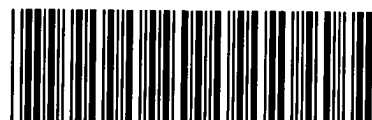




Annual Report and Financial Statements
2018/19

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COMPANIES HOUSE

33,000 generous

Christians giving

£141 million

to 13,500

Kingdom causes

in the UK

and around

the world

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Our Overview

➤ Introduction from the Chair of Trustees

Thank you for taking the time to read our annual report and for taking an interest in our work.

I succeeded Ram Gidoomal as chair of Stewardship in March 2019, having led the recruitment of our new CEO, Stewart McCulloch, in August 2018 and put in place the team to steer Stewardship on to its next season.

You will see that this year has been a turning point; not only of leadership, but of emphasis and of performance for Stewardship, with gifts in growing by 80% to reach over £141m. Much of this growth resulted from a small number of exceptionally large gifts that came as a result of the launch of our Philanthropy Services team, the launch of Stewardship America and our new international partnership with TrustBridge Global Foundation. We are hopeful that such gifts will be a regular feature of our new season but these exceptional acts of generosity are by their nature difficult to forecast. We are positive at the prospect of remaining above £100m of gifts for the 2019/20 financial year and to be growing steadily.

To grow our reach and impact, the trustees agreed to invest to ensure our customers have the people, technology and services that they need from us. This investment will result in planned deficits in our unrestricted funds this year and next but we have the reserves to afford this faith in our future, together with a strong team to build that future. We look forward to unveiling a transformed Stewardship to the public in summer 2020.

You may have read in the press that we have partnered with a group of investors in the purchase of Kingdom Bank from the Assemblies of God Property Trust. This has received regulatory approval and completion will take place in March 2020. The purchase has been an innovative collaboration between Stewardship, a number of our Philanthropy Services clients and a small number of family trusts and individuals.

Two long serving trustees will be retiring during our 2019/20 financial year and we will miss their wisdom and input - Heather Grizzle who steps down as our deputy Chair and Michael Wright who has brought fantastic investment expertise, having joined us when Maxco was combined into Stewardship some

years ago. We are actively recruiting new trustees at this moment to bring fresh skills and perspectives to reinforce our governance.

The Stewardship family is growing and developing positively to serve generous Christians and the churches, mission workers and causes they love. We dedicate all of our work to the Glory of our Lord shown through the spectacular generosity and hard work of these amazing Christians.

Simon Blake



➤ Our History

Stewardship began its life in 1906 as the United Kingdom Evangelisation Trust (UKET) to support the church planting activities of the Brethren church; our primary function being to hold in trust property and financial resources generously given for church planting and evangelism.



Cholmeley Hall in North London became UKET's first church building after the Brethren Elders passed on the ownership not wanting to 'waste time on earthly matters'

Over 110 years later, we have evolved into a family of charities and companies that seeks to inspire and serve evangelical Christian generosity; during the last year we received £141.6m (2018: £78.9m) in donations and legacies, and granted funds of £87.7m (2018: £69.6m). We also look to inspire the evangelical church by encouraging good biblical teaching on generosity and by running campaigns to catalyse generosity, spearheaded by our "40acts" and our December 2019 "Mission Christmas" campaigns.

Furthermore we have continued to develop services to strengthen churches who are planting, revitalising and growing through our services for treasurers including technical advice, targeted training, accounting, payroll and lending.

➤ Our new Organisational Structure

The launch of Stewardship America necessitated the incorporation of two additional corporate entities, one in the UK and one in the US. Further information on these can be found in note 15 to the financial statements. The new structure means that this annual report is for the Stewardship family of entities rather than just the legal entity itself.

➤ Public Benefit

The Stewardship family of entities seeks to serve generous Christians and the work of Christian churches, workers and charities in the UK and abroad by providing services designed to effectively administer the receipt and distribution of charitable funds.

Moreover, the range of administrative services provided by Stewardship such as payroll, accounting, and other administrative services enables churches, workers and charities to better fulfil their key activities of advancing the Christian faith and bringing 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 as we seek to continue making a difference.

➤ Our Charitable Purposes

- To advance the evangelical Christian faith including by preaching the gospel and holding religious services and meetings;
- to promote the publication and distribution of the Bible and other Christian literature;
- to advance the education of children and adults in accordance with the doctrines and principles of evangelical Christianity;
- to relieve need, hardship and distress, especially amongst evangelists, teachers and others who have given service to the trust or helped promote the objects;
- otherwise to promote the charitable work of evangelical Christian churches, societies and charities; and
- to advance such purposes as may be charitable according to the law of England and Wales and are not, in the opinion of the council, inconsistent with the attainment of the above objects, including by means of making donations to further such charitable purposes.



Our Vision

*For the world to encounter Jesus through
the generosity of His church*



Our Mission

Transforming generosity

We see ourselves as being a leader and a catalyst of a cause to see a "Revival in Christian generosity" by:

- | | | |
|---|---|--|
| <ul style="list-style-type: none"> • making giving easy <ul style="list-style-type: none"> ▪ By providing highly valued online support to over 33,500 individuals giving to our database of over 13,500 active churches, mission workers and charitable causes sums totalling £90m each year; and ▪ By providing empowering services tailored to donors with complex or international needs. | <ul style="list-style-type: none"> • strengthening Christian causes <ul style="list-style-type: none"> ▪ By providing payroll, lending and accounting services; ▪ By offering practical, tailored support, advice and training to help churches, mission workers and Christian charities to deliver their mission; and ▪ By providing services to strengthen the impact, fundraising and stewardship of churches, mission workers and causes. | <ul style="list-style-type: none"> • inspiring greater generosity <ul style="list-style-type: none"> ▪ By nurturing, inspiring and guiding Christians to give confidently and generously; ▪ By providing a wealth of resources, courses and campaigns for individuals and churches alike, including the award winning 40acts. |
|---|---|--|

We are led and inspired by the Bible in our work: in 2 Corinthians chapters 8 and 9 Paul engages in raising and delivering a large gift from the Gentiles in Greece to the Christians in Jerusalem. In many ways these two chapters set out a Christian framework for generosity and fundraising. Paul enlists Titus and a trusted, but un-named, brother to administer the gift:

*“For we are taking pains to do what is right,
not only in the eyes of the Lord but also
in the eyes of man.”*

2 Corinthians 8:21

At Stewardship we hope we continue to uphold this approach to serving the generosity of others within the spiritual frame which we often refer to as the “economy of our Lord’s grace”:

*“Each of you should give what you have decided
in your heart to give, not reluctantly or under
compulsion, for God loves a cheerful giver.
And God is able to bless you abundantly,
so that in all things at all times, having all that
you need, you will abound in every good work.”*

2 Corinthians 9:7-8

In this biblical context Stewardship seeks to encourage, catalyse, support and administer gifts in a way pleasing to God and man. Further, we seek to strengthen the stewardship of churches, workers and causes to optimise the Kingdom impact of this generosity.



Our Year in Review

➤ CEO Statement

Our work at Stewardship gives us a unique perspective on the amazing heart of generous Christians and the astounding work that Christian missions and ministries are doing and planning to grow God's Kingdom and share his Word.

This year has marked a turning point as we have made targeted steps to transform the scale at which we can help generous Christians and Christian leaders and in so doing release even greater generosity towards Kingdom impact. These steps include:

1 Biblical inspiration: We believe that good gospel teaching on generosity and access to peer interaction are the key elements to inspiring practical expressions of generosity and have pursued well selected partnerships with world class programmes to access this inspiration. Building on our *Generous Journey* collaboration for philanthropists, we formed a partnership with *Generosity Path* and supported the *Gospel Patrons*. Watch out next year for further collaborations with

other initiatives such as the *Generosity Project* for small church groups.

2 International capabilities:

Our givers and recipients have increasingly international needs that they ask us to serve. We have launched *Stewardship America* to aid giving from individuals exposed to both the UK and US tax systems. We have also formed an important partnership with TrustBridge Global Foundation to allow us to service international giving more effectively through a network of organisations like Stewardship in the USA, Canada, South Africa, Switzerland and a growing list of other countries. We will go on to develop and mature these services over the next year.

3 Gifts of property and shares:

We have developed our services for those for whom the gift of shares, property or other assets is important. This year over 40% of our gifts in will have been in assets rather than cash and we see this being an increasingly important service offering.

4 Investment options:

Many generous Christians open a Stewardship Donor Advised Fund (DAF) with legacies, sales of assets, bonuses or simply their planned tithes and giving. They then donate that fund over an extended time as the Lord leads. Historically, we have offered 'interest' on any material cash held by us and two pooled fund options to clients holding DAFs. We have started to widen these investment options to include investment funds nominated by the fund holder, mirroring of private banking arrangements and a developing trend of impact investing (including our range of mission housing options). This trend will continue to allow Kingdom impact to be amplified through enhanced fund growth and access to Kingdom impact investing prior to donations being made.

5 Recipient research:

Our givers increasingly want to know more about potential recipients of their generosity, so we have partnered with Eido Research to design a package

of information and services to help donors find out more useful information on churches, workers or causes that they may want to come into relationship with. Our aim is to aid the discernment of generous Christians. We hope this will also help strong recipients connect better with donors seeking their ministry and positively influence all causes to strengthen their kingdom impact and stewardship of resources. Watch out in 2020 for a staged piloting and launch of these services.

6 Trust, legacy and estate

planning: We are increasingly interacting with those advising clients on their long term financial affairs. We are connecting with Christian advisors in this space and seeking to develop a stronger capability in encouraging biblically inspired financial planning. We will be visiting the US to further explore global best practice in Gospel inspired financial planning that can be adapted to be appropriate to our fiscal environment. Watch out for enhanced material and services in this area as we seek to support those looking at taking a biblically inspired view of their family's wealth.

7 Philanthropy services: Some clients are at the stage of considering if they should set up their own charity or foundation with all that entails. Some may have a family foundation already and be finding this is just too onerous. Our Philanthropy Services offering creates the equivalent of a family foundation within Stewardship without all of the strains of running

an independent charity, at much lower cost and with much greater opportunity for discretion. We have a small number of families doing this today and we are rapidly developing our highly tailored services to such families.

Much of the development of these themes is being piloted with modest numbers of givers but we are using this learning to develop all of our products, systems and services so that all of our customers can access the best possible range of services. In addition to these developments we have been strengthening our core offering to generous Christians:

- 1 We changed our price structures this year for the first time in over a decade. This has given us income that better reflects the work involved in each type of service and prices that compare very well with any external alternatives. The vast majority of our donors and recipients will have seen no change, many will have seen reductions and only a very few, in the more resource intensive areas, will have seen increases. We invested heavily in client communications to make this change and received only a handful of letters expressing concerns and all of these were addressed.

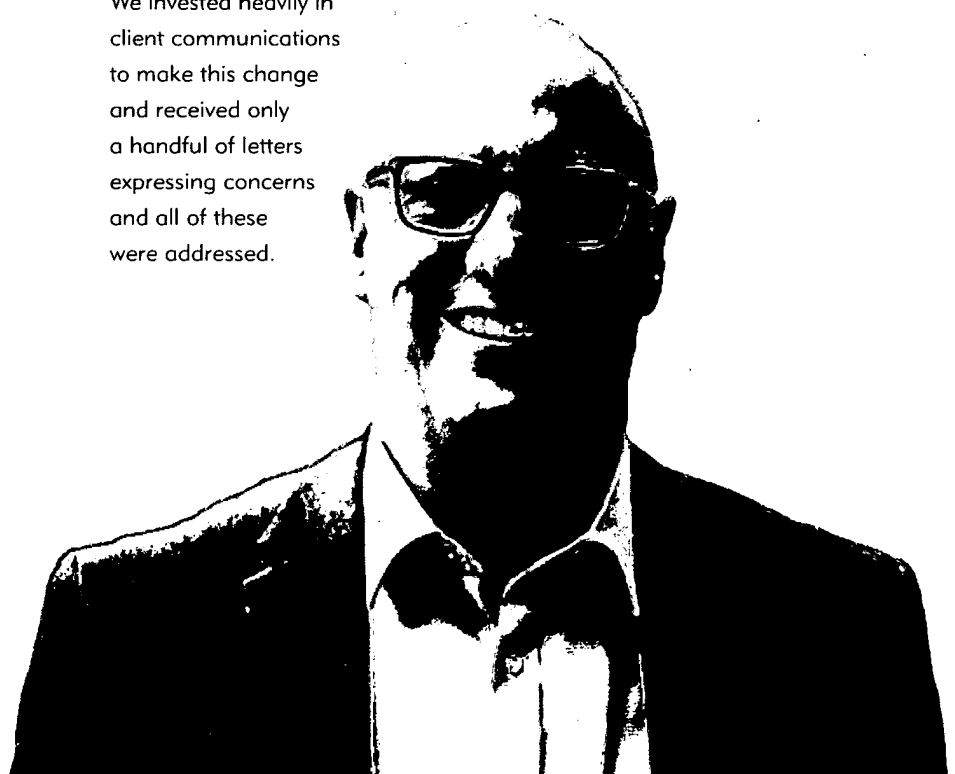
- 2 We have continued to develop our new look giving account. Givers and our individual Christian worker recipients now can move across to an entirely redesigned Stewardship account platform. All givers will have full access to their accounts in this way by summer 2020.

We are working on a full refresh of our website and giving platform for summer 2020. This will make Stewardship simpler to understand, easier to engage with and will bring many of these new services to all of our givers and recipients.

All at Stewardship thank you for your support.

Stewart McCulloch

CEO



➤ Introduction

In last year's annual report we explained that our trustees and leadership team had given considerable thought, prayer and discussion to establishing a long-term strategy for Stewardship. Together we have laid out our key strategic objectives and the initiatives we are undertaking to achieve them. Throughout this year we have formalised this thinking into a detailed strategic plan and financial model looking forward to 2025. In this we have aligned ourselves around seven initiatives, which form our strategic plan:



Our Mission

Transforming generosity

We make giving easy

We strengthen Christian causes

We inspire greater generosity



Our Strategic Objectives

Growth Initiatives

Catalysing Kingdom Philanthropy

Raising Radically Generous Digital Disciples

Transforming support for Treasurers

Abundantly Resourcing Mission

Enabling Initiatives

Fit for the future

Gearing for Growth

Starting a new story

The activities we have carried out, our achievements and performance and what we hope to do in the future are all set out against these seven priorities in the following sections.

➤ Catalysing Kingdom Philanthropy

2018/19 reflections and 2025 aims

Christian philanthropy and gospel patronage are biblically inspired roles for those blessed with greater levels of resources. This blessing frequently comes with increased complexity, lack of available time to deal with that complexity and often international dimensions. In today's world we therefore see an emerging role for Stewardship in developing services for Philanthropists and Patrons to deal with the complex burdens of the various jurisdictions, rules and regulations they face and thereby to ensure their gifts are pleasing both to God and to man. Our aim is to deliver a service that is less costly, less onerous and more discreet than the alternative of establishing and running a family foundation.

We understand that philanthropy is more than just a charitable donation. It's not just a desire to bring about change in the local or global community. Much more it is a heartfelt response to God's generosity expressed as a desire to give back by acts that contribute to the spreading of His Word and the building of His Kingdom. In all cases our support is therefore not just technical; it is always prayerful.

Our aim in the period to 2025 is that between 20% and 30% of our growth in gifts and donations each year comes from this focus.

Activities and achievements

This year a small number of families became our founding Philanthropy Services clients. These families, along with our Donor Advised Fund account holders, donated £91.5m (2018: £50.3m) into Stewardship, including £50.8m (2018: £nil) facilitated by Stewardship America. Having launched this service this year amongst a small number of existing and new clients, we are now looking to grow these services progressively over the years. We now have a dedicated team of six serving these clients and this specialist team will also grow as these clients require a great deal of bespoke services.

A huge amount of work went into the launch of this service including building a team, establishing Stewardship America, partnering with TrustBridge Global Foundation and preparing material for customers. As a result our new specialist philanthropy team are now available to assist with complex giving arrangements and can offer the personalised service and guidance needed to make sure that complex giving is as effective and enjoyable as possible.

As part of the launch of our Philanthropy Services we now have two new accounts available:



Philanthropy Fund

The Philanthropy Fund is a giving account for givers who are looking to hold a long term fund of at least £500,000. It is a new personalised service where we walk with clients in their generosity journey. We find bespoke solutions to realise each individual giver's philanthropic goals and giving aspirations. We handle clients' giving tax-effectively and can accommodate a range of complex non-cash gifts, including property and shares.

We will match clients with an Account Manager who can meet them on a regular basis to understand their needs. They will offer clear, considered, and personal guidance, and help to create a strategic plan to achieve philanthropic goals. For example, givers can ask us, at any time, to identify potential new recipients for them from our database and wide reaching networks. All grants made from Philanthropy Funds are verified against Stewardship's eligibility criteria and our support allows donations to be made in the fund's name or anonymously.

Other features include: legacy planning through expressions of wishes, handling regulatory and legal obligations, reporting requirements and tax reporting including liaising with tax advisers.

Philanthropy Fund balances benefit from the growth of funds through investment choices. Stewardship accepts advice to use two standard pooled fund investment options. Increasingly clients are also nominating investments to our trustees for approval. This is facilitating investment in church lending, impact investments, other investment funds and recently participation in the investment in Kingdom Bank.



Donor Advised Fund

The Donor Advised Fund is a giving account for those looking to make gifts of £25,000 or more annually. Formerly our Gold account, this is the single place for effective giving with all the benefits of a charitable trust but without the usual complications. It is easy to set up with no need for trustees, or annual returns, and no legal costs. At the year end we had 675 clients, up 85 from the 590 at the end of last year.

Impact story: A story of our involvement in church planting

"It was the most depressing meeting we've ever had" says John Keskeys, Head of Partnerships at Stewardship. "New Life Middlesbrough needed all the services we provide but could afford none of them."

This was his first meeting with Ian Williamson, pastor of a church surrounded by ten Middlesbrough council estates. *"That's when we started thinking differently about how we can help church planters."*

It's estimated that less than 1% of people in the North of England regularly attend a gospel-preaching church. Since the shutdown of several major industries through the 70s and 80s, Middlesbrough's mass unemployment and social problems have made it one of the most deprived areas of the country. New Life Church's main struggles are lack of finance, resources and people – *"pretty much everything you need!"* says Ian. They have 12 regular members but unbelievers often outnumber believers at their Sunday service.



The church meets in the only public building in the area – a Methodist church building whose own congregation is no longer meeting. They are currently fundraising to be able to purchase a permanent church property. *"We reach about 90 people per week through serving in the community, but we're limited to Sundays and Wednesday evenings for gospel work. With our own building we could expand that, as well as have a base for our training hub."*

After connecting with Ian, Stewardship have begun trialling a new church planting partnership, creating a fund so that churches in a similar situation to Ian's can access the support that we offer. As an initial plan, ten church plants in deprived areas will receive all of Stewardship's services for free for their first three years.

"It's not common enough at the moment to plant churches in areas of poverty," says John Keskeys. *"But we hope, by giving gospel-centred church plants a helping hand, to see a new trend of churches being planted in hard places."*

Generosity is embedded in the heart of New Life Church, *"Opening our homes and sharing our possessions is essential,"* says Ian. *"Even though we're small, we tithe our income to fund mission across the world. We don't just want to be a receiving church, we want to be a giving church."*

These two account types give access to a range of important services for those with more complex needs:

- 1 Investment options:** The current options for Philanthropy Funds and Donor Advised Funds are:
 - a) **Stewardship Balanced Fund** – This ethically invested fund is currently managed by Sarasin and Partners and invests in a mix of equities, fixed income, real estate and alternative asset classes.
 - b) **Stewardship Growth Fund** – This ethically invested fund is managed by Rathbones and invests in a mix of UK and International equities.
 - c) **Nominated Investment Options** – It is also possible to nominate alternative financial investments or social investments for amounts higher than £500,000.

- 2 **Stewardship America:** Stewardship America is designed for individuals with exposure to both the US and UK tax systems. Gifts made to Stewardship America are recognised in both the UK and the USA. They qualify for UK Gift Aid, increasing the value of any gifts made by 25% and also qualify for a deduction from US taxable income at the marginal rate, where donors are amongst those who need to itemise their US giving. Funding the account can be done with gifts in GBP or USD, allowing givers to organise charitable giving in multiple currencies. In addition there are no set-up fees to establish an account with us, and none of the ongoing accounting and legal costs associated with private foundations. There is also access to our specialist philanthropy team, offering the guidance needed to make sure giving is as effective as possible.
- 3 **TrustBridge Global Foundation:** We are an affiliate of the TrustBridge Global Network, an international network of Christian Donor Advised Funds which works across the world to make global giving more efficient by reducing transaction costs and administrative burdens. Through this network, we've already been able to help our donors fund some exciting projects such as a church planting scheme in Eastern Europe. We've also been able to help our UK recipients receive grants and social investments cost-effectively from overseas donors.
- 4 **Generous Journey and Generosity Path:** We provide access to a number of opportunities for biblical teaching and peer support. Each year we support Generous Journey, an annual retreat which enables peer participants to receive teaching and case studies but more importantly to have the freedom to share about the challenges and successes they have experienced in their generosity, and in so doing to support one another. We also work with Generosity Path, an organisation that helps groups of Christians go through short retreats to discern and plan their generosity.
- 5 **Gifts of Shares and property:** It can be of advantage to give assets rather than cash to charity. Over the last year we have expanded the range of shares and property we have taken as gifts then either held or liquidated. We see this as a growing trend for larger gifts.

Next Steps...

In the coming year we intend to:

- 1 Further develop our team and outstanding service to Philanthropy clients;
- 2 Engage with further individuals, couples and families who may be interested in a purely Christian approach to Philanthropy services;
- 3 Promote Stewardship America to a wider range of clients who may benefit from its services;
- 4 Increase the range of ethical investment options available as standard;
- 5 Further increase our capability to run Philanthropy accounts as family foundations;
- 6 Improve our systems to facilitate further tailoring of services; and
- 7 Give access to "Generous Journey" and "Journey of Generosity" retreats to enable givers to discern and plan their generosity with good teaching, practical case studies and peer support.



Impact story: A flavour of God's grace at work



Nicola Johnson has been serving our major gift clients for 12 years. This year she joined the Leadership Team as Chief Philanthropy Officer to pioneer our new Philanthropy Service. She explains:

"Being able to meet with givers and recipients, and be in a position of trust and responsibility within that relationship, is one of the privileges of the work we do in the Philanthropy Services team.

Our new service has allowed us to create a unique team of problem solvers who work in partnership with individual givers and families, to find innovative and efficient giving solutions for complex, often international, transactions and in so doing, release our clients to rediscover the joy of giving.

This highly relational and confidential work is a joy for us, too, as we support each client to establish and deliver their own giving plans, ensuring the highest transactional and relational processes at all times. And the impact works both ways; those who give have grown in confidence as they are reassured by our guidance, while recipients find themselves in a better position to receive funds as we guide them through the process of receiving and managing large donations.

Some highlights from our first year include:

- › *Building my team: Rhian, Sam, Annabel, Rachel, Hannah and I are here to serve our clients as well as we possibly can;*
- › *Developing innovative solutions to facilitate the largest gifts (and outgoing grants) in Stewardship's history;*
- › *Launching Stewardship America to provide a dual qualified tax-effective giving options;*
- › *Distributing funds to a small charity to cover their running costs for the next ten years, through one large gift;*
- › *Bringing clients together to innovate and collaborate to support areas of common interest; and*
- › *Providing new opportunities for clients to use their giving to leverage other support for causes they care about, by offering seed funding or matched funding to get appeals started or closed successfully.*

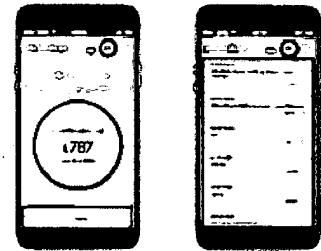
As the service grows, we have been blessed to hear more and more stories of transformation as a result of the gifts that we have been trusted to distribute, glimpsing the incredible impact they have to reach and change the lives of the least, the last and the lost, for God's Kingdom."

➤ Raising Radically Generous Digital Disciples

2018/19 reflections and 2025 aims

Over time we have been blessed by a community of active Christians: 140,000 followed our 40acts campaign this year, we distributed 35,000 Share magazines three times a year, over 33,000 generous Christians have active giving accounts that then give to over 13,500 active causes. We look forward to broadening, deepening and inspiring this community.

Our aim is to mobilise a growing community of active Christians who, through campaigns, social media, digital products and inspiring interactions will help transform the church with radical expressions of generosity; and we have made a start:



Activity	KPI	2019	2018
Giving Account	Number of standard accounts	24,181	25,136
	Number of Give.net accounts	9,684	7,838
	Amounts gifted into these accounts	£46m	£34m
Campaigns	Number of 40acts subscribers	140,000	100,000
	Share magazine distribution	35,000	35,000

We will complete the next stages of the development of our new look giving account in 2020 to the extent we will migrate all accounts to this platform during this next financial year. This will be followed by the development of significant new facilities for donors to better understand what churches, causes and mission workers are seeking their support. We are already developing a vision of this online platform for generous Christians to come into relationship with causes they can grow to love.

Activities and achievements

Whether a generous Christian is organising a church event for fundraising on our give.net platform or making regular gifts to a Christian worker with a Giving Account, a Stewardship Giving Account remains a popular choice for a growing number of Christians.

This year, across our two giving platforms, our number of active givers grew from 32,974 to 33,865, who gave a total of £46m into their accounts.

In November 2018 we introduced instant Gift Aid. This means if a donation of up to £25,000 made into a Stewardship Account was eligible for Gift Aid, we added the tax element instantly to a Giver's account, rather than waiting for an HMRC claim repayment. This means givers have the full value of the gift available for distribution immediately.

This year we also began to transform our product development design and delivery, going live with the first stages of our new look Giving Account to serve most givers. Givers are migrating to the platform over time as new features are released and as they are encouraged to do so. Along with give.net, our Giving Account is now set up to be used predominately in mobile format. The redesign and re-platforming of the Giving Account makes it easier, simpler and quicker for people to make donations across all devices.

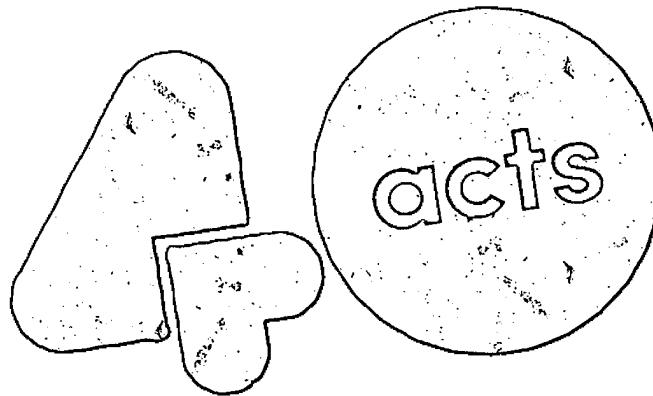
» Next Steps...

In the coming year we intend to:

- 1 Complete the new look giving account for all standard accounts;
- 2 Visibility of investments within online Donor Advised Fund and Philanthropy Fund accounts;
- 3 Migration of all clients onto the new look Giving Account;
- 4 Piloting of our new approach to provide greater understanding of recipients;
- 5 Enhanced campaigns for 40acts and Mission Christmas;
- 6 Enhanced events program including our flagship fundraising conference in May; and
- 7 New website launched in late summer to show clearer easier to use online services



Impact story: 40acts



Now in its tenth year, with over 140,000 subscribers across email, social media and syndicated through the Prayermate and the YouVersion Bible apps, 40acts is not only changing the way Christians think about Lent but unleashing a movement of generosity that is touching lives all over the globe.

40acts is not just a challenge for Lent, but for some embracing generosity has been life changing. Buying fair-trade, talking to strangers, writing thank you notes, inviting neighbours around for a meal are just a few of the habits that 40activists have adopted into their everyday lives.

40acts 2020 will start on Wednesday 26 February. Sign up at 40acts.org.uk

Impact story: New Look Giving Account



Since going live with the initial versions of our New Look Giving Account we have continued to graft in functionality and develop, test and release new features based on user feedback, like transaction view, the ability to manage regular giving and easy switching between accounts for those operating more than one account with us. Our users say...

"The whole user interface has been made much clearer, especially the login process."

"Everything! It's easy to see how much is being donated, and how much Gift Aid is added – I only tried the new site as the old one is so confusing, the new one is much better!"

"Very easy to use and to find particular charities that I wish to support"

"Overall look, and the navigability is SO much better than the old site. Well done!"

We will continue to work hard to improve the features of the new-look Stewardship account and accelerate our product development processes in the coming year, as well as focussing on migrating all users across to the new account interface so that we can start preparations to decommission our old platform

➤ Transforming support for Treasurers

2018/19 reflections and 2025 aims

Recent studies have shown that donors increasingly seek assurance that the causes they support are well stewarded. Therefore it is important that we complement our services to donors, with a deep understanding of church finance. Furthermore, Stewardship's roots are deep in church planting, revitalisation and growth and so we have the experience, services and expertise to strengthen churches and related causes.

Our aim is then to support Treasurers who are planting, revitalising and growing churches or related causes. We are transforming our services in accounting, payroll, lending, training and advice to cover the specific needs of our church planting and revitalisation path way.

Activity	KPI	2019	2018
	Number of clients	376	379
Accounts examination	Income	£412k	£371k
	Missional support provided without charge	£36k	£31k
	Number of clients	692	625
Payroll bureau	Number of individual employees	3,000	2,700
	Income	£381k	£343k
Charity formation	Number of clients	54	63
	Income	£13k	£15k
Consultancy helpline	Number of clients	460	442
	Income	£13k	£15k
Trustee training	Number of courses	6	5
	Number of attendees	205*	147
Treasurer dial in	Number of sessions	2	4
	Average number of attendees	250	200
Fundraising conference	Number of attendees	600	500
	Loans advanced to churches and charities	£4m	£4.5m
Lending to churches and charities	Total loans	£19.5m	£17.9m
	Annualised interest income	£756k	£708k

* Includes a course for 70 attendees run at and for Oak Hill College

We believe that when "stewardship" is done well it enables churches and Christian charities to be in the best position possible to use their resources for maximum impact and so to be ready to receive the generosity of the Christians who support them.

At Stewardship we have decades of deep experience in church and charity finance that can help a treasurer or trustee deal with the complexities of keeping up with financial and regulatory change.

Our teams seek to serve the church and the Christian community by helping and encouraging them to reach our "AAA" level of performance in their "stewardship":

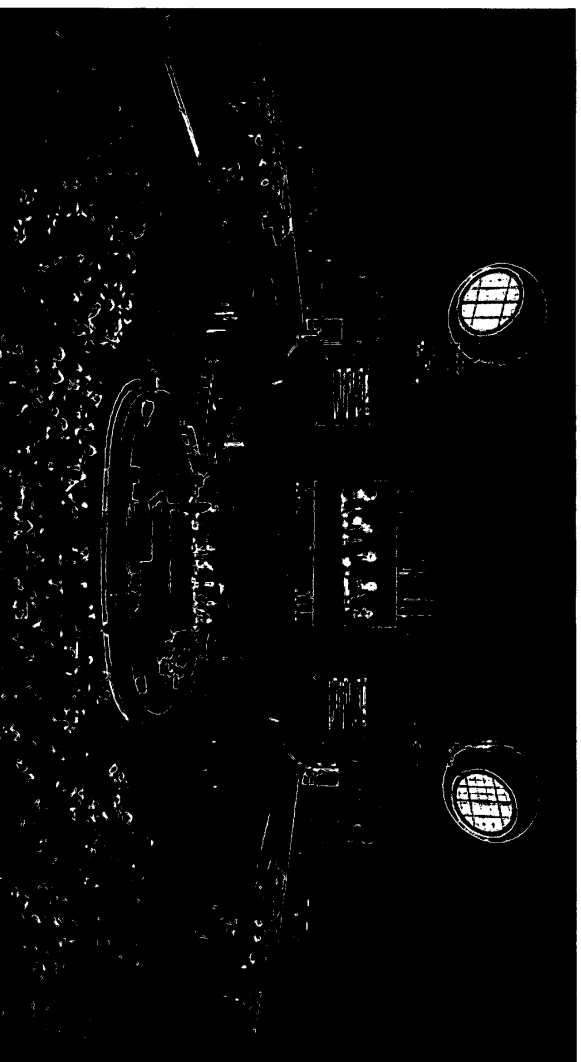
- **Attitude:** Demonstrate a Godly attitude towards handling their finances.
- **Administration:** Operate a solid and reliable system for administering finances.
- **Accountability:** Establish and encourage an environment of accountability for those handling money and throughout the church.

Activities and achievements

We carried out the following activities during the year:

- 1 **Church planting pathway:** We have actively sought to engage with leading church planting networks to align our services with their planting approach. This pathway weaves our products, services, training, content and campaigns into the church leaders' thinking and leads them into specific actions at key times during their planting or revitalisation journey. We provide complimentary one-to-one sessions for church leaders and future trustees to help them understand what it is going to take to set up their church plant, and to tailor our support for specific denominations or networks of churches.
- 2 **Church Plant Support grants:** We are also trying out a grant for churches in very challenging areas to provide everything in the pathway free of charge for three years while the church is forming and growing and we currently have three churches in hard places starting their journey with us. We hope that this model can become self-sustaining in years to come.
- 3 **Payroll:** We continue to grow our payroll administration for churches and Christian charities. In so doing we are able to free up time for treasurers and church staff, enabling them to focus on their work in the mission fields they serve. We serve and support our clients through the ever-changing face of payroll, which includes advice on employment issues, pay, pensions and benefits, so they can be freer to focus on their primary ministries. During the year we began transitioning our clients to a more user-friendly pay portal. This will provide efficiencies which will enable us to continue to support the growth in our client base. This has been a significant change, given the need to migrate our entire client base which includes making sure the more than 3,000 employees can access payslips. This migration continues into the new year.
- 4 **Accounts examination:** Our team of qualified finance professionals carries out the independent examination of the annual financial accounts for church and Christian charity clients. For clients who require our help we also complete the preparation of year end accounts in a form that satisfies legal requirements. When doing independent examinations we have the dual objective of completing the examination to the required standards but also to strengthen the clients we work with. We want to help strengthen financial health, protect reputation and provide support to our clients where it is needed. Our accounts examination service goes into far more depth than that of normal commercial providers, as we look to offer advisory points, alongside the regulatory process of an examination, and suggest solutions to issues that less experienced examiners often miss. We understand some of the unique accounting challenges that churches and Christian charities face. We also continue to offer our services at a discount to some clients, such as our church plant clients where funds, financial expertise and knowledge may be scarce at the outset.
- 5 **Charity formation service:** We are able to guide church and Christian charities through the process of registration and incorporation as well as in the legal transition to Charitable Incorporated Organisation ("CIO") from a different legal structure.
- 6 **Consultancy helpline:** This service provides clients with a rapid response to issues that they are struggling to understand or to deal with. It is paid for by an annual subscription and can provide a heavily discounted service when compared to other commercial options, as we look to strengthen Christian causes in areas that need help. Stewardship provides training to church leaders, treasurers, administrators and charity trustees through webinar dial-ins, seminars, and free online briefing papers and blogs giving advice on topics such as gift aid and VAT, through to budgeting and presenting financial information. We also give guidance and have resources such as template policies on a range of governance issues.
- 7 **Trustee training course:** We continue to offer our half day sessions which help delegates get to grips with the complexities of charity law and financial regulations in ways that are relevant to the church and Christian community. We also ran this session as part of the curriculum at Oak Hill College so that we make sure this message is delivered to key Christian culture makers of the future, who can often have the most impact in embedding good governance, financial stewardship and a culture of generosity within the church.

8. **Fundraising conference:** For the third year running we have hosted our fundraising conference where Christian leaders and fundraisers explore how to resource the church and to inspire its congregations to greater biblical generosity.



9. **Church and charity lending:** When a church or Christian charity needs to purchase a building or refurbish an existing one, there are times when they need to borrow the funds to complete the project. Stewardship lending aims to bridge the funding gap to allow organisations to fulfil their vision of furthering God's Kingdom in their local area and further afield.

Borrowing money can be a daunting time for organisations. The team works with clients to help them understand the risks and the impact of a loan in order that our clients continue to manage their finances appropriately and with integrity. The team continues to grow in number as more and more opportunities are presented. Some of these are complex and require an innovative approach to assist clients, but also help us meet our objectives to be missional and ensure that the projects we support have a positive social impact.

Our loans are generally secured against the properties concerned and are for the purchase or construction of new buildings or the development of existing premises. They can also include residential property purchases of a house for the church minister. We do not have a formal loan limit, and our loans currently range from £34k to £2.5m.

Church and charity lending is something we see as "Kingdom investments", i.e. these loan balances are held for the furtherance of our core activities and mission and are where we have particular expertise. It is different from those investments where we are a standard market participant and we rely on external investment manager.

We believe that it is valuable to our Giving Account holders to know that they are having a social and spiritual impact. We also consider ourselves to have good experience and knowledge in these areas, making the investments less risky. Our lending service to church and Christian charities has an excellent track record and we are extremely thankful to God for our clients' integrity in managing their accounts.



Next Steps...

In the coming year we intend to:

- 1 Grow our loans to churches and charities alongside our new relationship with Kingdom Bank;
- 2 Develop our church planting pathway with five church planting networks;
- 3 Give grants to ten churches in hard places for their church plant pathway;
- 4 Implement our clients' payroll system upgrade;
- 5 Select a practice management system for our treasurer services for implementation in 2021;
- 6 Upgrade our accounts examination services including clearer pricing and missional grants/ discounts;
- 7 Develop the Consultancy Helpline to enable us to provide a service to our clients that is fit for the future: refining internal systems, reviewing our fee policy, training new consultants and proactively providing clients with updates that are clear and relevant.



Impact story: The story of one our lending clients



Freedom Centre UK (charity number 1072196) began in 2000, the congregation leading a semi-nomadic life, moving from one school hall to another, with no home to call their own. The Senior Pastor, Betsy de Thierry, had a vision to build a modern, contemporary structure for the next generation, to bless them and their community. As it turned out, it was a long, hard journey; challenges and difficulties came thick and fast, not least the many restrictions placed on any new building in Bath which is a World Heritage Site.

The church worked hard to raise funds for their new building. Their vision was not for a hub, or a church hall, or an extension, but a very large, hi-spec, sound-engineered auditorium which could be used to host services, outreach, meetings, events, concerts and to reach out into the community. The total estimated cost for this was £2.3m.

The church sold a property, had gift days, and were blessed with one-off gifts and sacrificial giving from the congregation as well as several small grants. With the funds raised, they bought the piece of land they wanted, which was the only freehold plot in the whole city and already had an existing planning consent. However, there was still a significant shortfall in the amount needed to build the auditorium.

With all of the challenges involved in what ended up being a 10 year project, it wasn't until the end of 2017 that Freedom Centre UK was in a position to get in touch with the Loans team at Stewardship. A loan of almost £2m was approved by the Stewardship Trustees which removed the last barrier stopping the auditorium being built. Betsy's vision of a fit for purpose, state of the art building has been realised and people are pouring in.

They now have a facility which fulfils their vision of the growing church. It is being used round the clock and every Sunday they see the miracle of salvation. The new kids' club is flourishing with incredible facilities including their own soft play area plus a giant play castle.

As well as pastoring Freedom Centre UK, Betsy de Thierry runs Trauma Recovery Centre (charity number 1141659), which is housed in Freedom's buildings. A month after Freedom Auditorium was opened, it hosted 130 professionals who work with traumatised children and young people.

Freedom Centre UK's dream of reaching out to their city, their community and the next generation with God's love has come true. Without the release of the loan funds, the Freedom Auditorium would not be standing proudly on the Bath to Bristol road, with doors open and hands ready to serve the kingdom.

➤ Abundantly Resourcing Mission

2018/19 reflections and 2025 aims

A unique aspect of Stewardship's activity is its support for Christian workers' ministry and those in training; with over 2,500 individuals registered and active, these full time Christian workers and Bible College Students are among those making a direct impact today or training to make that impact in the future. These workers serve both at home and abroad and over 200 are in "politically" high risk countries.

The generosity of Stewardship Giving Account holders means we are able to provide grants to Christian workers for their ministry and thereby to help churches and Christian organisations to continue their activities: preaching and teaching the gospel of Jesus Christ and responding to the emotional, spiritual and practical needs of the communities they serve. The recipients of these funds are the visible agents of the generosity of Christ's church, impacting the world for his sake.

It is a sad fact that these dedicated individuals rarely raise the amounts they need and our goal is to do all we can to increase their capability to reach an adequate income. Our Christian workers have access to highly subsidised world class training and the support of a growing team at Stewardship, who will be running dedicated campaigns, improving our support/training and introducing coaching to lift these workers up to an adequate level of income.

We are also in the process of starting to work with other mission agencies and Christian organisations to ensure that the very best support is available to anyone committing to full time Christian ministry.

Activity	KPI	2019	2018
Christian workers	Number of recipients	2,716	2,734
	Total granted	£12.8m	£12.6m
Bible college students	Number of recipients	77	94
	Total granted	£337k	£405k
Finance for Ministry Training	Number of courses	3	4
	Number of attendees	30	67
Support-Raising for Ministry Training	Number of courses	3	4
	Number of attendees	93	114

Activities and achievements

This year we:

- 1 Launched our new look account for these individuals receiving funds from us:** The account has been completely redesigned to provide recipients with a much smarter way to view and manage the financial support they receive, with improved reporting tools and, for the first time, compatibility across mobile devices.
- 2 Instant Gift Aid:** This feature means that recipients are able to receive all of the grant monies without delay, rather than experience the previous lag in the claiming and, therefore, onward distribution of the Gift Aid element of grants.
- 3 Christian worker training:** We continue to run and develop our core two day training for Christian workers, which helps to prepare, inform, equip and encourage delegates in their ministry.



Impact story: The Eagle Project



Cally Magalhães runs the Eagle Project in São Paulo, Brazil, rescuing children and young people from their lives in the favelas through psychodrama workshops, individual counselling and support through the next stage of their lives. As a full-time Christian worker, all Cally's support raising comes through Stewardship. Cally explains how she came to partner with Stewardship and how it's going for her:

"I started receiving support from friends in my church when I led a school's ministry in the UK. The church administered my support when I first moved to Brazil in 1999.

As the ministry developed, I moved my finances over to two different mission organisations, one after the other. I ended up leaving both of them because of difficulties with receiving my support. It felt like they didn't understand that I lived and worked in São Paulo and needed money to pay my bills, buy food etc. as well as run the project. Often the support was there in the account but they wouldn't release it. It was a nightmare, especially when one of the administrators went on holiday for a month and left my support cheque in the drawer of his office. I went overdrawn really badly and took months to recuperate financially. The second mission organisation couldn't get themselves organised enough to get me on contract, and until I was on contract, they wouldn't release my support!

I gave up and went to Stewardship. Hallelujah! I lost a few supporters as they had just changed their standing order from the old mission to the new mission and then had to change again. However, my life as a missionary was radically transformed!

You can't imagine how wonderful it is that my support now actually arrives on time. The lovely staff at Stewardship want to get my support to me – it's not a chore. Also, Stewardship doesn't take an admin fee of 15% from my support which makes a big difference as every penny counts.

The team are very efficient. Even when the staff I usually speak to are on holiday, there's always someone available on the team I can talk to. When I've been through difficult times, Stewardship have helped me with emergency funds.

Stewardship is not just a financial organisation. It is a pastoral, caring, loving group of dedicated Kingdom-seeking people who serve God so faithfully and professionally. It's easy for my supporters, old and new, to contact them. Give.net is great.

When I moved to Stewardship, all my support went to my personal account. This meant I would often spend almost all of it on project funds and not have enough to pay my bills. Stewardship suggested setting up a separate account for my personal support which revolutionised my finances!"



Next Steps...

In the coming year we intend to:

- 1 We hope to increase the number of individuals we can support to over 3,000;
- 2 We have run our first major fundraising campaign "Mission Christmas" during December 2019 in support of our Christian workers;
- 3 We are growing our team supporting Christian workers to be equipped to serve them and grow our client base; and
- 4 We are trialling working with mission agencies and Christian organisations to help them help the individuals in their network.

➤ Enabling Initiatives

2018/19 reflections and 2025 aims

We are investing heavily in our people and technology to bring about the changes outlined in this report.

Our people are all Christian and their roles allow them to be passionately dedicated to serving generous Christians and the churches and causes they support. We do this to the absolute best of our abilities, while also delivering the changes, impacts and outcomes that are transforming Stewardship. The wellbeing and spiritual growth of our team is therefore of vital importance to us and so we actively reinforce our deep Christian faith while looking after our physical and mental wellbeing.

As we grow, our use of technology is critical to our ability to deliver services to clients efficiently and economically, whether handling high volumes of incoming calls or emails, processing many thousands of payments quickly and securely each month, or providing the infrastructure needed to support our teams working in the office and remotely.

KPI	2019	2018
Staff Numbers (FTE)	57	51
Technology and systems spending	£829k	£850k
Technology and systems capital investment	£63k	£19k

Activities and achievements

In building our organisation to serve the Lord and our clients we have continued to evolve this year:

- 1 **A strategic plan:** During the year we have been able to formalise our strategic plan for 2025 and it has been approved by the trustees. As well as developing the business and financial models we have reworked our budgeting and forecasting process so that we can have the best financial information, accountability and empowerment possible to support us in the decision making and control processes as we carry out our plan.
- 2 **Fit for the future:** is an initiative to have the people, culture and physical environment to deliver the six year growth plan, while being the place Christians want to come and work. This year we have:
 - a) signed a lease on an additional office nearby so that there is space to accommodate our rapidly increasing team;
 - b) continued to create new roles and hire talented people across the organisation to support our growth and deliver our plans;

- c) switched our annual employee engagement surveys to the Gallup Q12 process in order to better track changes over time, and provide more meaningful insights to team leaders to drive improvement;
- d) launched a programme of educating our staff on making healthy food and lifestyle choices, partnering with a charity called Intentional Health to create a healthier organisation; and
- e) held our first ever staff retreat day to give everyone the opportunity to step away and reflect on a wide range of things from their faith to their work. It also gave us a time of fellowship and community away from the normal pressures of our roles.

3 Gearing for Growth: During the year we implemented a new pipeline system which allows us to better manage our discussions with clients making changes or new clients across our range of our services. This will greatly assist our follow through on client needs outside of the day to day servicing.

4 Starting a new story: We began work on a relaunch of our website and customer communication which is scheduled for late summer 2020. We have commissioned a creative agency to undertake a diagnosis of our current state and to define our future messaging approach.

» Next Steps...

In the coming year we intend to:

- 1** Move into our new office space;
- 2** Upgrade our technology infrastructure and enhance our support team;
- 3** Run the second year of our Q12 staff engagement survey;
- 4** Implement a new online HR platform to enhance our people and culture tools;
- 5** Train all frontline staff to follow through on new and changing client situations;
- 6** Relaunch our website and client communications to make our services easier to understand and navigate; and
- 7** Deepen our use of information and key performance measures to increase empowerment and accountability.

➤ Kingdom Bank

This year, a group of Christian philanthropists together with Stewardship, agreed to purchase Kingdom Bank from its current owner, Assemblies of God Property Trust. The investor group will use charitable trusts, personal holdings and Stewardship donor advised funds to hold shares in an intermediate company to effect the purchase, which received approval from the financial regulator (the Prudential Regulation Authority) in March 2020.

The group of investors acquiring Kingdom Bank hopes that this change of ownership will facilitate even greater church growth by giving Christians, churches and charities greater access to a wider range of financial services and products across the two organisations.

Kingdom Bank is an explicitly Christian bank seeking to offer ethical banking governed by the Christian faith. It works across denominations, financing over £40m of projects that support growing churches to achieve their missions.

The investor group is committed to grow and expand the bank using the existing staff and management teams. This partnership will give us additional firepower to invest in the Bank and strengthen its capabilities, while retaining and enhancing its distinctive Christian character.

The group of investors will start by developing the Bank's digital capabilities to enable greater accessibility for account opening and management. They will also inject additional capital to allow it to increase lending. Its regulated status allows it to offer mortgages to individuals as well as charities.

We also see many opportunities for Kingdom Bank and Stewardship to work closely together, for example in the provision of loans to the numerous church plants and revitalisations occurring in the U.K. which is something we are both very keen to support. The Christian community, by placing its savings and deposits with Kingdom Bank, therefore enables it to support churches, charities and Christian workers with their property needs.

Kingdom Bank will be managed and operated by the Bank's board and management, who will continue in place.



Our Finances in Review

➤ This year's numbers

This year we report for the first time on the combined results of the Stewardship family of entities, which means that the outcome for the year includes Stewardship America for the first time.

Income for the year totalled £146m, substantially higher than the £83m received in the preceding financial year. This is predominately because of a hugely encouraging initial take up of the new services provided by our Philanthropy Services team and our new Stewardship America dual qualified UK and US charity. Like-for-like income is £82m, so a similar level to prior years. We are investing in a relaunch of our online platforms and marketing in summer 2020 to position us to inspire renewed growth in our like-for-like giving.

We acknowledge this has been an exceptional year of growth for us and are thankful to God for the generosity of the clients we serve.

However, we are mindful that although our new services are proving to be of great interest to philanthropists and a flow of new customers and gifts is underway, the very significant gifts this year may not be repeated into 2019/20. We are therefore expecting to make continued progress with both our new services to philanthropists and givers of all sizes to maintain giving above £100m going forward.

With increases in the giving of shares, giving in currencies other than sterling and the holding of a wider range of investments nominated by clients, we will see more volatility in net gains and losses on investments reported in the statement of financial activities. Gifts of shares are recognised at the market price and exchange rates on the day of the gift with any gains or losses on sale being accounted for in net gains/losses on investments. We involve our donors in significant sales of gifted shares and any subsequent gain or loss when the gift is sold is reflected in the amount available for giving in that specific donor's giving account. Therefore these types of gains and losses are a part of specific restricted funds and so do not affect Stewardships general reserves, the amounts in the accounts of other donors or our financial well-being.

This year we saw some exceptionally large gifts in quoted shares during a time of meaningful stock market adjustments and a volatile pound; as a result we have recognised losses on sale and conversion to sterling of £6.6m on a small number of very large gifts made in these specific circumstances. Other investment gains of £2.4m on restricted funds gave a net investment loss of £4.2m. Sadly these investment losses have impacted the amount available to grant on to Kingdom causes, but they have not affected our other donors or our own financial strength.

The excellent initial performance of Philanthropy Services and Stewardship America resulted in grants made increasing from £70m last year to £88m this year. Adjusting for these would give a like-for-like figure of £72m – a 3% increase. The combined balance sheet shows an increase in net assets of £49m primarily in restricted funds. Again we give thanks to God for such a significant increase in funds held for future distribution to charities at the request of our Giving Account holders (2019 £163m; 2018 £114m). Please note that a number of large gifts came late in the financial year and then supported a number of larger grants in the first quarter following the financial year; this has brought our restricted funds more in line with our usual ratios.

Our Treasurer Services offering continues to expand, and revenue generated rose by 10% to £1.1m. During the year we closed our payroll giving service to allow greater focus on our core services.

In summary, our core services are growing well on a like-for-like basis. Plans for a relaunch in the summer of 2020 are in place to seek to accelerate this core growth in the medium term. New services to higher net worth clients are proving popular and are fuelling short term growth. However, the nature of these significant acts of generosity is that they come as our Lord calls them and so are less easy to forecast. That said we are sufficiently confident of further support to such clients to forecast income above £100m going forwards.

	2019	2018
	£'000	£'000
Gifts in from Giving Account Holders	140,950	77,639
Legacies	697	1,254
	141,647	78,893
Grants to charitable causes		
Christian churches	22,279	22,556
Christian organisations	48,141	30,589
Christian workers	12,828	12,571
Bible college students	337	405
Other charities	4,090	3,475
Total grants to charitable causes	87,675	69,596
Income from provision of Treasurer and other services	1,147	1,036
Fund balances		
Restricted funds	163,345	114,036
Evangelisation Mission Collaboration Project (EMCP)	-	1
Unrestricted funds	8,342	8,554
Total funds	171,687	122,591

➤ Investment Management and Performance

Investment Policy and Powers

Stewardship Giving Accounts often hold balances for a number of years. The funds are built through regular and one-off gifts then granted out over a number of years. As a result Stewardship holds significant funds awaiting donor advice on granting onwards. For smaller accounts, Stewardship trustees invest these funds thereby reducing our charges to clients.

For more significant balances in Philanthropy Fund or Donor Advised Fund accounts the trustees may, at the request of a Giving Account holder, invest these funds to provide an income stream into the Giving Accounts and to potentially assist in maintaining capital value, or alternatively to create Kingdom impact through social investment.

Investments are overseen by our Finance and Investment Committee on behalf of trustees, with advice from our retained investment advisors. In addition, during the year Stewardship appointed an Investment Director to increase our monitoring and accountability of external investment providers.

Ethical and sustainable approaches are applied as possible and appropriate, to limit our exposure to companies with operations in areas that are contrary to our Christian faith. In order to manage investment risk, generate income and provide liquidity, a number of different investment approaches are applied to the funds held by Stewardship.

- 1 Investments in cash and money market deposits are governed by our Liquidity Policy, which determines the eligibility of counterparties, making use of recognised credit agency ratings and risk assessments.
- 2 Market-related investments are governed by our asset allocation policy which aims to have less than half of our chosen investments in listed commercial market investments and ensures a well-managed portfolio within our risk appetite.
- 3 Lending provision to churches and Christian charities is considered a key part of fulfilling our charitable objectives, while at the same time this Kingdom-impact investing provides an investment return. These loans are governed by our Lending Policy which is designed to manage risk; we have never had a default.
- 4 Programme-related and social investments are reviewed by the Finance and Investment Committee. These investments seek to provide a positive Kingdom impact while at the same time generating an investment return. The Trustees and Executive are working on ways the Christian and Programme related share of Stewardship's investments can increase. We are seeing an increasing number of requests to grow this area of investment and we anticipate an encouraging few years ahead as we investigate and review options available.

Market-related Investments

Market-related investments held by Stewardship fall into three categories:

- 1 Two pooled funds (the Balanced Fund and the Growth Fund) managed by third parties under discretionary mandates which are offered to Philanthropy Fund and Donor Advised Fund clients, who can indicate how they would like balances in their Stewardship Giving Accounts to be invested in these funds;
- 2 Nominated Investment Options (NIOs) which are invested in a more bespoke way as requested by Philanthropy Fund donors and agreed by trustees as being in line with Stewardship's charitable and missional objectives. The minimum initial investment is £500,000; and
- 3 Investments in fixed income products, where the choice of investment is driven by Stewardship to both produce an income in support of mission fulfilment while maintaining or growing capital.

Pooled Investment Funds. Performance of the Pooled Balanced and Growth Funds is benchmarked against weighted indices for the asset classes in which the funds are invested and is reviewed quarterly by the Finance and Investment Committee. After the steep falls in equity markets in the fourth quarter of 2018, which particularly reflected concern about the trade position between the US and China, there was a strong bounce back in early 2019 and further gains through to the financial

year end. Government bond markets were consistently positive through the year as investors factored in prospects for monetary policy to be significantly looser than previously expected. Total investment in the two funds was £50.7m at year end (£38.4m in the Balanced Fund and £12.3m in the Growth Fund).

1 The Balanced Fund: Sarasin & Partners manages this fund which aims to achieve a balance between income and long-term capital growth while meeting the objective of producing a return in excess of CPI + 4% over the long term. Investments cover a range of asset classes including equities, fixed income and alternatives. Total return (net of fees) during the year was 8.2%, exceeding the benchmark of 6.4%. The fund benefited particularly from strong returns in fixed income and alternatives, as well as good equity market returns. Since inception (June 2014) the fund has slightly fallen behind its benchmark (51.7% vs. 54.1%) but remains comfortably ahead of its objective of CPI + 4% (33.3%).

2 The Growth Fund: Rathbones manages the Growth Fund which aims for a longer-term approach with a focus on capital growth and invests only in equities. During the year the total return on the Growth Fund was 6.2% (net of fees) ahead of the benchmark of 4.9%. Over the life of the Growth Fund (since September 2008) returns remain significantly above benchmark at 230% (net of fees) vs 169%.

Nominated Investment Options (NIO's). During the year we have seen increased requests for NIOs and now hold, or have approved ahead of imminent investment, NIOs in a variety of investment vehicles:

- Fixed income funds;
- Missional housing;
- Global equity funds; and
- Investment portfolios to be managed within private banking relationships

Stewardship Investments. Externally managed fixed income funds are held by Stewardship with the aim of generating income while maintaining capital value. In September 2019 holdings of funds were rebalanced to give a somewhat better balance of higher income, lower average duration and lower fees, while maintaining an average A rated credit quality. The rebalancing resulted in a portfolio with an estimated net income distribution of 1.8% per annum (1.3% yield to maturity). Over the 12 months of the review period, total returns (including capital gains) were 3.9%.

Money market deposits, cash holdings and Charity and Church Lending

Money market deposits and cash in total showed a significant increase from £44.6m to £86.2m during the year, which reflects in part liquidity held pending anticipated grants out, awaiting decisions by Giving Account holders regarding specific investments in market-related NIOs and also requests for specific cash holdings for Giving Account holders.

Money market deposits and cash holdings are held with a range of counterparties to spread risk as well as maximise interest return, while remaining in line with the Liquidity Policy. Of our balances, 79% is held at institutions with a long-term credit rating of A or higher. Stewardship's average interest rate return was 0.9%, fair in the current market of consistently low interest rates and matching our target rate of return.

Church and charity lending increased from £17.9m to £19.5m over the year, as Stewardship saw growth in the number of enquiries and applications made for loans. These varied from applications to purchase buildings, renovate existing properties and build new churches.

Target returns for money market deposits, cash holdings and church and charity lending are set by the Finance and Investment Committee, with performance reviewed on a quarterly basis. As shown in the table opposite, these categories of investments showed a return in line with the target during the year.

Lending interest rates are set after considering factors which include default risk, base interest rate, security provided and competitor rates. Stewardship average lending rate was 3.9%, compared to a target rate of 3.8%.

During the year there has been a holding of a social impact bond which has had a dual objective of generating an investment return in addition to contributing to Stewardship's charitable objectives. This investment matured shortly after the end of the financial year and trustees are seeking appropriate opportunities to grow the future impact investment held by Stewardship.

	Capital	Income	Capital	Income	Annual return*	Benchmark/ Target return*
	2019	2019	2018	2018	2019	2019
	£'000	£'000	£'000	£'000	%	%
Cash and money market deposits	45,169	414	34,378	284	0.9%	0.9%
Fixed Income Funds (bonds)	17,682	297	22,380	559	3.9%	2.0%
Pooled Growth Fund	1,771	42	1,718		8.2%	6.4%
Church and charity Lending	19,473	740	17,908	691	3.9%	3.8%
Social investments	140	4	140	15	3.0%	3.0%
Investment in Lamb's Passage Holding Ltd	248	-	-	-	-	-
	84,483	1,497	76,524	1,549		
Donor advised investments:						
Cash and money market deposits	41,110	105	10,188	97	0.8%	-
Pooled Balanced Fund	38,437	1,007	35,234	761	8.2%	6.4%
Pooled Growth Fund	10,538	247	8,625	148	6.2%	4.9%
Nominated fixed income investments **	1,055	88	2,952	53	6.6%	-
Nominated equity investments **	7,757	-	-	-	16.8%	-
Social investment property	95	-	95	-	0.0%	-
Other	98	-	94	-	0.0%	-
Investment in Lamb's Passage Holding Ltd	140	-	-	-	-	-
	99,230	1,447	57,188	1,059		
Total	183,713	2,944	133,712	2,608		
Net realised and unrealised investment (loss) / gain		(3,748)		1,170		

* Total performance return, i.e. both capital growth and income.

** Income for these investments is accumulated into the capital value. Trustees and executive regularly review performance and strategy of nominated investments.

➤ Reserves

Stewardship's Trustees and Leadership team monitor unrestricted funds and plan for the future to ensure we have appropriate financial resources to continue our operations. It is also vitally important to us that the funds donated in by Giving Account holders, held in restricted funds, are protected to ensure Stewardship maintains capital value and has the liquidity to meet their future requests to make grants to their chosen charities.

At the end of the reporting period there were funds of £172.0m, of this £163.3m was in restricted funds and £8.3m was in unrestricted funds.

During the year the trustees have revised Stewardship's policy on reserves to include a broader breakdown of our assets and to use a more formal approach, akin to Solvency Capital Requirements used by insurance companies, as a basis for the level of reserves to be held. The policy requires that Stewardship has financial resources sufficient for running costs for six months and a risk weighted provisions against assets held based on both historic market experience and Stewardship knowledge. This determines the level of reserves required as follows:

	£'000
To ensure we can cover our next six months of running costs	3,159
All budgeted capital expenditure for the coming year	40
To cover the risk of loss on cash and money market investments	789
To cover the risk of loss on fixed income investments	1,173
To cover the risk of loss on longer term investments	799
To cover the risk of defaults on charity and church lending	779
Minimum reserves policy	6,739

At the year end Stewardship had reserves of £8.0m (£8.3m of unrestricted funds less certain fixed assets amounting to £0.3m, which under Charity Commission guidance are not part of reserves as they are required for our on going operations) which is above the level of £6.7m recommended by our policy. The trustees have approved a long-term strategic plan which includes a three year period of investment. They acknowledge the additional reserves will therefore be partly invested in this plan and also increases our resilience in the current uncertain economic climate.

To note: our Trustees approved the purchase of our offices at Lamb's Passage, as an investment, currently valued at £3.4m located in Central London. Should the need arise, the offices could be sold and hence their value has not been excluded from reserves. However a provision is held within the reserves required, to cover the risk of a reduction in market value.

Our Risks

Stewardship is largely dependent upon receiving donations from givers. The principal identified risks and uncertainties are therefore concentrated around the conditions which facilitate giving and our own operational abilities to efficiently manage and facilitate the flow of funds through the organisation. We maintain and update a risk register which is regularly monitored by the Leadership Team, and reported to the trustees via the Audit and Risk Committee on a quarterly basis. The Members of Council, in conjunction with the Leadership Team, consider that they have established appropriate systems to anticipate risks as they arise and have instigated procedures and actions to mitigate the probability, likelihood and impact that such risks may pose to the organisation. The principal risks and uncertainties have been identified as:

Risk Title	Risk Description	Mitigation
IT and cyber security	In common with other organisations, cyber attacks present a constant threat to the integrity and availability of our systems and data.	We aim to design systems and infrastructure with security 'baked in'. We have an ongoing programme of security reviews, testing our whole IT estate with independent third party security experts. These third party security reviews include testing, prior to the go live, of any development changes to our IT online infrastructure.
Investment and counterparty risk	Worsening economic conditions may adversely impact the value of our investments and in extreme cases may pose a threat to the counterparties holding our deposits and investments.	A well diversified portfolio has been constructed to help counter this risk. Regular monitoring and review of all investments is carried out by the Finance and Investment Committee, including review of Stewardship's reserves requirements and cash flow forecasts.
Charity tax legislation changes	A change in the tax rules reducing the incentive for charitable giving. Such a change may reduce the number of donors or the total donations received, and may undermine the benefit of the services that we provide.	We work closely with the Charity Commission and HMRC on public policies. We also provide regular communications about the status of charity tax and charity law and its potential impact upon our service users.
Reputational concern around use of funds	Our reputation is paramount and therefore adverse publicity linked to our investments or grants would be damaging.	Extensive risk based due diligence procedures seek to mitigate the risk of grants being misapplied. Use of ethical screening seeks to mitigate any concerns over the investments we make.
Service Continuity	As an organisation providing a selection of different services, the failure of IT systems, loss of key staff and premises would be significant.	Continuing review of our business continuity arrangements and plans including recent assessment and updates for any potential impact of COVID-19. Use of, when appropriate, internal incident response groups in highlighting and addressing key business –critical activities and issues. Robust Recruitment and Succession Strategy.
Compliance risk	With increasing regulation and compliance requirements from the Charity Commission and UK law, a failure to keep up to date could lead to investigation and, ultimately Stewardships ability to operate.	Stewardship has created a Technical Team, whose role is to address potential compliance and regulatory risks and issues. We continue to monitor and flag compliance issues and address them as they arise through the Audit and Risk Committee.

Our Structure

➤ Overview

The Stewardship family now comprises four separate companies as detailed in note 15 to the financial statements.

The parent company, Stewardship Services (UKET) Ltd is governed by a Memorandum and Articles of Association, as last amended in September 2017. All of the directors of the company are also trustees and members of the charity. The trustees meet regularly as Council and are referred to as members of the Council. Together with the Leadership Team they provide:

- Strategic vision;
- Governance oversight; and
- Operational process and direction.

The subsidiaries have their own governing documents and boards of trustees.

➤ People

The Leadership Team

The Leadership Team works in partnership with the trustee Council to deliver our goals and mission. The current members of the Leadership Team are:



**Stewart
McCulloch**
*Chief Executive
Officer*



**Frances
Miles**
*Chief Relationship
Officer*



**Juliet
Maggs ACA**
Chief Financial Officer



**Daniel
Jones**
*Chief Generosity
Officer*



**Gary
Palmer**
*Chief Operating
Officer*



**Nicola
Johnson**
*Chief
Philanthropy
Officer*

The trustees and the leadership team are the key management personnel of the charity.

Members of Council

The following served as directors and members of the Council (trustees) for the year ended 30 September 2019, and up to the date of approval of the accounts, except where stated otherwise:

Name	Full council	Finance and Investment Committee	Audit and Risk Committee	Appointments and Remuneration Committee	Legacy Fund Grants Committee
Simon Blake FCA CF	✓ Chair from 10/3/2019 (1)	✓ Chair to 5/12/2018		✓ Chair	
Heather Grizzle	✓ Vice Chair			✓	✓ Chair
Antony Barnes BSc FCA FCT	✓	✓ Chair from 6/12/2018			
Stephanie Biden	✓		✓		
Gareth Burns	✓	✓			✓
Sandra Cobbin	✓				✓
Helen Senior CA	✓		✓ Chair		
Ritzema Steytler MBA	✓				
Michael Wright FCSI	✓	✓			
Jeremy Marshal	✓	✓			
Balram Gidoomal CBE	Resigned 9/3/2019 Chair until 9/3/2019 ✓			Resigned 9/3/2019	
Curtis Hopkins	Appointed 5/12/19				

(1) Council has agreed to extend Simon Blake's term as a trustee and Chair until March 2022. Simon has already served three terms of three years as a trustee and the decision reflects the need for continuity at a time of transition of trustees and strategic change.

Other People

David Vardy – Chair Emeritus

Joachim Adenusi - Non Trustee, Member Audit & Risk Committee

Murray McEwan - Non Trustee, Member Finance & Investment Committee

Bernadette Cunningham - Non Trustee, Member Finance & Investment Committee

➤ Committees

Appointment of New Trustees

The existing trustees, together with the Chief Executive Officer, seek to identify potential new trustees with the character, energy, shared vision, skills and experience to provide a positive contribution to Stewardship and who we consider will be able to help in our development. Potential trustees are given significant exposure to Stewardship before a decision is made on their appointment. The power to appoint new trustees rests with Council on a two-thirds majority.

Induction of New Trustees

A full induction programme is provided for new trustees covering areas that include:

- Our vision, mission and values;
- Explanations of all of Stewardship's products and services;
- Details of our Strategic Plan and our objectives for our coming year ; and
- The roles and responsibilities of trustees under charity law and governance.

Operations and Decision Making

The trustees meet regularly either as Council or in committees where, in full consultation with the Leadership Team, the main strategic and directional decisions are taken. Day-to-day operations are delegated to the Leadership Team which has, within certain limits, delegated authority. Suitable benchmarks and milestones are agreed so as to provide a basis on which to measure achievements, with the Leadership Team generally reporting progress to the trustees through the various committees.

There are four trustee committees:

1 Finance and Investment Committee

This is responsible for overseeing the general financial management and investment activity of Stewardship including:

- Investment strategy and advice, including the appointment of investment managers;
- Reviewing and challenging budgets and financial reporting ;
- Treasury and Liquidity Policy;
- Monitoring of reserves; and
- Review and approval of large value lending.

2 Audit and Risk Committee

This has the responsibility for the supervision of audit and the oversight of risk management including:

- Supervising the maintenance of appropriate internal controls;
- Advising the Council on minimising the risk profile of future strategies;
- Reviewing the reports of and the appointment, performance, independence and objectivity of the external auditors; and
- The review and proposing to Council of the Annual Report and Financial Statements.

3 Appointments and Remuneration Committee

This is responsible for:

- Proposals for the appointment of trustees;
- The appointment and remuneration of the Chief Executive Officer and members of the Leadership Team, and agreeing the basis for the general pay award to staff. Pay increases for all employees, including the Chief Executive Officer and Leadership Team, are subject to individual performance assessed in line with appraisal criteria agreed as part of the Charity's performance management system; and
- Between council meetings to act as a first point of reference for the Chair of Council and Leadership Team on urgent issues.

4 Legacy Fund Grants Committee

This is responsible for the award of grants from legacy funds which are managed by Stewardship.

Our Policies

➤ Grant making

Stewardship works in partnership with its donors and other parties to identify Christian churches, workers and charities for the purpose of providing grant support. It always operates within the prevailing regulatory, legal and taxation framework of the UK or the US as applicable. Assessment of the activities being performed by proposed recipients is undertaken by Stewardship to ensure that the recipients' work is properly understood and that this is consistent with our own objectives.

Only when we are satisfied of this alignment and after we have undertaken our due diligence will we consider making a grant. The depth of due diligence undertaken is risk based and we consider a number of risk factors, including the size of the proposed grant, geographical location, governance arrangements and operational structure.

Account holders making gifts to Stewardship may express a preference that funds are donated to specific recipient causes. Following successful due diligence and a financial needs assessment, a beneficiary is recognised as eligible by us and we will then consider the preference request of the donor. This end-to-end process helps those that give to us to identify closely with the recipient and allows the recipient to be aware of committed financial support.

➤ Modern day slavery act

Our annual operating income (those funds freely available for Stewardship to use in pursuance of our charitable objectives) is £4.4m (2018: £4.1m), well below the threshold of £36m set by the Modern Slavery Act 2015. We are therefore not legally required to have a policy on modern slavery; however the Modern Slavery Act 2015 is a positive piece of legislation aiming to safeguard workers from exploitation and we support the aims of this legislation. Stewardship has a zero-tolerance approach to modern slavery and human trafficking. As far as is possible Stewardship ensures that the organisations we provide grants to do not use the funds in ways that are contrary to this Act.

With the vast majority of our activities centred on this charitable-gift processing and Treasurer Services to charities and churches, our supply chain is low value by comparison and, as such, we have assessed it as low risk.

Council and the staff team at Stewardship are committed to continually improving our practices to help identify and combat modern slavery and human trafficking.

➤ Fundraising statement

Stewardship has not actively engaged in any public fundraising and did not employ any third party professional to engage in such fundraising activities during the year. It is anticipated that this will change during 2019/20 and we will be registering with the Fundraising Regulator.

The fundraising costs in the Statement of Financial Activities refer to investment manager fees from third party fund managers who invest on Stewardship's behalf to generate funds by way of investment return. While Stewardship does produce printed information, the aim of these documents is not to raise funds for our purposes but to promote our services in order to fulfil our aims.

Stewardship did not receive any formal complaints during the year in respect of any fundraising activities.

Stewardship is actively reviewing the requirements of the Code of Fundraising Practice with an aim of registering in the near future.

➤ Charity governance code

Stewardship recognises the importance of the Charity Governance Code's principles and values in its role of supporting the Council's journey of continuous improvement as it upholds the trust's 110-year legacy.

Our Council members are united under the statement of beliefs to which we subscribe and, as Christians, are committed to the biblical principals of good "stewardship" and governance. The Council is reviewing all aspects of the code to ensure we can demonstrate the governance expected of us and outlined in the Charity Commission endorsed code.

Statement of Council Responsibilities

The members of Council are responsible for preparing the Annual Report, incorporating 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 (United Kingdom Accounting Standards and applicable law). 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 group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and 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 judgements and accounting 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charitable company'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 charitable company's website is the responsibility of the members of Council. The Council members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Re-election of the Members of Council

Under the Articles of the charity, trustees serve for a term of three years at which point they may be appointed for a further term.

Appointment of Auditors

A resolution to reappoint BDO LLP as auditors will be proposed at Council meeting in March 2020.

Provision of Information to Auditors

As required by 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, including the Strategic Report, was approved by the Council on 6 March 2020 and signed on its behalf.

Signed on behalf of the Council by:

Simon Blake

Simon Blake FCA CF, Chair

Independent Auditor's Report to members of STEWARDSHIP SERVICES (UKET) LIMITED

Opinion

We have audited the financial statements of Stewardship Services (UKET) Limited ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 30 September 2019 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 30 September 2019 and of the Group's incoming resources and application of resources 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The other information comprises: The Chair's Statement and Strategic Report. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' report, have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Council Responsibilities, the Trustees (who are also the directors of the charitable 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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Parent Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the Parent Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Charitable Company'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 Charitable Company'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 Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Fiona Condrón (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor
Gatwick, West Sussex

Date// March 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Financial Activities

(Incorporating the Income and Expenditure Account) for the year ended 30 September 2019

	Notes	Unrestricted		Restricted		Total	
		2019	2018	2019	2018	2019	2018
		£'000	£'000	£'000	£'000	£'000	£'000
Income from:							
Donations and legacies	2	1,674	1,446	139,973	77,447	141,647	78,893
Charitable activities	3	1,147	1,036	-	-	1,147	1,036
Investments	4	1,585	1,666	1,359	942	2,944	2,608
Total income		4,406	4,148	141,332	78,389	145,738	82,537
Expenditure on:							
Raising funds		(48)	(43)	-	-	(48)	(43)
Investment Managements fees		(43)	(48)	(227)	(220)	(270)	(268)
Charitable activities							
Grants and grant making activities		(3,178)	(2,786)	(87,669)	(69,562)	(90,847)	(72,348)
Other charitable activities		(1,722)	(1,452)	(7)	(54)	(1,729)	(1,506)
Total expenditure	5-8	(4,991)	(4,329)	(87,903)	(69,836)	(92,894)	(74,165)
Net gains/(losses) on investments	14	465	(584)	(4,213)	1,754	(3,748)	1,170
Net (expenditure) / income		(120)	(765)	49,216	10,307	49,096	9,542
Transfers between funds	22	(92)	(285)	92	285	-	-
Other recognised gains / (losses)							
Gains on revaluation of fixed assets		-	943	-	-	-	943
Net movement in funds		(212)	(107)	49,308	10,592	49,096	10,485
Reconciliation of funds							
Total funds brought forward	21	8,554	8,661	114,037	103,445	122,591	112,106
Total Funds carried forward	21	8,342	8,554	163,345	114,037	171,687	122,591

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

The notes on pages 47 to 64 form part of these financial statements.

Balance Sheets as at 30 September

Company number: 90305

	Notes	Group		Charity	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
Fixed assets:					
Tangible assets	12	3,774	3,759	3,774	3,759
Investments:					
Church and Charity loans	13	18,013	16,471	18,013	16,471
Other investments	14	70,321	71,238	70,321	71,238
Total Fixed assets		92,108	91,468	92,108	91,468
Current assets:					
Stocks		-	1	-	1
Debtors	16	1,326	2,647	1,275	2,647
Church and Charity loans	17	1,460	1,437	1,460	1,437
Other investments	14	7,640	-	-	-
Money market deposits		76,751	38,360	67,748	38,360
Cash at bank and in hand		9,528	6,206	9,161	6,206
Total current assets		96,705	48,651	79,644	48,651
Liabilities:					
Creditors: amounts falling due within one year:					
Church and Charity deposits		12,609	11,852	12,609	11,852
Other creditors	18	4,517	5,676	4,517	5,676
Total liabilities		17,126	17,528	17,126	17,528
Net current assets		79,579	31,123	62,518	31,123
Total net assets		171,687	122,591	154,626	122,591
The funds of the charity:					
Restricted funds	21	163,345	114,037	146,400	114,037
Unrestricted funds	21	6,506	7,173	6,390	7,173
Revaluation reserve	21	1,836	1,381	1,836	1,381
Total funds		171,687	122,591	154,626	122,591

As permitted by s408 of the Companies Act 2006, the charity has not presented its own statement of financial activities and related notes. The charity's surplus for the year was £32,035k (2018: surplus of £10,485k).

Approved and authorised for issue by the Council and signed on their behalf on 6 March 2020.

Simon Blake

Simon Blake
Chair

The notes on pages 47 to 64 form part of these financial statements

Consolidated Cash flow Statement

	2019		2018	
	£'000	£'000	£'000	£'000
Cash flows from operating activities				
Net cash provided by operating activities		7		6,137
Cash flows from investing activities:				
Dividends and interest from investments	2,944		2,608	
Loan advances	(4,037)		(4,470)	
Loan capital repayments	2,472		2,595	
(Increase) in money market deposits (more than 3 months)	(2,016)		(48)	
Purchase of fixed assets	(63)		(20)	
Proceeds from sale of investments	56,235		10,987	
Purchase of investments	(15,845)		(14,017)	
Net cash utilised by investing activities		39,690		(2,365)
Change in cash and cash equivalents in the reporting period		39,697		3,772
Cash and cash equivalents at the beginning of the reporting period		24,057		20,285
Cash and cash equivalents at the end of the reporting period		63,754		24,057
Reconciliation of net income to net cash flows from operating activities				
Net income for the reporting period		49,096		9,542
Adjustments for:				
Gifts of shares		(50,861)		-
Depreciation charges		48		167
Losses / (gains) on investments		3,748		(1,170)
Dividends and interest from investments		(2,944)		(2,608)
Decrease in stocks		1		3
Decrease / (Increase) in debtors		1,321		(985)
(Decrease) / Increase in creditors		(402)		1,188
Net cash provided by operating activities		7		6,137
Analysis of cash and cash equivalents				
Cash at bank		9,528		6,206
Money market deposits		54,226		17,851
Total cash and cash equivalents		63,754		24,057
Money market deposits (greater than three months)		22,525		20,509
Total cash and money market deposits		86,279		44,566

Analysis of changes in cash and cash equivalents

	At start of year	Cash-flows	Foreign exchange movements	At end of year
Cash	6,206	3,322	-	9,528
Money market deposits	38,360	38,392	(1)	76,751
Total	44,566	41,714	(1)	86,279

The notes on pages 47 to 64 form part of these financial statements

Notes to the Financial Statements

1 Accounting Policies

a) Basis of accounting

The financial statements have been prepared under the historic cost convention except for investments which are included at bid market price and long lease assets held at valuation. They are also prepared in accordance with the UK Companies Act 2006, the applicable UK Accounting Standards and, in particular, the Charities Statement of Recommended Practice (Charities SORP 2015 – Second Edition).

The financial statements include the results of all the Charity's operations which are described in the Trustees' Report. All operations referred to in the Statement of Financial Activities are continuing.

Basis of consolidation

The consolidated financial statements incorporate the results of Stewardship Service (UKET) Ltd ('the Charity') and other Stewardship legal entities (note 15) using the equity method of consolidation. The consolidated entity is referred to as 'the Group'. No separate Statement of Financial Activities (SoFA) or Cash Flow Statement has been prepared for the Charity as permitted by section 408 of the Companies Act 2006 and FRS 102 respectively.

b) Key judgements and estimates

The trustees make judgements and accounting estimates, as required, that are considered reasonable and prudent. Assets and liabilities are reviewed to ensure that all are reasonably included and valued given the known factors that impact the charity. Our loan book is assessed and the trustees consider that no bad debt provision is required given the excellent track record of our clients and the current status of the loan accounts.

c) Income

Donations and gifts are recognised in the statement of financial activities usually in the period they are received or, if appropriate, when any requested conditions have been met. Where a donation or gift is made with a valid Gift Aid declaration, the Gift Aid is recognised in the period in which the original donation or gift was made. Legacies are accounted for as income once the entitlement to the legacy becomes probable and quantifiable.

Non-cash gifts are recognised at the fair value of the financial asset at the time of donation.

All other income is recognised on an accruals basis and included in the Statement of Financial Activities when the Group is entitled to the income. This includes all earned investment income and fee income on services provided by the Group.

d) Expenditure

i. Grants to charitable causes principally represent the payments made following the expression of wishes made by our givers, from their Stewardship accounts. These are recognised in the accounts on receipt of the givers' expression of wishes, provided that Stewardship has completed the appropriate due diligence and financial assessment checks on the charitable cause nominated. Where Stewardship has followed a donor's request and allocated funds to a recipient's account, Stewardship continues to have discretion to decline to make payment, if circumstances have changed between the allocation of funds and payment date. However, the trustees are of the view that in most cases this is unlikely to occur and therefore the accounts include amounts yet to be paid to the recipient as a liability.

ii. Software development costs including accrued expenditure are written off as incurred.

iii. Other expenditure in the furtherance of charitable objects is accounted for on an accruals basis. Where expenditure does not fall clearly into an expense category, costs are apportioned by headcount.

iv. Governance costs include the cost of the audit, trustees' expenses and the staff costs associated with directly supporting trustees' meetings.

v. Fund management charges on the Balanced and Growth Investment Funds are charged directly to the investment and reflected in closing asset valuations or, for sales, the asset sold.

vi. Employee Termination costs are accounted for on an accruals basis and in line with FRS 102.

e) Operating leases

Rentals payable under operating leases are charged to the SoFA evenly over the period of the lease.

f) Tangible fixed assets

i. Tangible fixed assets (except long leasehold assets) costing more than £1,500 are capitalised and are stated at historic cost less accumulated depreciation. Depreciation is provided on these tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life. Depreciation is charged as follows:

- Fixtures, fittings and equipment (including IT equipment) - 3 years
- Improvements to long leasehold assets - 15 years

ii. Long leasehold assets are stated at valuation. These are subject to a full valuation every five years with an interim review carried out in the third year of this cycle. Due to this policy, no depreciation is charged on long leasehold assets.

g) Fixed asset investments

Investments in financial instruments are included at bid market value at the balance sheet date.

Realised gains and losses on investments sold in the year and unrealised gains and losses on revaluation of investments are included in the SOFA.

Social Investments are reported at their recoverable value, and the Charity's investment in associates is reported at cost.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in its operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and subsequently adjusted to reflect the Group's share of the profit or loss and equity of the associate.

The consolidated statement of financial activities includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group.

h) Debtors

Trade and other debtors are measured on the basis of their recoverable amount.

i) Church and Charity loans

Loan balances are valued at the amount of principal due to be recovered and adjusted for impairment. Amounts expected to be received in the next 12 months are shown as a current asset, with amounts due after more than one year shown as long term assets.

j) Current asset investments

Current asset investments are investments which are held by the group pending their sale. They are measured at fair value.

k) Money market deposits

Money market deposits are held as part of the Group's investment allocation of total assets. These are generally fixed term and notice deposits of up to one year but can also include instant access savings accounts which generate additional investment income and liquidity.

l) Cash at bank and in hand

Cash at bank and in hand is held to meet the day-to-day running costs of the charity as they fall due and to provide for the liquidity needs in respect of funds held as agent.

m) Deposits held for churches and registered Christian charities

This represents the amount of deposits held for churches and registered Christian charities.

n) Creditors

Creditors are amounts owed by the Group. They are measured at the amount that the charity expects to have to pay to settle the debt or pay for services or goods received.

o) Funds held as agent

Funds received by the Group as agent are not recognised as income nor is its distribution recognised as the agent's expenditure.

However, all fees for acting as agent are recognised as the Group's income, any costs in the administration of the agency arrangement are recognised as expenditure, and balances held recognised as liabilities in the accounts - see note 19 for details.

p) Reserves

i. Unrestricted funds are available to cover the cost of running the Group. Our policy for reserve levels is explained on page 32 of our Trustees' Report.

ii. Restricted funds are comprised of gifts received into the Group's Giving Accounts. Donors at some future date will express preferences as to how these funds may be granted out to specific recipient causes. Upon approval of the preferences the grant payments will be made. Until such a time the funds are held as restricted within the Group's accounts.

q) Going concern

The trustees have reviewed the financial position, plans, reserves and risk management of the Charity and believe the Group has adequate resources to continue operations for the foreseeable future and therefore support the preparation of these financial statements on a going concern basis.

r) Prior year comparatives

Certain prior year comparatives, including the cash flow statement and notes 5,6,8 and 14 have been adjusted to provide a more detailed and consistent presentation of those items in accordance with the SORP.

2 Income from donations and legacies

	2019	2018
	£'000	£'000
Gifts	126,043	65,455
Gift aid tax	14,907	12,184
Legacies	697	1,254
	141,647	78,893

All income is generated from activities within the UK.

3 Income from charitable activities

	2019	2018
	£'000	£'000
Treasurer Services:		
Accounting and consulting	412	371
Payroll administration	381	343
Conferences, training and publications	134	104
Payroll giving administration	30	34
Charity formation services	13	15
Church and Charity lending	16	19
Giving accounts		
Fees on management of DAF and Philanthropy Funds	143	133
Other Income	18	17
	1,147	1,036

4 Investment income

	2019	2018
	£'000	£'000
Income from externally managed funds	1,685	1,536
Loan interest	740	691
Interest on money market deposits	519	381
	2,944	2,608

5 Analysis of expenditure

	Grant funding	Direct costs	Support costs	Total 2019	Total 2018
	£'000	£'000	£'000	£'000	£'000
Raising funds	-	48	-	48	43
Investment Managements fees	-	270	-	270	268
Grants and grant making activities	87,675	2,076	1,096	90,847	72,348
Charitable activities	-	926	803	1,729	1,506
	87,675	3,320	1,899	92,894	74,165

Costs are directly allocated to the service area to which they relate or apportioned by headcount.

	2019 £'000	2018 £'000
Net income for the year is stated after charging:		
Depreciation on tangible fixed assets	48	160
Auditors remuneration: audit	50	25
Auditors remuneration: other services	-	2

6 Analysis of Support Costs

	Staff costs	IT costs	Premises	Other	Total 2019	Total 2018
	£'000	£'000	£'000	£'000	£'000	£'000
Grants	691	141	94	170	1,096	1,058
Charitable activities	506	103	69	125	803	678
	1,197	244	163	295	1,899	1,736

7 Analysis of Governance Costs

	Total 2019 £'000	Total 2018 £'000
Staff costs	61	57
Audit fees	79	32
	140	89

8 Grants and grant making activities

The Group works in partnership with its donors and other parties to identify Christian churches, workers and charities for the purpose of providing grant support. Summary details of grants made during the year are shown below:

	2019 £'000	2019 Number	2018 £'000	2018 Number
Grants of over £1,000				
- to Christian organisations	33,993	3,577	17,007	3,077
- to Christian Churches	9,045	2,431	9,848	2,209
- to support Christian workers	1,943	1,040	1,992	990
- to other charities	2,369	562	1,989	449
- to support Bible College students	81	41	102	56
	47,431	7,651	30,938	6,781
Grants of under £1,000				
- to Christian organisations	14,148	327,580	13,582	306,072
- to Christian Churches	13,234	119,893	12,708	112,740
- to support Christian workers	10,885	288,910	10,579	278,624
- to other charities	1,721	44,826	1,486	39,226
- to support Bible College students	256	6,080	303	7,852
	40,244	787,289	38,658	744,514
Total Grants	87,675	794,940	69,596	751,295
Grant making activities				
Direct Costs	2,076		1,694	
Support costs	1,096		1,058	
Total Grants and grant making activities	90,847		72,348	

9 Staff costs

	2019	2018
	£'000	£'000
Wages and salaries	2,163	1,886
Social security costs	224	196
Pension contributions	295	275
Other employer benefits	30	22
	2,712	2,379

Termination payments made during the year totalled £8,260 (2018 £Nil). No amounts were outstanding at the balance sheet date.

	2019	2018
Average number of full-time equivalent employees		
Giving Services	33	31
Fund Management	4	3
Professional Services	20	17
	57	51
Average head count	64	56

Fund Management includes Church and Charity lending and treasury management.

	2019	2018
Employees' emoluments exceeding £60,000 (excluding pension contributions)		
£120,000 - £129,999	1	-
£100,000 - £109,999	-	1
£ 90,000 - £ 99,999	1	1
£ 80,000 - £ 89,999	1	-
£ 70,000 - £ 79,999	1	1
£ 60,000 - £ 69,999	1	3

	2019	2018
	£'000	£'000
Contributions to defined contribution pension schemes for these employees	55	68
Remuneration of key management personnel	507	463
Contributions to defined contribution schemes for key management personnel	55	63

Trustees' fees and expenses

No fees are paid to Trustees for their services. Expenses incurred in carrying out trustees' duties totalled £6,670 (2018 £5,018). The majority of expenses were regarding the annual trustees' away day meeting and were paid directly to suppliers. Of the figure reported, 4 trustees were reimbursed directly for travel expenses £708 (2018: 2 trustees £328).

10 Pension contributions

The trust contributes to a defined contribution pension scheme. Contributions for the year amounted to £295,888 (2018: £275,003).

Pension contributions are accounted for as they fall due. Contributions at the balance sheet date which were pending payment to our pension provider totalled £550 (2018: £1,676).

11 Related Party transactions

The trustees of Stewardship may use the services provided in the normal course of the activities of the organisation and there are no preferential terms. The trustees may also be trustees of other organisations which Stewardship supports in the normal course of its grant-making activities and professional services. They receive no personal benefit. The trustees have instituted a register of other interests and disclosure is made at trustee meetings of any conflicts of interest.

	2019	2018
	£'000	£'000
Donations received from trustees and their related parties	524	328

These donations are reported excluding gift aid.

Payments for legal and professional advice relating to the Group's activities totalling £104,500 (2018: £20,973) were made to Bates Wells & Braithwaite London LLP (Bates Wells), of which one of the trustees is a partner. Our trustee was not involved in any legal and professional advice received from Bates Wells. The balance due to Bates Wells at 30 September 2019, included within creditors, was £780 (2018: £nil).

Payments for delivery of the Raising Funds for Christian Churches and Charities Conference and subsequent fundraising workshops totalling £11,365 (2018: £12,510) were made to the Rev. David Senior, the husband of one of the trustees. This payment was a performance-based capped fee, dependent on delegates attending the conference. Payments for kitchen supplies totalling £1,570 (2018: £2,144) were made to Traidcraft Plc during the year, of which one of the trustees is a director. There were no amounts outstanding at year end for David Senior or Traidcraft Plc (2018: nil).

At 30 September 2019 the Charity had amounts due from Stewardship American Donor Fund US Inc. of £23,000 and from Stewardship American Donor Fund UK Ltd of £5,000 for re-imbursement of costs it had paid on their behalf (2018: nil).

12 Tangible fixed assets

Group and Charity

	Long leasehold premises £'000	Leasehold improvements £'000	Fixtures, fittings & equipment £'000	Computer equipment £'000	Total £'000
At cost or valuation					
As at 1 October 2018	3,461	355	52	180	4,048
Additions	-	-	-	63	63
As at 30 September 2019	3,461	355	52	243	4,111
Depreciation					
As at 1 October 2018	-	96	52	141	289
Charge for the period	-	23	-	25	48
As at 30 September 2019	-	119	52	166	337
Net book values					
As at 30 September 2019	3,461	236	-	77	3,774
As at 1 October 2018	3,461	259	-	39	3,759

The historic cost carrying value for the long leasehold premises was £2,518k and improvements £259k

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.

Revaluation of 1 Lambs Passage

Stewardship's long leasehold premises were revalued as at 30 September 2018 by MRICS registered consultants from Daniel Watney based on a visual inspection of the property and valued at an estimated market value in accordance with UK Generally Accepted Accounting Principles (GAAP) and FRS102.

13 Church and Charity loans

	Group / Charity	
	2019	2018
	£'000	£'000
As at 1 October	17,908	16,033
Advanced	4,037	4,470
Capital repayments	(2,472)	(2,595)
As at 30 September	19,473	17,908
Analysed as follows:		
Amounts falling due after more than one year	18,013	16,471
Amounts falling due within one year	1,460	1,437
	19,473	17,908

Loans to churches and charities are secured on properties.

14 Other investments

	Group		Charity	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Market value of investments as at 1 October	71,238	67,038	71,238	67,038
Additions	15,845	14,017	15,845	14,017
Gifts of shares	50,861	-	-	-
Proceeds of sales	(56,235)	(10,987)	(19,706)	(10,987)
Net investment (losses) / gains	(3,748)	1,170	2,943	1,170
Market value of investments as at 30 September	77,961	71,238	70,321	71,238
Historic cost	66,274	61,787	58,438	61,787
Consisting of:				
Fixed assets	70,321	71,238	70,321	71,238
Current assets	7,640	-	-	-
	77,961	71,238	70,321	71,238

Sarasin & Partners LLP and Rathbone Investment Managers Ltd manage the Balanced and Growth Funds on a discretionary basis. As such, additions and disposals are recorded on the basis of cash injected into or withdrawn from each fund.

Investment in associate:

Lamb's Passage Holding Limited	388	-	388	-
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The investment in Lamb's Passage Holding Limited is a Social Investment. The investment is included in the following table as (i) £140,000 in restricted funds shown as "Investment in Lamb's Passage Holding Ltd" and (ii) £248,000 in unrestricted funds shown as "investment in associate".

Investments held

Group	Unrestricted 2019 £'000	Restricted 2019 £'000	Total 2019 £'000	Unrestricted 2018 £'000	Restricted 2018 £'000	Total 2018 £'000
Pooled Balanced Fund	-	38,437	38,437	-	35,234	35,234
Pooled Growth Fund	-	10,538	10,538	-	8,625	8,625
Nominated fixed income investments	-	1,055	1,055	-	2,952	2,952
Nominated equity investments	-	7,757	7,757	-	-	-
Social investment property	-	95	95	-	95	95
Other	-	98	98	-	94	94
Investment in Lamb's Passage Holding Ltd	-	140	140	-	-	-
Donor advised Investments	-	58,120	58,120	-	47,000	47,000
Fixed Income Funds (bonds)	-	17,682	17,682	-	22,380	22,380
Social Investments	140	-	140	140	-	140
Pooled Growth Fund	1,771	-	1,771	1,718	-	1,718
Investment in associate	248	-	248	-	-	-
Other Investments	2,159	17,682	19,841	1,858	22,380	24,238
Total Investments	2,159	75,802	77,961	1,858	69,380	71,238
Of which: Social Investments comprise	388	235	623	140	95	235

Charity	Unrestricted 2019 £'000	Restricted 2019 £'000	Total 2019 £'000	Unrestricted 2018 £'000	Restricted 2018 £'000	Total 2018 £'000
Pooled Balanced Fund	-	38,437	38,437	-	35,234	35,234
Pooled Growth Fund	-	10,538	10,538	-	8,625	8,625
Nominated fixed income investments	-	1,055	1,055	-	2,952	2,952
Nominated equity investments	-	117	117	-	-	-
Social investment property	-	95	95	-	95	95
Other	-	98	98	-	94	94
Investment in Lamb's Passage Holding Ltd	-	140	140	-	-	-
Donor advised Investments	-	50,480	50,480	-	47,000	47,000
Fixed Income Funds (bonds)	-	17,682	17,682	-	22,380	22,380
Social Investments	140	-	140	140	-	140
Pooled Growth Fund	1,771	-	1,771	1,718	-	1,718
Investment in associate	248	-	248	-	-	-
Other Investments	2,159	17,682	19,841	1,858	22,380	24,238
Total Investments	2,159	68,162	70,321	1,858	69,380	71,238
Of which: Social Investments comprise	388	235	623	140	95	235

15 Other Stewardship legal entities

Stewardship American Donor Fund US Inc.

Stewardship American Donor Fund US Inc. was incorporated in Delaware, USA on 26 July 2018. Its headquarters are located at The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington (New Castle County), DE 19801, USA

Three of the trustees of Stewardship Services (UKET) Limited are the three members of the Charity. Stewardship Services (UKET) Ltd has the power to appoint and remove the members of Stewardship American Donor Fund US Inc at any time.

The results included in the financial statements are those from 26 July 2018 to 30 September 2019.

Stewardship American Donor Fund UK Ltd.

Stewardship Donor fund UK Limited (Company number: 11532453 charity registration number: 1180678) was incorporated in the UK on 22 August 2018. Its registered office is 1 Lamb's Passage, London EC1Y 8AB

Stewardship American Donor Fund US Inc. owns the entire share capital of Stewardship Donor fund UK Limited.

The results included in the financial statements are those from 22 August 2018 to 30 September 2019.

Lamb's Passage Holding Ltd.

Lamb's Passage Holding Limited (Company number: 12117633) was incorporated in the UK on 23 July 2019 to act as a holding company for the proposed purchase of Kingdom Bank Limited. Its registered office is 1 Lamb's Passage, London EC1Y 8AB

Stewardship Services (UKET) Limited (the Charity) has a beneficial interest in 35.5% of the share capital of Lamb's Passage Holding Ltd (LPH). A further 19.9% is held as donor advised investments within restricted funds and the rights attaching to those shares are delegated to the giving account holder concerned via a power of attorney. Four of the nine directors of LPH are Trustees or Key Management Personnel of the Charity.

The Charity accounts for LPH as an associate under the equity method because it has a participating interest and exercises influence over the operating and financial policy decisions of LPH.

As at the signing of the accounts the proposed purchase of Kingdom Bank Limited by LPH had been approved by the Prudential Regulation Authority – see note 27 post balance sheet event.

The results recognised in the Group accounts are those from 23 July 2019 to 30 September 2019.

The results and net assets of the Stewardship legal entities are as follows:

	Stewardship American Donor Fund US Inc.		Stewardship American Donor Fund UK Limited		Lamb's Passage Holding Limited	
	2019	2018	2019	2018	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000
Income	84	-	50,970	-	-	-
Expenditure	(41)	-	(27,199)	-	-	-
Gain/(loss) on investments	-	-	(6,755)	-	-	-
Net income/(expenditure)	43	-	17,016	-	-	-
Net assets	43	-	17,016	-	388	-

16 Debtors: due within one year

	Group		Charity	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade debtors	80	65	80	65
Gift aid tax receivable	599	911	599	911
Other debtors	44	244	39	244
Prepayments and deferred expenditure	176	84	130	84
Accrued income	427	1,343	427	1,343
	1,326	2,647	1,275	2,647

17 Church and Charity loans

	Group		Charity	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Amounts due within one year	1,460	1,437	1,460	1,437
	1,460	1,437	1,460	1,437

18 Creditors: amounts falling due within one year

	Group		Charity	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Grant payments due	2,515	2,214	2,515	2,214
Funds held as agent - see note 19	1,534	2,139	1,534	2,139
Accruals	176	1,123	148	1,123
VAT and payroll taxes	119	132	119	132
Trade creditors	173	67	173	67
Other creditors	-	1	-	1
Amounts owed to Group undertakings	-	-	28	-
	4,517	5,676	4,517	5,676

19 Funds held as agent

Group and Charity	As at 1 October 2018 £'000	Receipts £'000	Payments £'000	As at 30 September 2019 £'000
Payroll bureau services	1,203	54,308	(54,189)	1,322
Payroll giving administration	874	1,366	(2,240)	-
Learning community events	59	143	-	202
Other	3	7	-	10
	2,139	55,824	(56,429)	1,534

	As at 1 October 2017 £'000	Receipts £'000	Payments £'000	As at 30 September 2018 £'000
Payroll bureau services	1,084	47,257	(47,138)	1,203
Payroll giving administration	1,162	1,298	(1,586)	874
Learning community events	62	146	(149)	59
Other	6	6	(9)	3
	2,314	48,707	(48,882)	2,139

20 Analysis of net assets by fund

Group	Unrestricted Funds		Restricted Funds		Client/Agency funds		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fixed assets	3,774	3,759	-	-	-	-	3,774	3,759
Church and Charity loans	-	-	19,473	17,908	-	-	19,473	17,908
Investments	2,159	1,858	75,802	69,380	-	-	77,961	71,238
Money market deposit and cash balances	2,340	2,576	67,310	24,968	16,629	17,022	86,279	44,566
Other current assets	553	727	773	1,921	-	-	1,326	2,648
Current liabilities	(484)	(366)	(13)	(140)	(16,629)	(17,022)	(17,126)	(17,528)
Total net assets	8,342	8,554	163,345	114,037	-	-	171,687	122,591

Charity	Unrestricted Funds		Restricted Funds		Client/Agency funds		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fixed assets	3,774	3,759	-	-	-	-	3,774	3,759
Church and Charity loans	-	-	19,473	17,908	-	-	19,473	17,908
Investments	2,159	1,858	68,162	69,380	-	-	70,321	71,238
Money market deposit and cash balances	2,313	2,576	57,938	24,968	16,658	17,022	76,909	44,566
Other current assets	435	727	840	1,921	-	-	1,275	2,648
Current liabilities	(455)	(366)	(13)	(140)	(16,658)	(17,022)	(17,126)	(17,528)
Total net assets	8,226	8,554	146,400	114,037	-	-	154,626	122,591

21 Analysis of charitable funds

Group	Note	Unrestricted Funds			Restricted Funds			
		General	Fixed assets	Investments	Total	Giving Accounts	EMCP	Revaluation reserve
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance 1 October 2018		7,173	943	438	8,554	105,024	1	9,012
Income		4,406	-	-	4,406	141,328	4	-
Expenditure		(4,991)	-	-	(4,991)	(87,896)	(7)	-
Transfers		(92)	-	-	(92)	90	2	-
Investment (losses) / gains		10	-	455	465	(6,192)	-	1,979
Balance 30 September 2019		6,506	943	893	8,342	152,354	-	10,991

Charity

Balance 1 October 2018		7,173	943	438	8,554	105,024	1	9,012
Income		4,309	-	-	4,309	117,625	4	-
Expenditure		(5,010)	-	-	(5,010)	(87,829)	(7)	-
Transfers	22	(92)	-	-	(92)	90	2	-
Investment gains		10	-	455	465	500	-	1,978
Balance 30 September 2019		6,390	943	893	8,226	135,410	-	10,991

Gifts received into the Giving Accounts

Donors will at some future date express preferences as to how these funds may be granted out to specific recipient causes. Upon approval by Stewardship of the preferences the grant payments will be made. Until such a time the funds are held as restricted within the Group's accounts.

Analysis of charitable funds – prior year

Group and Charity		Unrestricted Funds			Restricted Funds			
		General	Fixed assets	Investments	Total	Giving Accounts	EMCP	Revaluation reserve
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance 1 October 2017		7,519	-	1,142	8,661	95,769	-	7,676
Income		4,148	-	-	4,148	78,334	55	-
Expenditure		(4,329)	-	-	(4,329)	(69,782)	(54)	-
Transfers		(285)	-	-	(285)	285	-	-
Investment (losses) / gains		120	-	(704)	(584)	418	-	1,336
Gains on revaluation of fixed assets		-	943	-	943	-	-	-
Balance 30 September 2018		7,173	943	438	8,554	105,024	1	9,012

22 Transfers between funds

Group and Charity	Unrestricted Funds		Restricted Funds	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Investment income attributable to Gold accounts	(240)	(207)	240	207
Income transfer between funds	148	(78)	(148)	78
	(92)	(285)	92	285

23 Operating lease commitments

The Group leases an office under an operating lease agreement. Operating lease payments fall due as follows:

	2019	2018
	£'000	£'000
Within one year	52	-
Between one and five years	127	-
	179	-

24 Financial commitments and contingent liabilities

At 30 September 2019 there were the following financial commitments to Churches and Christian charities:

- loan offers of £0.9m (30 September 2018 £6.7m).
- fitting out costs of the new office at Bunhill Row: £12,000 (2018 £Nil)
- grant commitments of £6.7m due from restricted funds (2018 £Nil).

JP Morgan Luxembourg S.A. holds a charge over assets held with them which allows them recourse to those assets in the event of non-payment of fees.

25 Indemnity insurances

The Group has taken out indemnity insurance cover for Trustees. Premiums due for the policies during the year totalled £8,215 (2018: £2,304).

26 Taxation

The Trustees consider that Stewardship meets the charity tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and accordingly is potentially exempt from taxation in respect of income or capital gains within categories covered by 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.

27 Post balance sheet events

In September 2019 Lamb's Passage Holding Limited, an associate of Stewardship (see note 14), paid a deposit of £100,000 to buy Kingdom Bank Limited from the Assemblies of God Property Trust and on 2 March 2020 the Prudential Regulation Authority approved a change in control of Kingdom Bank Limited. The remaining payment due to Lamb's Passage Holding Limited related to the Stewardship Services (UKET) Limited's 35.5% holding is £2,715,750.

On 12 December 2019 the Trustees resolved to place an unsecured deposit of not less than £500,000 with Kingdom Bank Limited in the event that the purchase by the group of investors of 100% of the shares in Kingdom Bank was not finalised and completed by 30 November 2020. This is subject to the Bank progressing with an IT upgrade and staff recruitment.

Legal and Administrative Details

REGISTERED OFFICE

1 Lamb's Passage, London EC1Y 8AB

OPERATING NAME

The charity operates under the name of Stewardship

AUDITORS

BDO LLP

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

INVESTMENT MANAGERS

Sarasin & Partners LLP

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

Rathbone Investment Management Limited
8 Finsbury Circus, London EC2M 7AZ

Ashburn Wealth Management Limited
Ashburn House, 84 Grange Road, Darlington DL1 5NP

J P Morgan Bank Luxembourg S.A.
3 Lochside View, Edinburgh EH12 9DH

SOLICITORS

Bates Wells LLP

10 Queen Street Place, London EC4R 1BE

Withers LLP

20 Old Bailey, London EC4M 7AN

Coffin Mew LLP

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

Anthony Collins Solicitors LLP

134 Edmund Street, Birmingham B3 2ES

PRINCIPAL BANKERS

Lloyds Bank plc

Black Horse House, Progression Centre, 42 Mark Road,
Hemel Hempstead HP2 7DW

stewardship[®]

Registered charity number 234714

Stewardship is a charitable company limited by guarantee, incorporated in the UK and registered in England and Wales.
Its company number is 90305.