

STEWARDSHIP SERVICES (UKET) LIMITED

Operating as

stewardship[®]

transforming generosity

Annual Report & Financial Statements

For the year ended 30 September 2014

Registered Charity Number 234714

Company limited by guarantee registered number 90305

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Stewardship Services (UKET) Limited

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Stewardship Services (UKET) Limited

Strategic Report

ORGANISATION

Stewardship began its life as United Kingdom Evangelization Trust (UKET). Progressive for its time, UKET's primary function was to hold in trust, resources generously given by its members, for Christian based philanthropy.

Today Stewardship remains a progressive pioneer of generosity; receiving, investing and releasing over £60 million of charitable giving each year. Having undergone radical growth through numerous mergers, Stewardship is now the 8th 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) 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 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 25,000 individuals to give around £60million each year, to our database of over 19,000 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, 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

Stewardship has continued to grow in the course of this last year. We have seen giving increase again and have been able to significantly increase levels of grants to recipient organisations. We have also grown our team, strengthening key management functions and expanding our educational programme.

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

KEY ACHIEVEMENTS AND FINANCIAL REVIEW FOR THE YEAR

Giving Services	<p>Ever greater use of the new online service is being made by givers and recipients. Around 47% of all one off donations are now being made online.</p> <p>Having been launched in 2012, www.give.net, continues to grow in popularity. This year we launched a 'regular giving' function enabling churches and charities to receive ongoing donations from supporters rather than solely one off gifts.</p> <p>The sustained level of giving is greatly encouraging and total gifts received at £63.2m showed very encouraging growth of 6% when compared with the previous year (£59.8m).</p>
Fund management	<p>The funds under management in the investment funds rose from £25.1m at 30 September 2013 to £45.0m at 30 September 2014. This was partly a consequence of a change in investment strategy to re-balance asset investments and also due to growth in incoming gifts.</p> <p>Funds on the Money Market were reduced from £47.0m to £31.0m in line with this new investment strategy.</p> <p>Demand from churches for mortgages to support new building development remained steady with the church mortgages portfolio currently standing at £11.7m with growth expected in the year ahead.</p> <p>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 these values.</p>
Professional Services	<p>The payroll service continued to grow with the number of church and charity clients now up to 428 and covering 1,840 employees (2013: 390 clients and 1,750 employees).</p> <p>The independent examination service continued to support and advise its 260 clients throughout the year.</p> <p>The number of charities assisted to form and register remained constant at around 60 in the year.</p> <p>Training was provided to church leaders, treasurers and administrators and charity trustees through seminars, e-briefings and free briefing papers or briefing notes on technical issues for charities.</p> <p>Under the general theme of Transforming Generosity successful campaigns were run at Christmas and Easter, festivals and holiday weeks were attended in the Spring and Summer, and training materials made available to encourage generous living.</p> <p>Stewardship remained in a leading role in engaging with HMRC and HM Treasury on matters directly affecting churches and Christian charities.</p>

PLANS FOR THE FUTURE

We have set out the following key objectives for the coming year:

Financial

- Implementation of a long-term sales strategy to increase the reach of Stewardship throughout the UK
- Further development of Give.net and accelerate the adoption of the service by Christian organisations
- Transition from our existing IT provider to a new supplier providing cost rationalisation benefits, and
- Reviewing our PCI compliance approach in the light of recent changes to regulations and with a view to developing broader service availability, growing income.

Customer

- Continuation of the review and ongoing development of the Full Time Christian Worker programme – seeking to put into place improvements to this and broadening its appeal for Christian workers supported by UK donors
- Review of the online giving account and implementation of any changes that may be beneficial, and
- Review and recommend changes to the way that we interact with our major (Gold) givers.

Innovation

- Pilot a marketing strategy designed to broaden recognition of the Stewardship name, particularly amongst the UK church
- Develop a 3 year digital strategy for Stewardship
- Consider the integration of external philanthropy initiatives into our interactions with our existing givers, and
- Design a plan for external events, making best use of our new office facilities to be engaging with givers and recipient organisations.

Organisation

- Refreshing our risk management analysis, monitoring and management
- Deployment of a new automated communication system within our IT systems enabling more efficient communication with our members
- Continue to develop excellence in our hiring, orientation, induction and ongoing staff engagement, and
- Review 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 that facilitate that giving and the operational excellence demonstrated by Stewardship, enabling it to retain its position as the first choice organisation amongst existing, and future, givers. Key risks (and mitigants) include:

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

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 2014.

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 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 27 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 and Investment Committee:** The Finance Committee covers a broad range of financial issues including quarterly accounts, budgeting, investment of cash funds, lending and audit matters. In the course of the year, this committee merged with the Investment Committee to become the Finance and Investment Committee. This merger led to the review and management of external fund managers being added to the mandate of the committee. The committee met 3 times in the course of the year. This is to be increased to four meetings for the coming year.
- **Chairs Committee:** The Chairs Committee met three times during the year to oversee the performance of the charity overall.
- **Legacy Grants Committee:** During the prior year a new Committee was formed to oversee the distribution of grants from funds received under legacies and held its first meeting in September 2012.

SENIOR MANAGEMENT TEAM

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

GRANT MAKING POLICY

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

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

INVESTMENT POLICY AND POWERS

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

- Equity and fund investments are managed by the charity's 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, brewing, gaming, pornography and tobacco.
- Investment in cash and short term deposits on the money markets is governed by the charity's Treasury Policy, which determines the eligibility of the counter-parties.
- Mortgages and loans to churches and Christian charities, governed by the charity's Mortgage Policy, which is primarily designed to manage risk.
- Programme related and mixed motive investments are increasingly being considered and reviewed by the Finance and Investment Committees, seeking to generate a social impact alongside a financial return.

The investment objective on the equity and fund investments is to look at a total return, balancing the needs of income for ministry whilst maintaining capital. This requirement has been expressed in a benchmark performance rate which is applied to the individual funds. The performance of the funds managed by the Trust's investment managers against the benchmarks is reviewed regularly by the Investment Committee which has concluded that performance in the context of market conditions has been acceptable. Our Funds are managed by Sarasin & Partners and Rathbones. Both of these managers have successfully outperformed the benchmarks for this period. 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 on investments, the committee, management and external advisors have placed increasing emphasis on positive engagement in the area of investments. This includes activity by Sarasin & Partners in investigating the conditions for factory workers in Indian sub-continent in order to make informed investment decisions around labour conditions and the initiative to which Rathbones was a signatory that sought to bring an end to slavery via withdrawal of investments in companies where there is a danger that slave labour could be involved in the manufacturing process.

RESERVES POLICY

The trustees determine that Stewardship needs to maintain reserves such that investments are covered to protect against the risk of default, all budgeted capital expenditure is covered for the next year, total running costs are covered for at least three months and support is provided for the loans advanced for church and charity building projects. These four criteria derive a required minimum reserves range of £3.7m to £5.6m.

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 £7.3m (2013 £6.8m). However, the Trustees have acquired fixed assets (currently £2.5 million) which are accounted for within the unrestricted reserves, this accounting restricts the amount of freely available reserves to £4.8 million. Even allowing for this deduction, it is felt that sufficient free reserves are in place, in line with the stated Reserves Policy.

UNRESTRICTED FUNDS

Net unrestricted incoming resources for the year, after transfers, amounted to £0.5m (2013: £0.6m) and this figure, added to the figure brought forward, resulted in unrestricted fund balances carried forward at the year end of £7.3m (2013: £6.8m).

RESTRICTED FUNDS

Restricted funds carried forward at 30 September 2014 amounted to £81.0m (2013: £73.3m). These funds predominantly comprise gifts where, subject to purposes consistent with the charity's own objects, the trustees allow donors to express preferences as to direct distributions for other charitable purposes.

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

RE-ELECTION OF BOARD OF TRUSTEES (THE COUNCIL)

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

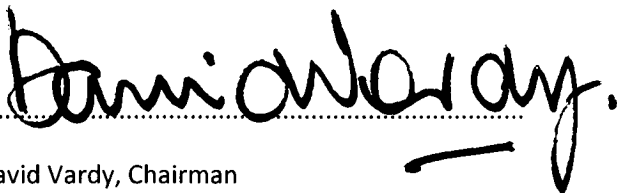
AUDITORS

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

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

APPROVAL

This report and the Strategic Report was approved by the Council of Trustees on 6 March 2015 and signed on its behalf.

A handwritten signature in black ink, reading "David Vardy", is written over a horizontal dotted line. The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

David Vardy, Chairman

Stewardship Services (UKET) Limited
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:

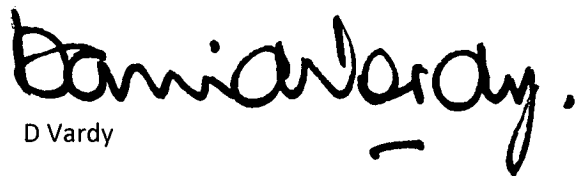
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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 extends to the ongoing integrity of the financial statements contained therein.

Date 6 March 2015


D Vardy

By Order of the Council

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

We have audited the financial statements of Stewardship Services (UKET) Limited for the year ended 30 September 2014 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.

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 2014 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.



Don Bawtree Senior Statutory Auditor

for and on behalf of BDO LLP, Statutory Auditor

Gatwick

United Kingdom

Date: 20 Mar 2015

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 2014

	Notes	Unrestricted Funds 2014 £'000	Restricted Funds 2014 £'000	Total Funds 2014 £'000	Total Funds 2013 £'000
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income					
Gifts from account holders		1,304	61,881	63,185	59,771
Investment Income	2	1,719	851	2,570	2,606
Income from charitable activities					
Fees for services provided		553	-	553	516
Total incoming resources		3,576	62,732	66,308	62,893
RESOURCES EXPENDED					
Charitable activities:					
Grants to charitable causes	3	1	56,454	56,455	51,000
In furtherance of charitable objects:					
Giving Services		1,827	4	1,831	1,904
Fund Management		275	-	275	171
Professional Services		678	-	678	662
Governance costs		87	-	87	82
Total resources expended	4	2,868	56,458	59,326	53,819
Net incoming resources before transfers		708	6,274	6,982	9,074
Other transfers between funds	11	(332)	332	-	-
NET INCOME FOR THE YEAR		376	6,606	6,982	9,074

Stewardship Services (UKET) Limited
Statement of Financial Activities
For the year ended 30 September 2014

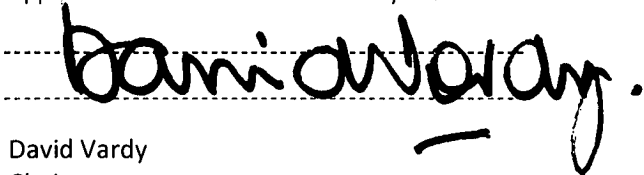
		Unrestricted Funds 2014 <u>£'000</u>	Restricted Funds 2014 <u>£'000</u>	Total Funds 2014 <u>£'000</u>	Total Funds 2013 <u>£'000</u>
	Notes				
Net income for the year		376	6,606	6,982	9,074
Unrealised gains/(losses):					
On revaluation of investments	8	132	1,094	1,226	1,740
Realised gains/(losses):					
On disposal of investments		-	-	-	96
Net movement in funds for the year		508	7,700	8,208	10,910
Fund balances at 1 October 2013		6,809	73,331	80,140	69,230
Fund balances at 30 September 2014	11	7,317	81,031	88,348	80,140

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

Stewardship Services (UKET) Limited
Balance Sheet
As at 30 September 2014

Company number: 90305		2014	2014	2013	2013
	Notes	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
FIXED ASSETS					
Tangible assets	7	3,321		2,603	
Investments:					
Mortgages and loans		10,312		10,733	
Investments other than loans	8	<u>45,012</u>		<u>25,113</u>	
		55,324		35,846	
Total fixed assets			58,645		38,449
CURRENT ASSETS					
Stocks		7		6	
Debtors	9	1,220		1,830	
Mortgages and loans		1,046		966	
Money market deposits		31,000		47,045	
Cash at bank and in hand		<u>7,785</u>		<u>2,684</u>	
		41,058		52,531	
CREDITORS: Amounts falling due within one year					
Church and mission organisations: deposits held		7,986		7,834	
Third party trusts' cash balances		6		7	
Other creditors	10	<u>3,363</u>		<u>2,999</u>	
		11,355		10,840	
NET CURRENT ASSETS			29,703		41,691
Total assets less current liabilities			<u>88,348</u>		<u>80,140</u>
NET ASSETS	12		<u>88,348</u>		<u>80,140</u>
FUND BALANCES					
Restricted funds	11		81,031		73,331
Unrestricted funds	11		<u>7,317</u>		<u>6,809</u>
			<u>88,348</u>		<u>80,140</u>

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



David Vardy
Chairman

The notes on pages 15 to 27 form part of these accounts

Stewardship Services (UKET) Limited
Cash flow statement
For the year ended 30 September 2014

	Notes	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Net cash inflow from operating activities					
Operating surplus			5,664		7,448
Depreciation			243		268
Decrease/(Increase) in debtors			340		(678)
Increase/(Decrease) in creditors			515		(360)
(Increase) in stocks			(1)		(1)
(Profit) on sale of investments			-		(96)
Net cash inflow from operating activities			6,761		6,581
Returns on investments and servicing of finance					
Interest received		1,375		1,795	
Interest paid		(57)		(73)	
Net cash inflow from returns on investments and servicing of loans			1,318		1,722
Capital expenditure and financial investment					
Purchase of tangible assets		(691)		(2,574)	
Purchase of investments		(17,581)		(1,688)	
Decrease in mortgages/loans	8	201		409	
Sale of investments		-		2,484	
Net cash (outflow) from investing activities			(18,071)		(1,369)
Management of liquid resources					
Decrease/(Increase) in short-term deposits	8		15,093		(5,294)
Increase in cash			5,101		1,640
Reconciliation of net incoming resources to net cash inflow from operating activities					
			2014 £'000		2013 £'000
Net incoming resources before transfers			6,982		9,074
Realised gain on disposal of investments			-		96
Net interest received			(1,318)		(1,722)
			5,664		7,448
Cash at bank and in hand					
			2014 £'000		2013 £'000
Analysis of changes in cash in the year					
Balance as at 1 October			2,684		1,044
Net cash inflow			5,101		1,640
Balance as at 30 September			7,785		2,684

Stewardship Services (UKET) Limited
Notes to the accounts
For the year ended 30 September 2014

1 ACCOUNTING POLICIES

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

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

- (b) Earned income and all expenditure are recognised on an accruals basis of accounting.
- (c) Gifts and Gift Aid receipts are taken into account when the conditions for receipt have been met and there is reasonable assurance of receipt.
- (d) Income tax recoverable is accounted for once a claim has been made to HM Revenue & Customs. Claims are made weekly throughout the year.
- (e) Interest on fixed interest investments, deposits and income from the Stewardship Pooled Investment Fund is accounted for on an accruals basis.
- (f) Depreciation of fixtures, fittings, equipment and software is charged to write the assets off over their useful lives which is estimated to be three years, a rate of 33.33% per year.
- (g) Leasehold improvements are capitalised, where material, and depreciated in equal instalments over the remaining life of the minimum lease term.
- (h) Short leasehold assets (including improvements) are capitalised and then depreciated on a straight line basis with an assumed life of 30 years. The assets will be revalued every 5 years and depreciation adjusted as appropriate.
- (i) Long leasehold assets are carried on the Balance Sheet on the basis of existing use value. They are subject to a full valuation every 5 years with an interim valuation carried out in the third year of this cycle.
- (j) Where Stewardship has exercised discretion in making an allocation of funds to a recipient, there is no legal obligation to pay those funds to the specific recipient since Stewardship continues to have discretion to decline to make payment if circumstances change between the time of allocation and the time of payment. However, the trustees are of the view that in almost all cases, a constructive obligation (as defined by the Charities SORP) will have been created. Accordingly, amounts allocated to recipients, but not yet paid to them, at the balance sheet date are recognised as a liability in these accounts.
- (k) Expenditure is directly attributed to the expenditure headings in the Statement of Financial Activities as far as possible. The remaining expenditure and overheads are apportioned to each activity on a reasonable, justifiable and consistent basis.

Stewardship Services (UKET) Limited
Notes to the accounts
For the year ended 30 September 2014

1 ACCOUNTING POLICIES (continued)

(l) The reserves of the Trust and the purposes for which they are established are described in Note 11. In accordance with the Trust policy the Trustees seek to maintain sufficient reserves for the following purposes:

- To offset the risk of loss which might arise on the assets of the Trust
- To provide funds to support loans to churches and charities for building development
- To provide adequate working capital for the various activities and services of the Trust
- To provide a capital base for the future growth in the volume and range of services provided by the Trust including any major capital projects

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

2 INVESTMENT INCOME

	2014 <u>£'000</u>	2013 <u>£'000</u>
Cash investments	921	1,203
Mortgage interest	454	592
Income from externally managed investment funds	1,195	811
	<u>2,570</u>	<u>2,606</u>

Stewardship Services (UKET) Limited
Notes to the accounts
For the year ended 30 September 2014

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:

		2014 <u>Number</u>	2014 <u>£'000</u>	2013 <u>Number</u>	2013 <u>£'000</u>
Grants of over £1,000	- to Christian organisations	4,873	15,420	4,203	13,702
	- to support Christian workers	881	1,687	870	1,576
	- to support Bible college students	69	102	80	124
	- to other charities	392	3,375	331	2,112
		<u>6,215</u>	<u>20,584</u>	<u>5,484</u>	<u>17,514</u>
Grants of under £1,000	- to Christian organisations	385,595	24,770	348,224	23,163
	- to support Christian workers	253,504	9,230	226,042	8,691
	- to support Bible college students	17,202	595	14,217	478
	- to other charities	31,908	1,276	28,234	1,154
		<u>688,209</u>	<u>35,871</u>	<u>616,717</u>	<u>33,486</u>
Total Grants		<u>694,424</u>	<u>56,455</u>	<u>622,201</u>	<u>51,000</u>

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

Stewardship Services (UKET) Limited
Notes to the accounts
For the year ended 30 September 2014

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

	<u>Giving services</u>	<u>Fund Management</u>	<u>Professional services</u>	<u>Governance costs</u>	<u>Total 2014 £'000</u>	<u>Total 2013 £'000</u>
Staff costs	1,089	158	484	49	1,780	1,656
Interest payable	-	57	-	-	57	73
Services to clients	14	11	17	-	42	14
IT costs	378	18	61	-	457	432
Marketing	154	2	28	-	184	229
Premises	104	10	41	-	155	199
Printing, postage and stationery	32	2	14	-	48	57
Professional costs	11	13	12	26	62	43
Other costs	45	4	21	12	82	105
	<u>1,827</u>	<u>275</u>	<u>678</u>	<u>87</u>	<u>2,867</u>	<u>2,808</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 £23,100 (2013 £21,800) for audit and £750 (2013 £750) for non-audit services.

Stewardship Services (UKET) Limited
Notes to the accounts
For the year ended 30 September 2014

5 STAFF COSTS & TRUSTEES' FEES AND EXPENSES

	2014 <u>£'000</u>	2013 <u>£'000</u>
<u>Staff costs and emoluments</u>		
Gross wages and salaries	1,427	1,293
Employer's National Insurance	135	124
Pension contributions	165	170
	<u>1,727</u>	<u>1,587</u>
	2014 <u>No.</u>	2013 <u>No.</u>
<u>Average number of full time equivalent employees</u>		
Giving services	27	27
Fund management	2	2
Professional services	11	11
	<u>40</u>	<u>40</u>
	2014 <u>No.</u>	2013 <u>No.</u>
Employees emoluments exceeding £60,000 (excluding pension contributions)		
£90,000 - £99,999	1	1
£70,000 - £79,999	1	
Contributions to money purchase pension schemes for these employees	£23,058	£15,569

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 £4,415 (2013 £2,900) were reimbursed to four Trustees.

6 PENSION CONTRIBUTIONS

The company contributes to a defined contribution scheme. Contributions for the year amounted to £164,844 (2013 £169,790)

Company pension contributions are accounted for and paid as they fall due. There were no outstanding contributions at the balance sheet date (2013 £Nil).

Stewardship Services (UKET) Limited
Notes to the accounts
For the year ended 30 September 2014

7 TANGIBLE FIXED ASSETS

	Leasehold premises <u>£'000</u>	Leasehold improvements <u>£'000</u>	Fixtures, fittings, equipment & software <u>£'000</u>	Total <u>£'000</u>
At cost or valuation				
As at 1 October 2013	2,377	215	1,566	4,158
Additions	383	318	260	961
Disposals	-0	(215)	-	(215)
As at 30 September 2014	<u>2,760</u>	<u>318</u>	<u>1,826</u>	<u>4,904</u>
Depreciation				
As at 1 October 2013	-	185	1,370	1,555
Charge for the period	-	37	206	243
Released on disposals	-	(215)	-	(215)
As at 30 September 2014	<u>-</u>	<u>7</u>	<u>1,576</u>	<u>1,583</u>
Net Book Values:				
As at 30 September 2014	<u>2,760</u>	<u>311</u>	<u>250</u>	<u>3,321</u>
As at 1 October 2013	<u>2,377</u>	<u>30</u>	<u>196</u>	<u>2,603</u>

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.

In the course of the year we relocated from Oakwood House, Loughton to our new office in Lambs Passage, resulting in the disposal of leasehold improvements to the old property.

Stewardship Services (UKET) Limited
Notes to the accounts
For the year ended 30 September 2014

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.

		2014 <u>£'000</u>	2013 <u>£'000</u>
Historic cost	- Unrestricted funds	1,644	551
	- Restricted funds	40,118	22,303
		<u>41,762</u>	<u>22,854</u>
Market value	- Unrestricted funds	2,075	938
	- Restricted funds	42,937	24,175
		<u>45,012</u>	<u>25,113</u>
UK		32,576	24,521
Overseas		11,676	583
Cash		760	9
		<u>45,012</u>	<u>25,113</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.

	2014 <u>£'000</u>	2013 <u>£'000</u>
Market value of investments at 1 October	25,113	24,073
Investments b/f reclassified from Mortgages and loans	140	-
Investments b/f reclassified from Money Market deposits	952	-
Additions	17,581	1,688
Disposals	-	(2,388)
Net investment (losses)/gains	1,226	1,740
Market value of investments at 30 September	<u>45,012</u>	<u>25,113</u>

Stewardship Services (UKET) Limited
Notes to the accounts
For the year ended 30 September 2014

9 DEBTORS: DUE WITHIN ONE YEAR

	2014 <u>£'000</u>	2013 <u>£'000</u>
Income tax recoverable - gift aid	220	572
Trade debtors	42	35
Other debtors	195	356
Prepayments	66	47
Accrued income	697	820
	<u>1,220</u>	<u>1,830</u>

All amounts fall due within one year.

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 <u>£'000</u>	2013 <u>£'000</u>
Trade creditors	949	1,003
Other creditors	2,170	1,688
Taxation and social security	37	35
Accruals and deferred income	207	273
	<u>3,363</u>	<u>2,999</u>

Stewardship Services (UKET) Limited
Notes to the accounts
For the year ended 30 September 2014

11 FUND BALANCES

	As at 1 October 2013 <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 2014 <u>£'000</u>
General Funds:					
General Reserve	6,423	-	708	(332)	6,799
Revaluation Reserve	386	132	-	-	518
	<u>6,809</u>	<u>132</u>	<u>708</u>	<u>(332)</u>	<u>7,317</u>
Restricted Funds:					
Donor balances	73,331	1,094	6,274	332	81,031
	<u>73,331</u>	<u>1,094</u>	<u>6,274</u>	<u>332</u>	<u>81,031</u>

Donor balances

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

	General Funds <u>£'000</u>	Restricted Funds <u>£'000</u>
<u>Transfers</u>		
Investment income attributable to certain funds	(332)	332

12 ANALYSIS OF NET ASSETS BY FUND

	Unrestricted Funds <u>£'000</u>	Restricted Funds <u>£'000</u>	Client Funds <u>£'000</u>	Total Funds 2014 <u>£'000</u>	Total Funds 2013 <u>£'000</u>
Fixed assets	3,321	-	-	3,321	2,603
Mortgage loans to churches	-	10,312	-	10,312	10,733
Investments	2,075	42,937	-	45,012	25,113
Money market deposits and cash balances	2,272	26,351	10,162	38,785	49,729
Other current assets	808	1,465	-	2,273	2,802
Current liabilities	(1,159)	(34)	(10,162)	(11,355)	(10,840)
Net Assets	<u>7,317</u>	<u>81,031</u>	<u>-</u>	<u>88,348</u>	<u>80,140</u>

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

Stewardship Services (UKET) Limited
Notes to the accounts
For the year ended 30 September 2014

13 CAPITAL COMMITMENTS & CONTINGENT LIABILITIES

There were no material capital commitments or contingent liabilities as at 30 September 2014 and 30 September 2013.

14 OPERATING LEASE COMMITMENTS

As at 30 September 2014 and 30 September 2013, the Trust had annual operating lease commitments for rental payments on its administrative offices and equipment

Expiry date	2014 <u>£'000</u>	2013 <u>£'000</u>
Annual amounts due on leases expiring within one year	-	22

15 INDEMNITY INSURANCES

The Trust has effected indemnity insurance cover for trustees. Premiums due for the policies during the year totalled £15,317 (2013: £15,317)

16 RELATED PARTY TRANSACTIONS

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

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

17 TAXATION

The company is a 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.

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 2014 except where stated otherwise:

Name	Date of change	Committee service
DAVID VARDY (Chairman)		
HEATHER GRIZZLE (Vice Chairman)		Legacy Grants
SIMON BLAKE FCA CF		Finance & Investment
SANDRA COBBIN		Legacy Grants
LUKE FLETCHER LLB		Legacy Grants, Audit & Risk
DAVID FLOWERS Dip PFS		Finance & Investment
GRAHAM DUNN		Finance & Investment
MICHAEL WRIGHT FSI		Finance & Investment
GARETH RUSSELL	Appointed 8 January 2014	
SAM WRIGHT	Appointed 17 Sept 2014	Finance & Investment

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

Andrew Simmons LLB CA

TECHNICAL DIRECTOR / ASSISTANT CO. SECRETARY

Kevin Russell ACA CTA FCIE

REGISTERED OFFICE

1 Lamb's Passage, London, EC1Y 8AB

OPERATING NAME

The Trust operates under the name of Stewardship