Stewardship Services (UKET) Limited**  
**Statement of Financial Activities**  
**For the year ended 30 September 2009**

		<b>Unrestricted Funds 2009 £'000</b>	<b>Restricted Funds 2009 £'000</b>	<b>Total Funds 2009 £'000</b>	<b>Total Funds 2008 £'000</b>
	<b>Notes</b>				
Net income for the period		891	3,826	4,717	20,368
Unrealised gains/(losses)					
On revaluation of investments	8	123	587	710	-3,419
On revaluation of fixed assets		-	706	706	-188
Realised gains/(losses)					
On disposal of investments		27	-63	-36	678
On disposal of fixed assets		-	34	34	-
Net movement in funds for the period		<u>1,041</u>	<u>5,090</u>	<u>6,131</u>	<u>17,439</u>
Fund balances at 1 October 2008		3,613	51,430	55,043	37,604
Fund balances c/f at 30 September 2009	12	<u>4,654</u>	<u>56,520</u>	<u>61,174</u>	<u>55,043</u>

Except for the insurance commissions which ceased on the transfer of the business on 30 April 2009 all amounts relate to continuing activities

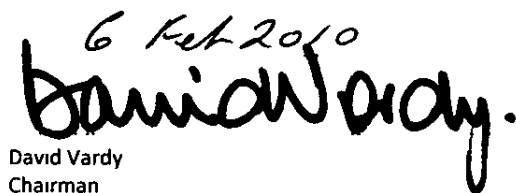
**Stewardship Services (UKET) Limited**

**Balance Sheet**

**As at 30<sup>th</sup> September 2009**

Company number 90305					
	Notes	2009 <u>£'000</u>	2009 <u>£'000</u>	2008 <u>£'000</u>	2008 <u>£'000</u>
<b>FIXED ASSETS</b>					
Tangible assets					
Freehold properties		3,399		2,349	
Leasehold property		40		14	
Fixtures, fittings and equipment		262		213	
	7	<u>3,701</u>		<u>2,576</u>	
Investments					
Mortgages and loans		6,081		5,255	
Investments other than loans	8	<u>18,819</u>		<u>16,400</u>	
		24,900		21,655	
Total fixed assets			28,601		24,231
<b>CURRENT ASSETS</b>					
Stocks		1		4	
Debtors	9	1,807		1,207	
Pooled investment fund units	11	576		577	
Money market deposits		41,000		42,000	
Cash at bank and in hand		<u>2,252</u>		<u>1,845</u>	
		45,636		45,633	
<b>CREDITORS Amounts falling due within one year</b>					
Church & mission organisations deposits held		9,957		11,642	
Third party trusts' cash balances		74		82	
Other creditors	10	<u>2,456</u>		<u>2,520</u>	
		12,487		14,244	
Pooled investment fund units	11	<u>576</u>		<u>577</u>	
		13,063		14,821	
<b>NET CURRENT ASSETS</b>			<u>32,573</u>		<u>30,812</u>
Total assets less current liabilities			<u>61,174</u>		<u>55,043</u>
<b>NET ASSETS</b>	13		<u>61,174</u>		<u>55,043</u>
<b>FUND BALANCES</b>					
Restricted Funds	12		56,520		51,430
Unrestricted Funds	12		<u>4,654</u>		<u>3,613</u>
			<u>61,174</u>		<u>55,043</u>

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

6 Feb 2010  
  
 David Vardy  
 Chairman

The notes on pages 14 to 21 form part of these accounts

**Stewardship Services (UKET) Limited**  
**Cash flow statement**  
**For the year ended 30<sup>th</sup> September 2009**

	<b>2009</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>
	<b><u>£'000</u></b>	<b><u>£'000</u></b>	<b><u>£'000</u></b>	<b><u>£'000</u></b>
Net cash inflow from operating activities				
Operating profit		2,906		19,013
Depreciation		244		197
(Increase) / decrease in debtors		-600		-301
Increase / (decrease) in creditors		-1,757		4,307
(Increase) / decrease in stocks		3		5
Profit on sale of fixed assets		<u>36</u>		<u>-</u>
Net cash inflow from operating activities		832		23,221
Returns on investments and servicing of finance				
Interest received	1,990		2,572	
Interest paid	<u>-181</u>		<u>-539</u>	
Net cash inflow from returns on investments and servicing of finance		1,809		2,033
Capital expenditure and financial investment				
Purchase of tangible assets	-663		-691	
Purchase of investments	-2,167		-18,672	
Decrease / (increase) in mortgages / loans	-826		-1,764	
Sale of investments	<u>422</u>		<u>5,143</u>	
Net cash (outflow) from investing activities		-3,234		-15,984
Management of liquid resources				
(Increase) / decrease in short-term deposits		<u>1,000</u>		<u>-9,250</u>
Increase / (decrease) in cash		<u>407</u>		<u>20</u>
Reconciliation of net incoming resources to net cash inflow from operating activities				
		<b>2009</b>		<b>2008</b>
		<b><u>£'000</u></b>		<b><u>£'000</u></b>
Net incoming resources before transfers		4,717		20,368
Realised gains on disposal of investments		-2		678
Net interest received		<u>-1,809</u>		<u>-2,033</u>
		2,906		19,013
		Cash at		Total
		bank		
Analysis of changes in cash during the period		<b><u>£'000</u></b>		<b><u>£'000</u></b>
Balance as at 1 October 2008		1,845		1,845
Net cash outflow		<u>407</u>		<u>407</u>
Balance as at 30 September 2009		<u>2,252</u>		<u>2,252</u>

**Stewardship Services (UKET) Limited**  
**Notes to the accounts**  
**For the year ended 30th September 2009**

**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 which have been re-valued in accordance with the Trust's policy. The Financial Statements have been prepared in accordance with the Companies Act 2006, the applicable Accounting Standards and in particular, the Statements 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, with the exception of the insurance commissions, 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) 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) Income tax recoverable is accounted for once a claim has been made to HM Revenue & Customs. Claims are made weekly throughout the year
- (e) Rental income is accounted for in the year in which it falls due
- (f) Interest on fixed interest investments, deposits and income from the Stewardship Pooled Investment Fund is accounted for on an accruals basis
- (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 asset

- (h) Depreciation of 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) Where Stewardship has exercised discretion in making an allocation of funds to a recipient beneficiary, 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
- (j) Leasehold improvements are capitalised, where material, and amortised in equal instalments over the remaining life of the minimum lease term



**Stewardship Services (UKET) Limited**  
**Notes to the accounts**  
**For the year ended 30th September 2009**

**1. ACCOUNTING POLICIES (continued)**

- (k) 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
- (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 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
- (n) Governance costs include the costs of the annual audit, Trustees' expenses and the staff costs associated with directly supporting Trustees' meetings

<b>2. INVESTMENT INCOME</b>	<b>2009</b>	<b>2008</b>
	<u><b>£'000</b></u>	<u><b>£'000</b></u>
Rents from properties used as places of worship	107	70
Cash investments	1,660	2,274
Mortgage interest	330	298
Income from externally managed investment funds	592	546
	<u><b>2,689</b></u>	<u><b>3,188</b></u>

**3 GRANTS**

The Trustees make grants to a wide range of charitable causes The Trustees allow donors to express a preference as to how the 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

	<b>2009</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>
	<u><b>Number</b></u>	<u><b>£'000</b></u>	<u><b>Number</b></u>	<u><b>£'000</b></u>
Grant of over £1,000 - to Christian organisations	3,831	11,634	3,788	13,920
- to full-time Christian workers	743	1,374	780	1,542
- to Bible college students	79	120	79	137
- to other charities	264	1,127	285	1,062
	<u><b>4,917</b></u>	<u><b>14,255</b></u>	<u><b>4,932</b></u>	<u><b>16,661</b></u>
Grants of under £1,000		<u><b>28,906</b></u>		<u><b>27,731</b></u>
		<u><b>43,161</b></u>		<u><b>44,392</b></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 the accounts**  
**For the year ended 30th September 2009**

**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 2009 £'000</u>	<u>Total 2008 £'000</u>
Staff costs	895	27	634	37	1,593	1,328
Interest payable	-	181	-	-	181	535
Services to clients	-	1	57	-	58	86
IT costs	320	-	27	-	347	391
Marketing	113	-	67	-	180	143
Premises	91	-	41	-	132	117
Printing, postage and stationery	70	-	18	-	88	83
Professional costs	26	-	20	26	72	40
Other costs	39	-	97	4	140	80
	<u>1,554</u>	<u>209</u>	<u>961</u>	<u>67</u>	<u>2,791</u>	<u>2,803</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 £26,000 (2008 £27,000)

**5. STAFF COSTS & TRUSTEES' FEES AND EXPENSES**

	<u>2009 £'000</u>	<u>2008 £'000</u>
<u>Staff costs and emoluments</u>		
Gross wages and salaries	1,268	1,020
Employer's National Insurance	124	104
Pension Contributions	112	96
	<u>1,504</u>	<u>1,220</u>

	<u>2009 No</u>	<u>2008 No</u>
<u>Average number of full time equivalent employees</u>		
Giving services	25	22
Fund management	1	1
Professional services	15	13
	<u>41</u>	<u>36</u>

	<u>2009 No</u>	<u>2008 No</u>
<u>Employees emoluments exceeding £60,000 (excluding pension contributions)</u>		
£70,000 - £79,999	1	1

Contributions to money purchase pension schemes for these employees	£7,400	£7,200
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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 £1,400 (2008 Nil) were reimbursed to 2 Trustees

**Stewardship Services (UKET) Limited**  
**Notes to the accounts**  
**For the year ended 30th September 2009**

**6 PENSION CONTRIBUTIONS**

The Company contributes to a defined contribution pension scheme. Contributions for the year amounts to £112,400 (2008 £95,900)

Company pension contributions are accounted for and paid as they fall due. There were no outstanding contributions at the balance sheet date (2008 £9,589)

**7 TANGIBLE FIXED ASSETS**

	Freehold land and buildings Internally valued £'000	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 2008	2,169	180	95	1,089	3,533
Additions	41	303	40	279	663
Transfers	-219	219	-	-	-
Revaluations	5	701	-	-	706
As at 30 <sup>th</sup> September 2009	<u>1,996</u>	<u>1,403</u>	<u>135</u>	<u>1,368</u>	<u>4,902</u>
<b>Depreciation</b>					
As at 1 <sup>st</sup> October 2008	-	-	81	876	957
Charge for the period	-	-	14	230	244
As at 30 <sup>th</sup> September 2009	<u>-</u>	<u>-</u>	<u>95</u>	<u>1,106</u>	<u>1,201</u>
<b>Net Book Values.</b>					
As at 30 <sup>th</sup> September 2009	<u>1,996</u>	<u>1,403</u>	<u>40</u>	<u>262</u>	<u>3,701</u>
As at 1 <sup>st</sup> October 2008	<u>2,169</u>	<u>180</u>	<u>14</u>	<u>213</u>	<u>2,576</u>

Freehold property accounted for on an unmodified historic cost basis would have cost/net book value at 30 September of £1,033,400 (2008 £689,000)

Freehold property is periodically re-valued as follows

- a) 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 30 September 2007
- b) 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 46 buildings currently in use as places 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 the accounts**  
**For the year ended 30th September 2009**

**8 INVESTMENTS OTHER THAN LOANS**

All restricted investments, with the exception of the property for rent, 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.

	2009	2008
	<u>£'000</u>	<u>£'000</u>
Historic cost		
- Unrestricted funds	551	583
- Restricted Funds	19,577	17,836
	<u>20,128</u>	<u>18,419</u>
Market value		
- Unrestricted funds	701	611
- Restricted Funds	18,118	15,789
	<u>18,819</u>	<u>16,400</u>
UK	15,943	14,176
Overseas	2,081	367
Cash	795	1,857
	<u>18,819</u>	<u>16,400</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 stated preference of the donor of the funds.

Stewardship was given a non church property for rent valued for probate purposes at £130,000. The property remains at that value in the Accounts.

	2009	2008
	<u>£'000</u>	<u>£'000</u>
Market value of investments at 1 <sup>st</sup> October	16,400	6,290
Addition from the Maxco Trust	-	12,926
Additions	2,037	5,746
Gift of non church property for rent	130	-
Disposals	-458	-5,143
Net investment gains / (losses)	710	-3,419
	<u>18,819</u>	<u>16,400</u>

**9 DEBTORS DUE WITHIN ONE YEAR**

	2009	2008
	<u>£'000</u>	<u>£'000</u>
Income tax recoverable - gift aid	838	764
Trade debtors	65	52
Other debtors	117	99
Prepayments	31	36
Accrued income	756	256
	<u>1,807</u>	<u>1,207</u>
All amounts fall due within one year		

**Stewardship Services (UKET) Limited**  
**Notes to the accounts**  
**For the year ended 30th September 2009**

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

	2009 <u>£'000</u>	2008 <u>£'000</u>
Trade creditors	871	886
Other creditors	1,148	1,210
Taxation and social security	32	28
Accruals and deferred income	405	396
	<u>2,456</u>	<u>2,520</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 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.

**12 FUND BALANCES**

	As at 1 October 2008	Investment and fixed asset revaluations	Net income for the year before transfers	Transfers	As at 30 September 2009 <u>£'000</u>
<b>General Funds</b>					
General Reserve	3,586	-	1,253	-335	4,504
Revaluation Reserve	27	123	-	-	150
	<u>3,613</u>	<u>123</u>	<u>1,253</u>	<u>- 335</u>	<u>4,654</u>
<b>Restricted Funds</b>					
Donor balances	48,511	585	3,471	335	52,902
Arthur Garston Fund	7	-	-7	-	-
Church Growth Fund	2,912	708	-2	-	3,618
	<u>51,430</u>	<u>1,293</u>	<u>3,462</u>	<u>335</u>	<u>56,520</u>

**Donor balances**

Donor balances represent funds given to Stewardship where, subject to purposes consistent with the Trust's own objectives, the Trustees allow donors to express preferences 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.

<u>Transfers</u>	General Funds <u>£'000</u>	Restricted Funds <u>£'000</u>
Transfer of investment income attributable to certain Trusts	-335	335

**Stewardship Services (UKET) Limited**  
**Notes to the accounts**  
**For the year ended 30th September 2009**

**13. ANALYSIS OF NET ASSETS BY FUND**

	Unrestricted	Restricted	Client	Total	Total
	Funds	Funds	Funds	Funds	Funds
	£'000	£'000	£'000	£'000	£'000
Fixed assets	302	3,399	-	3,701	2,576
Mortgage loans to churches	3,040	3,041	-	6,081	5,299
Investments	701	18,118	576	19,395	16,933
Money market deposits and bank balances	836	32,385	10,031	43,252	43,845
Other current assets	821	987	-	1,808	1,211
Current liabilities	-1,046	-1,410	-10,031	-12,487	-14,244
Long term liabilities	-	-	-576	-576	-577
Total net assets	<u>4,654</u>	<u>56,520</u>	<u>-</u>	<u>61,174</u>	<u>55,043</u>

**14. CAPITAL COMMITMENTS & CONTINGENT LIABILITIES**

The Trust has entered into a contract for the refurbishment of the office and approximately £110,000 is expected to be spent in the next financial year. Except where amounts have been included in these accounts, there were no other material capital commitments or contingent liabilities at 30 September 2009 and 30 September 2008.

**15. OPERATING LEASE COMMITMENTS**

At 30 September 2009 and 30 September 2008, the Trust had annual operating lease commitments for rental payments on its administrative offices and equipment:

	2009	2008
<u>Expiry date</u>	<u>£'000</u>	<u>£'000</u>
Annual amounts due within two to five years	55	58

**16. INDEMNITY INSURANCES ETC.**

The Trust has effected indemnity insurance cover. Premiums due for the policies during the year totalled £11,800 (2008: £12,800).

**Stewardship Services (UKET) Limited**  
**Notes to the accounts**  
**For the year ended 30th September 2009**

**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 donors 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.

The Church Growth Fund which is a separately constituted restricted fund pays grants to the Church Planting Initiative (CPI), 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 (2008 £20,000). Stewardship has also contributed out of its general funds to assist the administration of CPI the amounts total £Nil (2008 £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 £29,000 (2008 £9,000). While certain of the grants were made to organisations which are related through common Trustees the amounts concerned are immaterial.

**18. TRANSFER OF INSURANCE BUSINESS**

On 30 April 2009 the insurance business was transferred for consideration of £300,000.

**19. 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 serves and Directors and Members of the Council of Trustees for the full year ended 30 September 2009 except where stated otherwise

<b>Name</b>	<b>Date of change</b>	<b>Committee service</b>
DAVID VARDY (Chairman)		
TIM GREEN FCIB (Vice Chairman)		Finance, Stewardship Money
LESLIE LUCAS FCII ACI Arb		Finance, Investment, Property
SIMON BLAKE FCA CF		Finance
PAUL DOYE ACIB		Finance, Investment
RICHARD GOUGH ACA		
RICHARD NAYLOR MCIAT MRICS MaPS		Property
ANDREW NOVEMBER ASIP	Appointed 31 January 09	
MICHAEL WILSON ACII		Stewardship Money
MICHAEL WRIGHT FSI		Investment
PHILIP LOVEGROVE OBE LLM	Resigned 31 January 09	

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, 2½ Devonshire Square, London EC2M 4XJ

**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 ADVISERS**

BlackRock Investment Managers (UK) Limited

33 King William Street, London EC4R 9AS

Rathbone Investment Managers Limited

159 New Bond Street, London W1S 2UD

**AUDITORS**

BDO 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 3QJ

**OPERATING NAME**

The Trust operates under the name of Stewardship