

STEWARDSHIP SERVICES (UKET) LIMITED

Operating as

stewardship<sup>®</sup>  
transforming generosity

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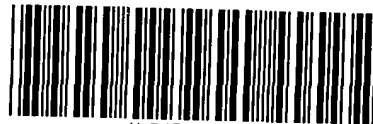
Annual Report & Financial Statements

For the year ended 30 September 2015

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Registered Charity Number 234714  
Company limited by guarantee registered number 90305

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## ORGANISATION

Stewardship began its life in 1984 as the Christian Philanthropy Trust (UKET) Limited. Progressive for its time, UKET's primary function was to administer the resources generously given by its members, for Christian based philanthropy.

Today Stewardship remains a leading faith based charity in the UK. Undergoing radical growth through numerous mergers, Stewardship is now the seventh largest faith based charity in the UK.

In recent times, Stewardship has focused on becoming an innovative and technically-orientated organisation at the cutting edge of giving and receiving between UK Christians, and the causes they care about. Stewardship acts as a connector and influencer amongst those we serve.

Our portfolio of services is both specialist and diverse, and includes online charitable giving accounts, payroll, mortgages and deposits, independent examination, digital marketing campaigns (such as the award winning [www.40acts.org.uk](http://www.40acts.org.uk)) and support programmes for full-time Christian workers (FTCW). These are designed to help the UK Church be transformative in the way it gives, and excellent in how it receives and handles its financial resources.

## OBJECTIVES

Stewardship is a Christian charity providing its services largely to evangelical Christian churches, organisations and individual givers.

### Our vision

Is for the world to encounter Jesus through the generosity of His church.

### Our mission

Our mission is 'transforming generosity', which we achieve in three ways:

**We make giving easy** and help over 28,000 individuals to give around £60 million each year, to our database of over 14,400 charitable causes. We help people organise all of their charitable giving from the first gift to the last; any amount at any age, using their Stewardship giving account.

**We inspire greater generosity** from the Christian community too, through our wealth of resources, courses and campaigns for individuals and churches alike. We challenge and provoke the church to teach more effectively on generosity and our own generosity campaigns and resources, including the award winning [40acts](http://www.40acts.org.uk), attract thousands each year.

**We strengthen Christian causes too**, by offering practical, tailored financial and legal support to help Churches and Christian charities to transform the world. We offer a range of professional, legal and financial support services to churches and charities.

### Our values

At our core, as believers in Jesus Christ, are the Biblical values of:

- Generosity
- Integrity
- Relationship
- Excellence

## KEY ACHIEVEMENTS AND FINANCIAL REVIEW

Stewardship has continued to grow in the course of the year. We again saw an increase in our grants to recipient organisations up by 4% to £58.7m as we continued to support Christian causes. Incoming gifts from our account holders were slightly down but after adjusting for some significant gifts in 2014 does show growth up 2%.

As we look back, we are pleased with the key achievements of the year in building a strong foundation for future periods where we hope to see continued growth in our ability to grant to Christian causes.

Giving Services	We now have over 28,000 active Stewardship Giving accounts with a continued growth in regular monthly giving up 4%. Our give.net platform has also seen growth in gifts in from £1.3m to £1.8m as our clients participate in fundraising.
Fund management	<p>The funds under management in the investment funds rose to £49.6m at 30 September 2015 (£45.0m at 30 September 2014) as we saw an increase in our Gold account holders switching to investment holdings. Investment income grew 4.7% principally from mortgage interest and the better return for our Gold account holders on their investment balances.</p> <p>The unrealised loss on investments of £0.7m reflected the market position at the end of September following the decline in global markets from concerns in the Chinese economy and the sell off in commodities.</p> <p>Funds in Money Market investments were reduced from £31.0m to £29.3m reflecting our increased grants to Christian causes during the year. Demand from churches for mortgages to support new building development has increased, with our portfolio currently standing at £13.3m, a rise of £2.0m in the year.</p> <p>Our investment approach is to pursue investments aligned to the values of the organisation with ethical screening in place to minimise exposure to sectors considered to be contrary to our beliefs.</p>
Professional Services	<p>Our team of qualified professionals has been serving churches and charities for many years, offering accounts examination and year end accounts preparation, payroll bureau, mortgages, assistance with charity formation, consultancy advice and deposit account provision. Our team includes finance, tax and legal experts.</p> <p>Our payroll service continued to grow with the number of church and charity clients now at 484 and covering 2,070 employees (2014: 428 clients and 1,840 employees).</p> <p>The independent examination service supported and advised 280 clients throughout the year (2014: 260).</p> <p>We assisted in the formation of around 70 charities during the year (2014: 60).</p> <p>Training was provided to church leaders, treasurers and administrators and charity trustees through new dial in calls for church treasurers, seminars and briefing papers on technical issues for charities.</p> <p>Under the general theme of Transforming Generosity, successful campaigns were run at Christmas (Advent Wonder had 9,000 email followers) and Lent (the award winning 40acts had a following of 74,000). We also provided ongoing training materials to encourage generous living.</p> <p>Stewardship continues to engage regularly with HMRC and HM Treasury on matters directly affecting churches and Christian charities.</p>

## PLANS FOR THE FUTURE

The trustees and senior management team have set out a strategic plan for Stewardship with the following key objectives for the coming and future years:

### Financial

- Continue the development of a long-term strategy to increase the reach of Stewardship throughout the UK. This will include the review of existing and potential new approaches to reach our different audiences and so encourage engagement with our products and services.
- Review of our Internal Finance function including the provision of software with the aim of improving the efficiency of our professional services teams.

### Clients

- Ongoing review and remodelling of our major giver accounts to improve customer service and focus and to safeguard alignment with our values.
- Deepen our connection with the Church to enable us to reach a wider cross-denominational audience and to identify any gaps in our product portfolio.

### Innovation

- Continue to review and monitor our Digital Strategy in the light of online developments.
- Upgrade of our existing Application Programme Interface to allow for future Payment Card Industry regulation changes and for the next evolution of our website and online presence.

### Organisation

- Ongoing review and renewal of our internal IT architecture to ensure we continue to provide a current and secure platform for all our clients.
- Taxonomy review to agree definitions and key terms for our data and the terminology we model with our clients.
- Continue to develop Business Continuity for Stewardship's operations.
- Continue to develop excellence in hiring, orientation, induction and ongoing staff engagement.
- Ongoing review of our current activities around encouraging generosity and giving – developing a strategy for these activities for the next 3-5 years.

## KEY ORGANISATIONAL RISKS

Stewardship's long-term health is dependent upon ongoing donations by givers. The key operational risks are therefore concentrated around the conditions which facilitate that giving and the operational excellence demonstrated by Stewardship to enable this to continue. Significant risks are compiled on a risk register which is monitored by the senior management team and reported quarterly to the Audit & Risk Committee, who in turn report to the Council. The trustees consider they have established appropriate systems to anticipate the major risks to which it may be exposed and agreed actions and procedures to reduce the probability and impact of these risks. Key risks (and mitigants) include:

- Change in tax rules reducing the incentives for charitable giving.
  - This may have a dual impact, reducing the overall level of giving amongst the UK population and also undermining the benefit to those givers of the services that Stewardship and other similar organisations provide.
- A worsening of economic conditions restricting ability to give.
  - While this is a risk, we have been enormously encouraged by the continued growth in giving in recent years despite economic uncertainty and the difficulties that have arisen from that. Consequently, we do not consider this to be a significant risk.
- Worsening economic climate reducing the value of our investments or putting at risk investment providers whom hold Stewardship funds.
  - Stewardship monitors the financial position of banks and investment providers it places funds with. It also limits the level of funds in any one organisation and ensures diversification of portfolios.
- Reputation concern around use of funds.
  - In the context of increased scrutiny of the investment practices of charitable organisations, we continue to review our investment activity and our approach to ensure we apply significant ethical screening of all proposed investments and to remain true to Stewardship's mission and values.
- As online platforms are now a significant tool for our clients, prolonged systems issues would impact the users of Stewardship and could have an adverse impact on our reputation.
  - We are therefore extremely careful to minimise this risk with stringent IT procedures and processes in place which we continually review.
- Loss of key management remains a risk for the organisation.
  - We are fortunate to have a highly motivated and dedicated management team who are extremely committed to Stewardship and we continue to seek to grow that loyalty as part of our retention strategy. We also have processes in place to be continually growing new leaders from our staff, providing succession planning.
- Business Continuity Plan.
  - During the last year and as part of our ongoing plans Stewardship has developed and are continuing to review a full business continuity plan to ensure processes, as far as possible, are in place should an adverse event occur.

## Report of the Council

The Council has pleasure in presenting its Report and audited Financial Statements for the year ended 30 September 2015.

### 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 trustees have had regard to the Charity Commission's general guidance on public benefit when reviewing 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 26 served throughout the year. The trustees have the power by a two thirds majority to appoint additional trustees. The trustees and the Chief 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 an 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. A full induction programme is provided to new trustees on appointment.

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

- **Finance and Investment Committee:** The Finance and Investment Committee is responsible for overseeing the general financial management and investment activity of Stewardship. The Committee's key areas of responsibility are investment strategy and advice including the appointment of investment managers, review and challenging of budgets and management accounts, treasury and liquidity policy, review and approval of larger value mortgages and monitoring of reserves.
- **Audit and Risk Committee:** The Audit and Risk Committee is responsible for the supervision of audit and oversight of risk management for Stewardship. Risk is managed by ensuring an adequate risk management framework is in place, supervising the maintenance of appropriate internal controls and advising the Council on minimising the risk profile of future strategies. The Committee is also responsible for the appointment of the external auditors and review and approval of the accounts prior to publication and for ensuring adequate and effective controls are in place to manage all areas of Financial Compliance.
- **Appointments and Remuneration Committee:** The Committee is responsible for overseeing the appointment of trustees and the appointment and remuneration of the Chief Executive and members of the senior management team and reports directly to the Council. It is anticipated that usually there will be four meetings during the year, between Council meetings.
- **Legacy Fund Grants Committee:** The Legacy Fund Grants Committee is responsible for the award of grants from legacy funds which are managed by Stewardship.

## SENIOR MANAGEMENT TEAM

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

## GRANT MAKING POLICY

Stewardship works in partnership with its givers and other parties to identify Christian churches, workers and charities for the purpose of providing grant support. Assessment of the work being performed by proposed recipients is undertaken by Stewardship initially checking to ensure that the activities of the recipient are consistent with its own objectives. Then, public information on registered charities is reviewed and considerably more information is sought 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 thereby facilitating the ministry of the recipient by means of the generosity of our account holders.

## INVESTMENT POLICY AND POWERS

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

- Equity and fund investments are managed by the charity's Finance and Investment Committee with advice from the charity's investment advisors subject to ethical restrictions which preclude investment in companies with substantial involvement in armaments, alcohol, 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, are governed by the charity's Mortgage Policy, which is primarily designed to manage risk. Stewardship also sees mortgages as a key part of fulfilling our Christian charitable objectives.
- Programme related and mixed motive investments are increasingly being considered and reviewed by the Finance and Investment Committees, seeking to generate a social impact alongside a financial return.

The investment objective on the equity and fund portfolios 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 standard growth benchmarks is reviewed regularly by the Finance and Investment Committee which has concluded that performance in the context of market conditions has been acceptable. Our Funds are managed by Sarasin & Partners and Rathbones. These benchmarks are tailored to the underlying asset classes and are typically composed of the main indices for those asset classes.



Alongside the ethical restrictions, advisors have placed increased emphasis on the area of investments. This includes activity by Sarasin around labour conditions and the initiative to which Rathbone is contributing an end to slavery via withdrawal of investments in companies that slave labour could be involved in the manufacturing process.

## RESERVES POLICY

The trustees determine that Stewardship needs to maintain reserves such that assets are covered to protect against the risk of default. Off-budgeted capital expenditure is covered for the next year, total running costs are covered for at least three months and provision in the event of a mortgage default. These four criteria derive a required reserves range of £2.9m to £5.8m.

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. Given Stewardship assets base of over £100m, cash is held with a number of counterparties all with a high credit rating. However the trustees view that slightly higher reserves than the policy may be held, to manage exposure to any one counterparty. Unrestricted reserves currently amounts to £7.4m (2014 £7.3m).

## UNRESTRICTED FUNDS

Net unrestricted incoming resources for the year, after transfers, amounted to £0.1m (2014: £0.5m) resulting in unrestricted fund balances carried forward at the year end of £7.4m (2014: £7.3m).

## RESTRICTED FUNDS

Restricted funds carried forward at 30 September 2015 amounted to £83.0m (2014: £81.0m). These funds predominantly comprise gifts received where, subject to purposes consistent with the charity's own objects, the trustees allow donors to express preferences as to direct distributions for other charitable purposes.

The net movement on restricted funds is summarised in Note 11.

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

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

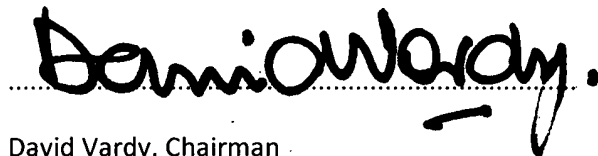
## AUDITORS

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

As required by s.418 of the Companies Act, the trustees who held office at the date of approval of the Annual Report, as set out below, 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 and the Strategic Report was approved by the Council on 4 March 2016 and signed on its behalf.



David Vardy, Chairman

**Statement of Council's Responsibilities**

The members of Council are responsible for preparing the Annual Report, the Strategic Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the members of Council to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice. Under company law the members of Council must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that period.

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

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

The members of Council are responsible for keeping adequate accounting records that show and explain the charity's transactions, disclose with reasonable accuracy at any time the financial position of the charity, and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group's website is the responsibility of the members of Council. The members of Council's responsibility also extend to the ongoing integrity of the financial statements contained therein.

Date 4 March 2016



David Vardy

By Order of the Council

**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 2015 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

***Opinion on financial statements***

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 30 September 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*BDO LLP*

Fiona Condron Senior Statutory Auditor

for and on behalf of BDO LLP, Statutory Auditor

Gatwick

United Kingdom

Date: 4 March 2016

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 2015

	Notes	Unrestricted Funds 2015 £'000	Restricted Funds 2015 £'000	Total Funds 2015 £'000	Total Funds 2014 £'000
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds					
Voluntary income					
Gifts from account holders		1,364	60,057	61,421	63,185
Investment Income	2	1,753	938	2,691	2,570
Income from charitable activities					
Fees for services provided		594	-	594	553
<b>Total incoming resources</b>		<b>3,711</b>	<b>60,995</b>	<b>64,706</b>	<b>66,308</b>
<b>RESOURCES EXPENDED</b>					
Charitable activities:					
Grants to charitable causes	3	8	58,736	58,744	56,455
In furtherance of charitable objects:					
Giving Services		1,952	-	1,952	1,831
Fund Management		302	-	302	275
Professional Services		914	-	914	678
Governance costs		86	-	86	87
<b>Total resources expended</b>	4	<b>3,262</b>	<b>58,736</b>	<b>61,998</b>	<b>59,326</b>
Net incoming resources before transfers		449	2,259	2,708	6,982
Other transfers between funds	11	(336)	336	-	-
<b>NET INCOME FOR THE YEAR</b>		<b>113</b>	<b>2,595</b>	<b>2,708</b>	<b>6,982</b>

Stewardship Services (UKET) Limited  
Statement of Financial Activities  
For the year ended 30 September 2015

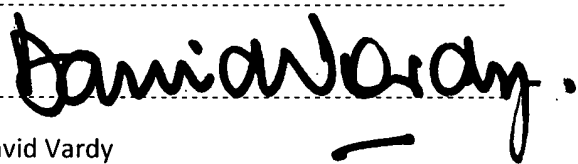
		Unrestricted Funds 2015 <u>£'000</u>	Restricted Funds 2015 <u>£'000</u>	Total Funds 2015 <u>£'000</u>	Total Funds 2014 <u>£'000</u>
	Notes				
Net income for the year		113	2,595	2,708	6,982
Unrealised gains/(losses):					
On revaluation of investments	8	36	(697)	(661)	1,159
Realised gains/(losses):					
On disposal of investments		(32)	49	17	67
Net movement in funds for the year		117	1,947	2,064	8,208
Fund balances at 1 October 2014		7,317	81,031	88,348	80,140
<b>Fund balances at 30 September 2015</b>	<b>11</b>	<b>7,434</b>	<b>82,978</b>	<b>90,412</b>	<b>88,348</b>

All transactions arise from continuing operations.  
All gains and losses are included above.

Stewardship Services (UKET) Limited  
Balance Sheet  
As at 30 September 2015

Company number: 90305		2015	2015	2014	2014
	Notes	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<b>FIXED ASSETS</b>					
Tangible assets	7	3,291		3,321	
Investments:					
Mortgages and loans		12,461		10,312	
Investments other than loans	8	49,597		45,012	
		<u>62,058</u>		<u>55,324</u>	
Total fixed assets			65,349		58,645
<b>CURRENT ASSETS</b>					
Stocks		6		7	
Debtors	9	1,327		1,220	
Mortgages and loans		884		1,046	
Money market deposits		29,317		31,000	
Cash at bank and in hand		8,001		7,785	
		<u>39,535</u>		<u>41,058</u>	
<b>CREDITORS: Amounts falling due within one year</b>					
Church and mission organisations: deposits held		10,660		7,986	
Third party trusts' cash balances		20		6	
Other creditors	10	3,792		3,363	
		<u>14,472</u>		<u>11,355</u>	
<b>NET CURRENT ASSETS</b>			25,063		29,703
Total assets less current liabilities			<u>90,412</u>		<u>88,348</u>
<b>NET ASSETS</b>	<b>12</b>		<u>90,412</u>		<u>88,348</u>
<b>FUND BALANCES</b>					
Restricted funds	11		82,978		81,031
Unrestricted funds	11		7,434		7,317
			<u>90,412</u>		<u>88,348</u>

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



David Vardy  
Chairman

The notes on pages 16 to 25 form part of these accounts



Stewardship Services (UKET) Limited  
Cash flow statement  
For the year ended 30 September 2015

	Notes	2015 £'000	2015 £'000	2014 £'000	2014 £'000
<b>Net cash inflow from operating activities</b>					
Operating surplus			1,589		5,898
Depreciation			241		243
(Increase)/Decrease in debtors			(107)		340
Increase in creditors			3,117		515
Decrease/(Increase) in stocks			1		(1)
(Profit) on sale of investments			(17)		(234)
<b>Net cash inflow from operating activities</b>			<b>4,824</b>		<b>6,761</b>
Returns on investments and servicing of finance					
Interest received		1,209		1,375	
Interest paid		(73)		(57)	
<b>Net cash inflow from returns on investments and servicing of loans</b>			<b>1,136</b>		<b>1,318</b>
Capital expenditure and financial investment					
Purchase of tangible assets		(211)		(691)	
Purchase of investments		(10,664)		(20,033)	
(Increase)/decrease in mortgages/loans		(1,987)		201	
Sale of investments		5,435		2,452	
<b>Net cash (outflow) from investing activities</b>			<b>(7,427)</b>		<b>(18,071)</b>
Management of liquid resources					
Decrease in short-term deposits			1,683		15,093
<b>Increase in cash</b>			<b>216</b>		<b>5,101</b>
<b>Reconciliation of net incoming resources to net cash inflow from operating activities -</b>					
			2015		2014
			£'000		£'000
Net incoming resources before transfers			2,708		6,982
Realised gain on disposal of investments			17		234
Net interest received			(1,136)		(1,318)
			<b>1,589</b>		<b>5,898</b>
<b>Cash at bank and in hand</b>					
			2015		2014
Analysis of changes in cash in the year			£'000		£'000
Balance as at 1 October			7,785		2,684
Net cash inflow			216		5,101
<b>Balance as at 30 September</b>			<b>8,001</b>		<b>7,785</b>

Stewardship Services (UKET) Limited  
Notes to the financial statements  
For the year ended 30 September 2015

**1) ACCOUNTING POLICIES**

- a) The Financial Statements have been prepared on the historic cost basis except for investments which are included at mid-market value. The Financial Statements have been prepared in accordance with the Companies Act 2006, the applicable Accounting Standards and in particular, the Statement of Recommended Practice: Accounting and Reporting by Charities (issued March 2005).

They include the results of the Charity's operations which are described in the Annual Report of the Council. All operations referred to in the Statement of Financial Activities, are continuing.

- b) Incoming Resources :-
- i) Earned Investment Income including Interest on mortgages, fixed interest investments, deposits and income from the Stewardship Pooled Investment Fund is recognised on an accruals basis. Fee income on services provided by Stewardship is also recognised on an accruals basis.
  - ii) Gifts are recognised when there is reasonable assurance of receipt or if appropriate when any requested conditions have been met. Where a gift is made with a valid Gift Aid declaration, the Gift Aid is recognised in the original period in which the gift was made. Gift Aid claims are made weekly throughout the year.
- c) Resources Expended:-
- i) Grant to charitable causes principally represents the payments of the expression of wishes made by our givers, from their Stewardship accounts. These are recognised in the accounts on receipt of their expression of wishes.
  - ii) Expenditure in the furtherance of charitable objects are accounted for on an accruals basis.
- d) Depreciation of fixtures, fittings, equipment and software is charged to write the assets off over their useful lives which is estimated to be three years, a rate of 33.33% per year.
- e) Leasehold improvements are capitalised, where material, and depreciated over 15 years.
- f) Long leasehold assets are carried on the Balance Sheet on the basis of existing use value. They are subject to a full valuation every 5 years with an interim valuation carried out in the third year of this cycle.
- g) 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.
- h) 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 time allocated or are split by headcount .
- i) The reserves of the Trust and the purposes for which they are established are described in Note 11. In accordance with the Trust policy the trustees seek to maintain sufficient reserves for the following purposes:
- i) To offset the risk of loss which might arise on the assets of the Trust
  - ii) To provide a reserve in the event of a mortgage default
  - iii) To provide adequate working capital for the various activities and services of the Trust
  - iv) 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

Stewardship Services (UKET) Limited  
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- j) Governance costs include the cost of the audit, trustees' expenses and the staff costs associated with directly supporting trustees' meetings.

**2) INVESTMENT INCOME**

	2015 <u>£'000</u>	2014 <u>£'000</u>
Cash investments	710	921
Mortgage interest	499	454
Income from externally managed investment funds	1,482	1,195
	<u>2,691</u>	<u>2,570</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. 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:

		<u>2015</u> <u>Number</u>	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>Number</u>	<u>2014</u> <u>£'000</u>
Grants of over £1,000	- to Christian organisations	5,070	17,128	4,873	15,420
	- to support Christian workers	852	1,535	881	1,687
	- to support Bible college students	54	90	69	102
	- to other charities	369	3,174	392	3,375
		<u>6,345</u>	<u>21,927</u>	<u>6,215</u>	<u>20,584</u>
Grants of under £1,000	- to Christian organisations	393,364	25,502	385,595	24,770
	- to support Christian workers	247,663	9,373	253,504	9,230
	- to support Bible college students	14,467	537	17,202	595
	- to other charities	34,350	1,405	31,908	1,276
		<u>689,844</u>	<u>36,817</u>	<u>688,209</u>	<u>35,871</u>
Total Grants		<u>696,189</u>	<u>58,744</u>	<u>694,424</u>	<u>56,455</u>

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

**4) RESOURCES (EXCLUDING GRANTS) EXPENDED IN FURTHERANCE OF CHARITABLE OBJECTS**

		Fund Management £'000	Professional services £'000	Governance costs £'000	Total 2015 £'000	Total 2014 £'000
Staff costs		133	583	51	1,873	1,780
Interest payable		73	-	-	73	57
Services to clients	0	1	19	-	40	42
IT costs	59	34	128	-	621	457
Marketing	154	5	58	-	217	184
Premises	54	7	28	-	89	155
Printing, postage and stationery	28	3	15	-	46	48
Professional costs	47	35	35	18	135	62
Other costs	84	11	48	17	160	82
	<u>1,952</u>	<u>302</u>	<u>914</u>	<u>86</u>	<u>3,254</u>	<u>2,867</u>

Costs are either allocated directly to the service area to which they relate or are apportioned, based on actual time allocation or are split by headcount.

Auditors remuneration totalled £23,850 (2014 £23,100) for audit, £650 (2014 £750) for tax services, and £5,200 (2014 £nil) for risk management services.

## 5) STAFF COSTS & TRUSTEES' FEES AND EXPENSES

### Staff costs and emoluments

Gross wages, salaries and benefits
Employer's National Insurance
Pension contributions

2015	2014
<u>£'000</u>	<u>£'000</u>
1,480	1,427
145	135
160	165
<u>1,785</u>	<u>1,727</u>

### Average number of full time equivalent employees

Giving services
Fund management
Professional services

2015	2014
<u>No.</u>	<u>No.</u>
25	27
3	2
13	11
<u>41</u>	<u>40</u>

### Employees emoluments exceeding £60,000 (excluding pension contributions)

£100,000 - £109,999
£90,000 - £99,999
£70,000 - £79,999

2015	2014
<u>No.</u>	<u>No.</u>
1	-
-	1
-	1

Contributions to money purchase pension schemes for these employees

£17,078	£23,058
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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 £9,598 (2014 £4,415) were reimbursed to seven trustees.

# Stewardship Services (UKET) Limited

## Notes to the financial statements For the year ended 30 September 2015

### 6) PENSION CONTRIBUTIONS

The company contributes to a defined contribution scheme. Contributions for the year amounted to £160,057 (2014 £164,844)

Company pension contributions are accounted for and paid as they fall due. Contributions outstanding at the balance sheet date totalled £800 (2014 £Nil).

### 7) TANGIBLE FIXED ASSETS

	Long Leasehold premises £'000	Leasehold improvements £'000	Fixtures, fittings, equipment & software £'000	Total £'000
<b>At cost or valuation</b>				
As at 1 October 2014	2,760	318	1,826	4,904
Additions	-	8	203	211
As at 30 September 2015	<u>2,760</u>	<u>326</u>	<u>2,029</u>	<u>5,115</u>
<b>Depreciation</b>				
As at 1 October 2014	-	7	1,576	1,583
Charge for the period	-	22	219	241
As at 30 September 2015	<u>-</u>	<u>29</u>	<u>1,795</u>	<u>1,824</u>
<b>Net Book Values:</b>				
As at 30 September 2015	<u>2,760</u>	<u>297</u>	<u>234</u>	<u>3,291</u>
As at 1 October 2014	<u>2,760</u>	<u>311</u>	<u>250</u>	<u>3,321</u>

Long leasehold premises and improvements, fixtures, fittings, equipment and software are used to support direct charitable purposes and for the management and administration of the Trust.

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

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

		2015 £'000	2014 £'000
Historic cost	- Unrestricted funds	1,994	1,644
	- Restricted funds	45,190	40,118
		<u>47,184</u>	<u>41,762</u>
Mid-market value	- Unrestricted funds	2,372	2,075
	- Restricted funds	47,225	42,937
		<u>49,597</u>	<u>45,012</u>
UK		34,472	32,576
Overseas		13,312	11,676
Cash		1,813	760
		<u>49,597</u>	<u>45,012</u>

At the above dates the market value of each individual investment within the Pooled Investment Funds 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 Pooled Investment Funds. Restricted funds are invested in the Pooled Investment Funds at the stated preference of the account holder.

	2015 £'000	2014 £'000
Market value of investments at 1 October	45,012	25,113
Investments b/f reclassified from Mortgages and loans	-	140
Investments b/f reclassified from Money Market deposits	-	952
Additions	10,664	20,033
Disposals at carrying value	(5,418)	(2,385)
Net unrealised investment (losses)/gains	(661)	1,159
Market value of investments at 30 September	<u>49,597</u>	<u>45,012</u>



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

	2015 <u>£'000</u>	2014 <u>£'000</u>
Income tax recoverable - gift aid	286	220
Trade debtors	64	42
Other debtors	186	195
Prepayments	75	66
Accrued income	716	697
	<u>1,327</u>	<u>1,220</u>

All amounts fall due within one year.

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

	2015 <u>£'000</u>	2014 <u>£'000</u>
Trade creditors	1,066	949
Other creditors	2,370	2,170
Taxation and social security	115	37
Accruals and deferred income	241	207
	<u>3,792</u>	<u>3,363</u>

Stewardship Services (UKET) Limited  
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**11) FUND BALANCES**

	As at 1 October 2014 <u>£'000</u>	Investment gains / (losses) <u>£'000</u>	Net income for the year <u>£'000</u>	Transfers <u>£'000</u>	As at 30 September 2015 <u>£'000</u>
General Funds:					
General Reserve	6,799	(9)	449	(336)	6,903
Revaluation Reserve	518	13	-	-	531
	<u>7,317</u>	<u>4</u>	<u>449</u>	<u>(336)</u>	<u>7,434</u>
Restricted Funds:					
Donor balances	81,031	(648)	2,259	336	82,978
	<u>81,031</u>	<u>(648)</u>	<u>2,259</u>	<u>336</u>	<u>82,978</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.

<u>Transfers</u>	General Funds <u>£'000</u>	Restricted Funds <u>£'000</u>
Investment income attributable to certain funds	(336)	336

**12) ANALYSIS OF NET ASSETS BY FUND**

	Unrestricted Funds <u>£'000</u>	Restricted Funds <u>£'000</u>	Client Funds <u>£'000</u>	Total Funds 2015 <u>£'000</u>	Total Funds 2014 <u>£'000</u>
Fixed assets	3,291	-	-	3,291	3,321
Mortgage loans to churches	-	12,461	-	12,461	10,312
Investments	2,372	47,225	-	49,597	45,012
Money market deposits and cash balances	2,370	21,899	13,049	37,318	38,785
Other current assets	783	1,434	-	2,217	2,273
Current liabilities	(1,382)	(41)	(13,049)	(14,472)	(11,355)
Net Assets	<u>7,434</u>	<u>82,978</u>	<u>-</u>	<u>90,412</u>	<u>88,348</u>

Client Funds represent deposits placed with Stewardship by churches on an instant access basis.

### **13) CAPITAL COMMITMENTS & CONTINGENT LIABILITIES**

There were no material capital commitments or contingent liabilities as at 30 September 2015 or 30 September 2014.

### **14) INDEMNITY INSURANCES**

Stewardship has taken out indemnity insurance cover for trustees. Premiums due for the policies during the year totalled £14,953 (2014: £15,317)

### **15) RELATED PARTY TRANSACTIONS**

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

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

### **16) TAXATION**

The company is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly the company is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

No tax charge arose in the period.

### **17) CONTINGENT LIABILITY**

Stewardship is currently in discussion with HMRC regarding a partial exemption VAT ruling. The trustees' view is that historically partial exemption VAT has been accounted for as set out by an HMRC ruling from 2009. However HMRC is challenging this view. A new ruling was issued by HMRC in February 2015 and these Financial Statements reflect the lower recovery of VAT for the period subsequent to that date. No provision has been included for any additional VAT assessable prior to this date, as the trustees believe that the treatment agreed in 2009 with HMRC was validly made and no further amounts would be payable.

Stewardship Services (UKET) Limited  
Directors and Members of the Council

The following served as Directors and Members of the Council for the full year ended 30 September 2015 except where stated otherwise:

Name	Date of change	Committee service
DAVID VARDY (Chairman)		Appointments & Remuneration
HEATHER GRIZZLE (Vice Chairman)		Legacy Fund Grants, Appointments & Remuneration
SIMON BLAKE FCA CF		Finance & Investment (Chairman), Appointments & Remuneration
SANDRA COBBIN		Legacy Fund Grants
LUKE FLETCHER LLB		Audit & Risk (Chairman), Legacy Fund Grants
DAVID FLOWERS Dip PFS		Finance & Investment
GRAHAM DUNN	Resigned 22 April 2015	Finance & Investment
MICHAEL WRIGHT FCSI		Finance & Investment
SAM WRIGHT MA, FCSI		Finance & Investment
GARETH RUSSELL		Audit & Risk
ANTONY BARNES BSc FCA FCT	Appointed 11 June 2015	Finance & Investment
BALRAM GIDOOMAL CBE	Appointed 17 September 2015	
GARETH BURNS	Appointed 3 December 2015	
STEPHANIE BIDEN	Appointed 4 March 2016	
HELEN SENIOR CA	Appointed 4 March 2016	
RITZEMA STEYTLER MBA	Appointed 4 March 2016	

Stewardship Services (UKET) Limited  
Legal & administrative details

**BANKERS**

Lloyds TSB Bank PLC

First Floor, Criterion House, 40 Parkway, Chelmsford, Essex CM2 7PN

**SOLICITORS**

Withers

16 Old Bailey, London, EC4M 7EG

Coffin Mew LLP

1000 Lakeside North Harbour, Western Road, Portsmouth PO6 3EN

Anthony Collins

St Philip's Gate, 5 Waterloo Street, Birmingham B2 5PG

**INVESTMENT MANAGERS**

Sarasin & Partners LLP

Juxton House, 100 St Paul's Churchyard, London EC4M 8BU

Rathbone Investment Managers Limited

1 Curzon Street, London W1J 5FB

Ashburn Wealth Management Limited

Ashburn House, 84 Grange Road, Darlington DL1 5NP

**AUDITORS**

BDO LLP

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

**CHIEF EXECUTIVE**

Michael O'Neill

**FINANCE DIRECTOR AND COMPANY SECRETARY**

Juliet Maggs BSc ACA

**TECHNICAL DIRECTOR**

Kevin Russell ACA CTA FCIE

**REGISTERED OFFICE**

1 Lamb's Passage, London, EC1Y 8AB

**OPERATING NAME**

The Trust operates under the name of Stewardship