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STEWARDSHIP SERVICES (UKET) LIMITED

Operating as

**stewardship<sup>®</sup>**  
transforming generosity

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Annual Report & Financial Statements

For the year ended 30<sup>th</sup> September 2010

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Registered Charity Number 234714  
Company limited by guarantee registered number 90305



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

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Stewardship Services (UKET) Limited  
Report of the Council

The Board of Trustees has pleasure in presenting its Report and its audited Financial Statements for the year ended 30 September 2010

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

### **Objects of the Charity**

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

### **Stewardship's Vision**

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

### **Stewardship's Mission**

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

<b>We Help People Give :</b>	We provide a single, tax effective account to organise all of one's charitable giving, from the first gift to the last, any amount at any age
<b>We Have Influence :</b>	We make approximately £45m in grants each year and offer a range of professional, legal and financial support services to churches, charities and individuals. We have an important voice in the UK, advocating causes important to our community and the church
<b>We Encourage Entrepreneurship.</b>	We support the next generation of ministries and Christian leaders through our full-time Christian worker programme and charity formation department
<b>We Educate.</b>	We work with key leaders and thinkers to produce and promote content and materials that equips others to live, give and lead generously
<b>We Connect :</b>	We are a catalyst, supporter and servant to those with a heart for promoting generosity

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

- **Giving services:** a Stewardship Account provides a donor with one account to simplify and maximise the effectiveness of all their charitable giving. The accounts serve donors giving from £10 a month to seven figure single gifts. The Stewardship Account also serves thousands of recipient charities, churches and Christian workers
- **Fund management.** firstly, the placement for income generation and capital growth of funds that will ultimately be disbursed within the charitable objectives of Stewardship. Secondly, the management of surplus funds for which churches and charities have no immediate need, and thirdly, the provision of loans to Christian churches and charities that are seeking to extend their mission activities through construction or development of buildings
- **Professional services.** the supply of accounts examination, payroll administration, education resources and specialist consultancy services to promote efficiency and increase knowledge on different aspects of church and charity activities including charity formation, and laws and taxation relating to charities, employment and property

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

**Public benefit**

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

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

**ORGANISATION**

All directors of the Company are also trustees of the charity, and there are no other trustees. Unless otherwise stated, all of the trustees named on page 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 four times during the year to oversee the performance of the investment funds that are under management by external managers.
- **Property Committee:** The Property Committee met four times during the year to deal with the charity's property portfolio including property trusts. The Committee met for a final time on 14 September 2010 following which a transfer of the property portfolio was completed in a transaction described below.

**Senior Management Team**

David Jones, who served the organisation as Chief Executive for the past 10 years, and for 19 years in total, handed on the leadership baton in July 2010 to Mike O'Neill, the then Director of Philanthropy. The Trustees expressed great appreciation for David's service with David Vardy, Chairman commenting "The charity has seen amazing growth and, through David's vision and enthusiasm, has become one of the largest Christian charities in the UK. Under David's leadership, generosity and releasing resources for the extension of God's Kingdom has been greatly enhanced."

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

The senior management team now comprises of the Chief Executive, the Director of Finance and the head of Giving Services 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

- Stock exchange investments are managed by the charity's investment advisors in accordance with Discretionary Management Agreements, which preclude investment in companies with substantial involvement in armaments, brewing, gaming, pornography and tobacco
- Investment in cash and short term deposits on the money markets is governed by the charity's Treasury Policy, which determines the eligibility of the counter-parties.
- Mortgages and loans to churches and Christian charities, governed by the charity's Mortgage Policy, which is primarily designed to manage risk

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

#### **RISK REVIEW**

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

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

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

#### **RESERVES POLICY**

The level of reserves held by the charity is reviewed regularly in the context of current risks and other relevant factors and the policies determining the requirement for reserves are stated in Note 1 to the Accounts. Unrestricted reserves amounted to £4.9m (2009 £4.7m).

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 £3.2m.

Free reserves, as determined by the guidance provided by the Charity Commissioners, are in excess of this requirement by £1.3m, a level considered appropriate in view of the current economic uncertainties.

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

##### **Transfer of Property portfolio**

The work of Stewardship Services (UKET) Limited has changed dramatically from its original sole purpose of holding Brethren church properties and Giving Services is now the main ministry of Stewardship, along with a number of highly valued professional services. In 2004 Stewardship had set up the Church Growth Fund as a trust in its own right within Stewardship for the purpose of holding its church properties and with trust objects specifically designed to encourage church growth and church planting of independent evangelical churches in Great Britain and Northern Ireland. The Trustees examined the case for divestment and concluded that such a decision would have the effect of establishing the Church Growth Fund as a charity under its own governance rather than that of Stewardship, thereby allowing each group of trustees to focus specifically upon their services.

Therefore, at their meeting on 28 September 2010, the Trustees resolved to divest the property and trusteeship services to a new charity, Church Growth Trust Limited (Charity Regd No 1138119), that would be focussed on this property related ministry. Two Trustees and two advisers who had served on the Property Committee were appointed trustees of the new charity. On 30 September 2010 the Stewardship property portfolio and the employment contract of the Stewardship property services manager were transferred to the Church Growth Trust Limited.

The trustees of the new charity have a clear vision, not only to hold Brethren and other independent church properties, but to see the resources held by the charity used for planting, growing, resourcing, connecting, inspiring, enabling and equipping independent evangelical churches. This is a new work with roots in the past and a vision for the future.

##### **Unrestricted Funds**

Net unrestricted incoming resources for the year, after transfers, amounted to £0.2m (2009 £1.1m) and this figure, added to the figure brought forward, resulted in unrestricted fund balances carried forward at the year end of £4.9m (2009 £4.7m).

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

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

#### **RESTRICTED FUNDS**

Restricted funds carried forward at 30 September 2010 amounted to £58.1m (2009 £56.5m). These funds predominantly comprise gifts where, subject to purposes consistent with the charity's own objects, the trustees allow donors to express preferences as to direct distributions for other charitable purposes.

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

#### **FIXED ASSETS**

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

#### **ASSETS HELD ON BEHALF OF OTHERS**

Up until 30 September 2010 Stewardship acted 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 (2009 Nil).

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

**KEY ACHIEVEMENTS DURING THE YEAR**

- |                       |  |
|-----------------------|--|
| Giving Services       | <ul style="list-style-type: none"><li>▪ A new online service enabling givers to give to Stewardship and recipients to review their grant support was launched during the year and was very well received by both givers and recipients</li><li>▪ Total gifts received at £51.2m were up 8.9% against the previous year</li><li>▪ At £47.1m the total grants to recipients were up by 9.2%</li><li>▪ The Trustees are greatly encouraged that at a time of considerable economic challenge and uncertainty it has been possible to make grants at a record level</li></ul>  |
| Fund management       | <ul style="list-style-type: none"><li>▪ The funds under management in the investment funds rose from £18.8m at September 2009 to £21.1m at 30 September 2010</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 virtually unchanged at £9.7m. These funds, which are pooled with other funds, increase Stewardship's overall lending capacity to churches and charities</li><li>▪ Demand from churches for mortgages to support new building development remained strong throughout the year and the church mortgages portfolio increased from £6.1m to £8.6m and further growth in the year ahead is expected</li></ul>  |
| Professional Services | <ul style="list-style-type: none"><li>▪ The payroll service continued to grow strongly, despite the loss of one significant client, with the number of clients now up to 299 and covering 1,515 employees (2009: 263 clients and 1,724 employees)</li><li>▪ The accounts examination service also grew in the period with the number of churches and charities served up from 300 to 306</li><li>▪ Assistance was provided in the formation of 80 charities (2009: 72)</li><li>▪ Training was provided to church leaders, treasurers, administrators, and charity trustees 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 education work (formerly known as Stewardship Money) conducted a variety of workshops and training programmes on such topics as Managing Money, God's Way. A collaboration was commenced with a large London church to develop a personal money management course and pilots of this new course were run in around 10 churches in the summer</li><li>▪ Stewardship remained in a leading role in engaging with HMRC and HM Treasury on seeking improvements to the operation of Gift Aid and the Substantial Donor Regulations and other matters directly affecting churches and Christian charities</li></ul> |



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

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

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

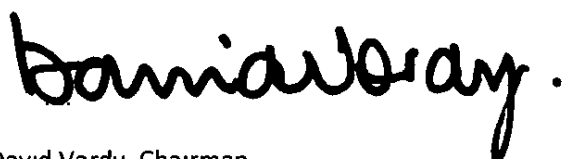
**AUDITORS**

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

As required by s 234za of the Companies Act, the trustees who held office at the date of approval of the Annual Report as set out above each confirm that so far as they are aware, there is no relevant audit information (information required by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware, and as the directors of the Company they have taken all the steps they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

**APPROVAL**

This report was approved by the Council of Trustees on 5 February 2011 and signed on its behalf

A handwritten signature in black ink, reading "David Vardy". The signature is written in a cursive, flowing style with a trailing dot 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

5 February 2011



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 2010 which comprise the Statement of Financial Activities, the 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 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 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 2010 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 Trustees' 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 16 February 2011

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 ended 30 September 2010

		Unrestricted Funds 2010 £'000	Restricted Funds 2010 £'000	Total Funds 2010 £'000	Total Funds 2009 £'000
	Notes				
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds					
Voluntary income					
Gifts from account holders		1,106	50,100	51,206	46,959
Other		2	24	26	168
Investment Income	2	1,575	766	2,341	2,689
Income from charitable activities					
Fees for services provided		458	-	458	467
Insurance commissions		-	-	-	86
Other incoming resources					
Transfer of insurance business	18	-	-	-	300
<b>Total incoming resources</b>		<b>3,141</b>	<b>50,890</b>	<b>54,031</b>	<b>50,669</b>
<b>RESOURCES EXPENDED</b>					
Charitable activities					
Grants to Christian charitable causes	3	4	47,108	47,112	43,161
Transfer to Church Growth Trust Limited	7	-	4,204	4,204	-
In furtherance of charitable objects					
Giving Services		1,837	-	1,837	1,554
Fund Management		127	-	127	209
Professional Services		700	153	853	961
Governance costs		75	-	75	67
<b>Total resources expended</b>	4	<b>2,743</b>	<b>51,465</b>	<b>54,208</b>	<b>45,952</b>
Net incoming resources before transfers		398	-575	-177	4,717
Other transfers between funds	12	-155	155	-	-
<b>NET INCOME FOR THE PERIOD</b>		<b>243</b>	<b>-420</b>	<b>-177</b>	<b>4,717</b>

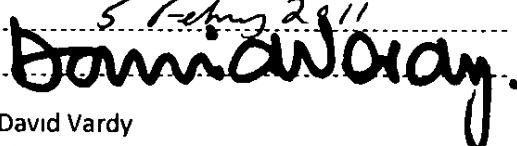
Stewardship Services (UKET) Limited  
Statement of Financial Activities  
For the ended 30 September 2010

		Unrestricted Funds 2010 <u>£'000</u>	Restricted Funds 2010 <u>£'000</u>	Total Funds 2010 <u>£'000</u>	Total Funds 2009 <u>£'000</u>
	Notes				
Net income for the period		243	-420	-177	4,717
Unrealised gains/(losses)					
On revaluation of investments	8	43	1,473	1,516	710
On revaluation of fixed assets		-	587	587	706
Realised gains/(losses)					
On disposal of investments		-	-80	-80	-36
On disposal of fixed assets		-	-1	-1	34
Net movement in funds for the period		286	1,559	1,845	6,131
Fund balances at 1 October 2009		4,654	56,520	61,174	55,043
Fund balances c/f at 30 September 2010	12	4,940	58,079	63,019	61,174

Stewardship Services (UKET) Limited  
Balance Sheet  
As at 30<sup>th</sup> September 2010

Company number 90305		2010	2010	2009	2009
	Notes	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<b>FIXED ASSETS</b>					
Tangible assets					
Freehold properties		-		3,399	
Leasehold property		143		40	
Fixtures, fittings and equipment		332		262	
	7	<u>475</u>		<u>3,701</u>	
Investments					
Mortgages and loans		8,573		6,081	
Investments other than loans	8	<u>21,068</u>		<u>18,819</u>	
		29,641		24,900	
Total fixed assets			30,116		28,601
<b>CURRENT ASSETS</b>					
Stocks		4		1	
Debtors	9	1,522		1,807	
Pooled investment fund units	11	226		576	
Money market deposits		42,000		41,000	
Cash at bank and in hand		<u>1,776</u>		<u>2,252</u>	
		45,528		45,636	
CREDITORS Amounts falling due within one year					
Church and mission organisations deposits held		9,740		9,957	
Third party trusts' cash balances		56		74	
Other creditors	10	<u>2,603</u>		<u>2,456</u>	
		12,399		12,487	
Pooled investment fund units	11	<u>226</u>		<u>576</u>	
		12,625		13,063	
NET CURRENT ASSETS			32,903		32,573
Total assets less current liabilities			<u>63,019</u>		<u>61,174</u>
NET ASSETS	13		<u>63,019</u>		<u>61,174</u>
<b>FUND BALANCES</b>					
Restricted funds	12		58,079		56,520
Unrestricted funds	12		<u>4,940</u>		<u>4,654</u>
			<u>63,019</u>		<u>61,174</u>

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

5 February 2011  
  
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<sup>th</sup> September 2010

	2010 <u>£'000</u>	2010 <u>£'000</u>	2009 <u>£'000</u>	2009 <u>£'000</u>
Net cash inflow from operating activities				
Operating deficit		-1,786		2,906
Depreciation		331		244
Decrease / (increase) in debtors		285		-600
(Decrease) / increase in creditors		-88		-1,757
(Increase) / decrease in stocks		-3		3
Profit on sale of fixed assets		81		36
Net cash inflow from operating activities		<u>-1,180</u>		<u>832</u>
Returns on investments and servicing of finance				
Interest received	1,567		1,990	
Interest paid	<u>-39</u>		<u>-181</u>	
Net cash inflow from returns on investments and servicing of loans		1,528		1,809
Capital expenditure and financial investment				
Purchase of tangible assets	-605		-663	
Purchase of investments	-2,018		-2,167	
(Increase) / decrease in mortgages / loans	-2,492		-826	
Transfer of tangible fixed assets	4,086		-	
Sale of investments	<u>1,205</u>		<u>422</u>	
Net cash (outflow) from investing activities		176		-3,234
Management of liquid resources				
(Increase) / decrease in short-term deposits		<u>-1,000</u>		<u>1,000</u>
Increase / (decrease) in cash		<u>-476</u>		<u>407</u>
Reconciliation of net incoming resources to net cash inflow from operating activities				
		2010		2009
		<u>£'000</u>		<u>£'000</u>
Net incoming resources before transfers		-177		4,717
Realised gains on disposal of investments		-81		-2
Net interest received		<u>-1,528</u>		<u>-1,809</u>
		<u>-1,786</u>		<u>2,906</u>
		Cash at bank		Total
Analysis of changes in cash during the period		<u>£'000</u>		<u>£'000</u>
Balance as at 1 October 2009		2252		1,845
Net cash outflow		<u>-476</u>		<u>407</u>
Balance as at 30 September 2010		<u>1,776</u>		<u>2,252</u>



Stewardship Services (UKET) Limited  
Notes to the accounts  
For the year ended 30 September 2010

**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 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, with the exception of Property services, 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
- (h) Depreciation of fixtures, fittings and equipment 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. 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, 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
- (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

Stewardship Services (UKET) Limited  
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**1 ACCOUNTING POLICIES (continued)**

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

**2 INVESTMENT INCOME**

	2010 <u>£'000</u>	2009 <u>£'000</u>
Rents from properties used as places of worship	141	107
Cash investments	1,166	1,660
Mortgage interest	401	330
Income from externally managed investment funds	633	592
	<u>2,341</u>	<u>2,689</u>

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### 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. The Trustees also make grants out of annual surpluses made by the Trust. 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:

		2010 <u>Number</u>	2010 <u>£'000</u>	2009 <u>Number</u>	2009 <u>£'000</u>
Grants of over £1,000	- to Christian organisations	3,989	14,391	3,831	11,634
	- to full-time Christian workers	727	1,287	743	1,374
	- to Bible college students	69	115	79	120
	- to other charities	313	1,153	264	1,127
		<u>5,098</u>	<u>16,946</u>	<u>4,917</u>	<u>14,255</u>
Grants of under £1,000			<u>30,166</u>		<u>28,906</u>
			<u>47,112</u>		<u>43,161</u>

For 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.

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

	<u>Giving services</u>	<u>Fund Management</u>	<u>Professional services</u>	<u>Governance costs</u>	Total 2010 <u>£'000</u>	Total 2009 <u>£'000</u>
Staff costs	1,029	76	489	43	1,637	1,593
Interest payable	-	39	-	-	39	181
Services to clients	-	2	84	-	86	58
IT costs	387	1	29	-	417	347
Marketing	168	2	35	-	205	180
Premises	107	4	43	-	154	132
Printing, postage and stationery	48	1	18	-	67	88
Professional costs	59	1	16	24	100	72
Other costs	39	1	139	8	187	140
	<u>1,837</u>	<u>127</u>	<u>853</u>	<u>75</u>	<u>2,892</u>	<u>2,791</u>

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

Auditors remuneration totalled £24,200 (2009 £26,000)

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

	2010	2009
<u>Staff costs and emoluments</u>	<u>£'000</u>	<u>£'000</u>
Gross wages and salaries	1,259	1,268
Employer's National Insurance	118	124
Pension contributions	180	112
	<u>1,557</u>	<u>1,504</u>

	2010	2009
<u>Average number of full time equivalent employees</u>	<u>No</u>	<u>No</u>
Giving services	26	25
Fund management	1	1
Professional services	11	15
	<u>38</u>	<u>41</u>

	2010	2009
	<u>No</u>	<u>No</u>
Employees emoluments exceeding £60,000 (excluding pension contributions)		
£60,000 - £69,999	1	
£70,000 - £79,999		1

Contributions to money purchase pension schemes for these employees	£8,126	£7,400
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In addition to the above, approval from the Charity Commission was obtained for a payment for loss of office to a former employee in the amount of £82,555, a sum equivalent to approximately twelve months' salary and employer's pension contributions for the same period

**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 £2,851 (2009 £1,400) were reimbursed to two Trustees

**6 PENSION CONTRIBUTIONS**

The company contributes to a defined contribution scheme. Contributions for the year amounted to £179,900 (2009 £112,400)

Company pension contributions are accounted for and paid as they fall due. There were no outstanding contributions at the balance sheet date (2009 £Nil)

Stewardship Services (UKET) Limited  
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**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 October 2009	1,996	1,403	135	1,368	4,902
Additions	72	28	146	359	605
Transfers	-154	154	-	-	-
Revaluations	-46	633	-	-	587
Disposals	-1,868	-2,218	-66	-832	-4,984
As at 30 September 2010	-	-	215	895	1,110
<b>Depreciation</b>					
As at 1 October 2009	-	-	95	1,106	1,201
Charge for the period	-	-	43	288	331
Released on disposals	-	-	-66	-831	-897
As at 30 September 2010	-	-	72	563	635
<b>Net Book Values</b>					
As at 30 September 2010	-	-	143	332	475
As at 1 October 2009	1,996	1,403	40	262	3,701
Freehold property note					

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

On 30 September 2010 the assets of the Church Growth Fund, comprising property assets with a book value of £4,086,000 and cash and other assets of £118,000, were transferred to the Church Growth Trust Limited, a new charity formed for the purpose of bringing a dedicated focus to the management of the assets as described in the Report of the Council

Stewardship Services (UKET) Limited  
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## 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.

		2010 <u>£'000</u>	2009 <u>£'000</u>
Historic cost	- Unrestricted funds	551	551
	- Restricted funds	20,354	19,577
		<u>20,905</u>	<u>20,128</u>
Market value	- Unrestricted funds	745	701
	- Restricted funds	20,323	18,118
		<u>21,068</u>	<u>18,819</u>
UK		20,229	15,943
Overseas		672	2,081
Cash		167	795
		<u>21,068</u>	<u>18,819</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 supporter of the funds.

	2010 <u>£'000</u>	2009 <u>£'000</u>
Market value of investments at 1 October 2009	18,819	16,400
Additions	2,019	2,037
Gift of non church property for rent	-	130
Disposals	-1,286	-458
Net investment gains / (losses)	1,516	710
	<u>21,068</u>	<u>18,819</u>

Stewardship Services (UKET) Limited  
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**9 DEBTORS: DUE WITHIN ONE YEAR**

	2010 <u>£'000</u>	2009 <u>£'000</u>
Income tax recoverable - gift aid	714	838
Trade debtors	40	65
Other debtors	107	117
Prepayments	44	31
Accrued income	617	756
	<u>1,522</u>	<u>1,807</u>

All amounts fall due within one year

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

	2010 <u>£'000</u>	2009 <u>£'000</u>
Trade creditors	899	871
Other creditors	1,555	1,148
Taxation and social security	32	32
Accruals and deferred income	117	405
	<u>2,603</u>	<u>2,456</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.

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**12 FUND BALANCES**

	As at 1 October <u>2009</u>	Investment and fixed asset <u>revaluations</u>	Net income for the year before <u>transfers</u>	<u>Transfers</u>	As at 30 September 2010 <u>£'000</u>
<b>General Funds</b>					
General Reserve	4,504	-	398	-155	4,747
Revaluation Reserve	150	43	-	-	193
	<u>4,654</u>	<u>43</u>	<u>398</u>	<u>- 155</u>	<u>4,940</u>
<b>Restricted Funds</b>					
Donor balances	52,902	1,389	3,636	152	58,079
Church Growth Fund	3,618	590	-4,211	3	-
	<u>56,520</u>	<u>1,979</u>	<u>- 575</u>	<u>155</u>	<u>58,079</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.

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 recipient to date has been the Church Planting Initiative, a ministry starting new churches in the UK.

On 30<sup>th</sup> September 2010 the assets of the Church Growth Fund were transferred to a new charity (Note 7)

<u>Transfers</u>	General Funds <u>£'000</u>	Restricted Funds <u>£'000</u>
Investment income attributable to certain funds	-155	155



Stewardship Services (UKET) Limited  
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**13 ANALYSIS OF NET ASSETS BY FUND**

	Unrestricted Funds <u>£'000</u>	Restricted Funds <u>£'000</u>	Client Funds <u>£'000</u>	Total Funds 2010 <u>£'000</u>	Total Funds 2009 <u>£'000</u>
Fixed assets	475	-	-	475	3,701
Mortgage loans to churches	3,155	5,418	-	8,573	6,081
Investments	745	20,323	226	21,294	19,395
Money market deposits and cash balances	930	33,050	9,796	43,776	43,252
Other current assets	683	843	-	1,526	1,808
Current liabilities	-1,048	-1,555	-9,796	-12,399	-12,487
Long term liabilities	-	-	-226	-226	-576
Net assets	<u>4,940</u>	<u>58,079</u>	<u>-</u>	<u>63,019</u>	<u>61,174</u>

**14 CAPITAL COMMITMENTS & CONTINGENT LIABILITIES**

The refurbishment of the office, contracted by the Trust in the previous financial year, was successfully completed in the current year. There were no other material capital commitments or contingent liabilities as at 30 September 2010 and 30 September 2009.

**15 OPERATING LEASE COMMITMENTS**

As at 30 September 2010 and 30 September 2009, the Trust had annual operating lease commitments for rental payments on its administrative offices and equipment

<b>Expiry date</b>	<b>2010 <u>£'000</u></b>	<b>2009 <u>£'000</u></b>
Annual amounts due within two to five years	52	55

**16 INDEMNITY INSURANCES ETC.**

The Trust has effected indemnity insurance cover. Premiums due for the policies during the year totalled £14,600 (2009 £11,800)

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Stewardship Services (UKET) Limited  
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**17 RELATED PARTY TRANSACTIONS**

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

The Church Growth Fund which was a separately constituted restricted fund paid grants to the Church Planting Initiative (CPI), a separate charity involved in encouraging new churches. Stewardship was a founding partner of CPI and is represented on the board of CPI by Leslie Lucas.

To facilitate the divestment of the property assets, as set out in Note 7, a new charity, the Church Growth Trust Limited, was formed by the two Stewardship trustees who were members of the Property Committee, Leslie Lucas and Richard Naylor, and two advisors to that Committee. The new charity operates entirely autonomously from Stewardship. Following the transfer of the property assets Stewardship ceased to be a partner of CPI and its place was taken by the Church Growth Trust Limited.

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**

In the prior financial year the insurance business was transferred for a 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 served as Directors and Members of the Council of Trustees for the full year ended 30 September 2010 except where stated otherwise

<b>Name</b>	<b>Date of change</b>	<b>Committee service</b>
DAVID VARDY (Chairman)		
RICHARD GOUGH ACA (Vice Chairman)		
SIMON BLAKE FCA CF		Finance
LUKE FLETCHER LLB	Appointed 1 September 10	
DAVID FLOWERS BA Hons Dip PFS	Appointed 1 October 09	
LESLIE LUCAS FCII ACI Arb		Finance, Investment, Property
RICHARD NAYLOR MCIAT MRICS MaPS		Property
ANDREW NOVEMBER ASIP		Investment
MICHAEL WILSON ACII		
MICHAEL WRIGHT FSI		Investment
TIM GREEN	Resigned 6 February 10	
PAUL DOYE ACIB	Resigned 5 July 10	

**Stewardship Services (UKET) Limited**  
**Legal & 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 ADVISORS**

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, Surrey KT17 1HS

**CHIEF EXECUTIVE**

Michael O'Neill

**FINANCE DIRECTOR AND COMPANY SECRETARY**

Richard Broad CIMA ICSA

**TECHNICAL DIRECTOR / ASSISTANT CO. SECRETARY**

Kevin Russell ACA CTA FCIE

**REGISTERED OFFICE**

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

**OPERATING NAME**

The Trust operates under the name of Stewardship