

“Any temporal possession can be turned into everlasting wealth. Whatever is given to Christ is immediately touched with immortality.”

~ A. W. Tozer



Stewardship Services (UKET) Limited
Annual Report and Financial Statements: 30 September 2018

Registered charity number 234714 company limited by guarantee registered number 90305

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Introduction from the Chair of Trustees

Thank you for taking the time to read our Annual Report, for what has been another year of exceptional growth at Stewardship.

I hope that you will find this summary of our activities both encouraging and inspiring, as we reflect on the impact that our work has had across both our giving services for individuals and the professional services to churches and Christian charities.

We said farewell to Mike O'Neill, our CEO for nine years, as he returned to his native US where he will lead the North East region for our sister organisation, the National Christian Foundation. We were delighted to welcome Stewart McCulloch as our new CEO in September. This allowed a smooth transition and Stewart is now building the plans needed to deliver our strategies, ambitions and, most importantly, customer needs.

2017/18 has seen us yet again exceed the growth targets across our core services (income £82.5m, 13% growth), for which we are truly thankful and so encouraged. And, while we believe it right to celebrate growth of these headline figures, what excites us most are the stories of impact behind each one – of lives changed, churches and ministries better resourced, communities transformed, resulting in tangible encounters with Jesus through the generosity of His church.

This year has also been a year focused on building the systems and teams to accelerate our activities

up to 2025. We embraced GDPR implementation as privacy has always been of great importance to our clients. We end this financial year now ambitiously pursuing this next phase of growth and change that we believe God is calling us to, which includes:

- *Encouraging and inspiring a younger generation of UK Christians to be radically generous in their support of Christian causes; and*
- *Leading churches, ministries, charities and workers, to be more effective stewards of the many resources in their care.*

With our new CEO in place I will be stepping down in March 2019 and am delighted to say I will be succeeded as Chair by Simon Blake, who has been a trustee of Stewardship for 10 years.

Stewardship has positive and exciting times ahead and I pray that Stewart and his team see the favour of God as they move into the future.

With grateful thanks for your support,



Ram Gidoomal
Chair of Trustees

History and Public Benefit: Why Are We Here?

History

Stewardship began its life in 1906 as the United Kingdom Evangelisation Trust (UKET) with our primary function being to hold in trust resources generously given by its members for Christian-based philanthropy.

Over 110 years later, we remain a pioneer of generosity; during the last year we have received £78.9m (2017: £69.7m) in donations and legacies, and granted funds of £69.6m (2017: £62.9m). We act as a connector and influencer amongst those that we serve. In addition, we encourage churches to teach on generosity and we challenge them and individuals to join us on our generosity campaigns, spearheaded by 40acts.

Furthermore we strengthen Christian causes through our professional services, support and advisory teams who offer a range of services to churches and Christian charities.

Public Benefit

Stewardship seeks to add value to and facilitate the work of Christian churches, workers and charities in the UK and abroad by providing services designed to handle efficiently the receipt and distribution of charitable funds.

Moreover, the range of services provided by Stewardship enables churches, workers and charities to better fulfil their key activities of advancing the Christian faith, preventing or relieving poverty, advancing health and saving of lives, 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.

Objectives: What We Do

Our Vision

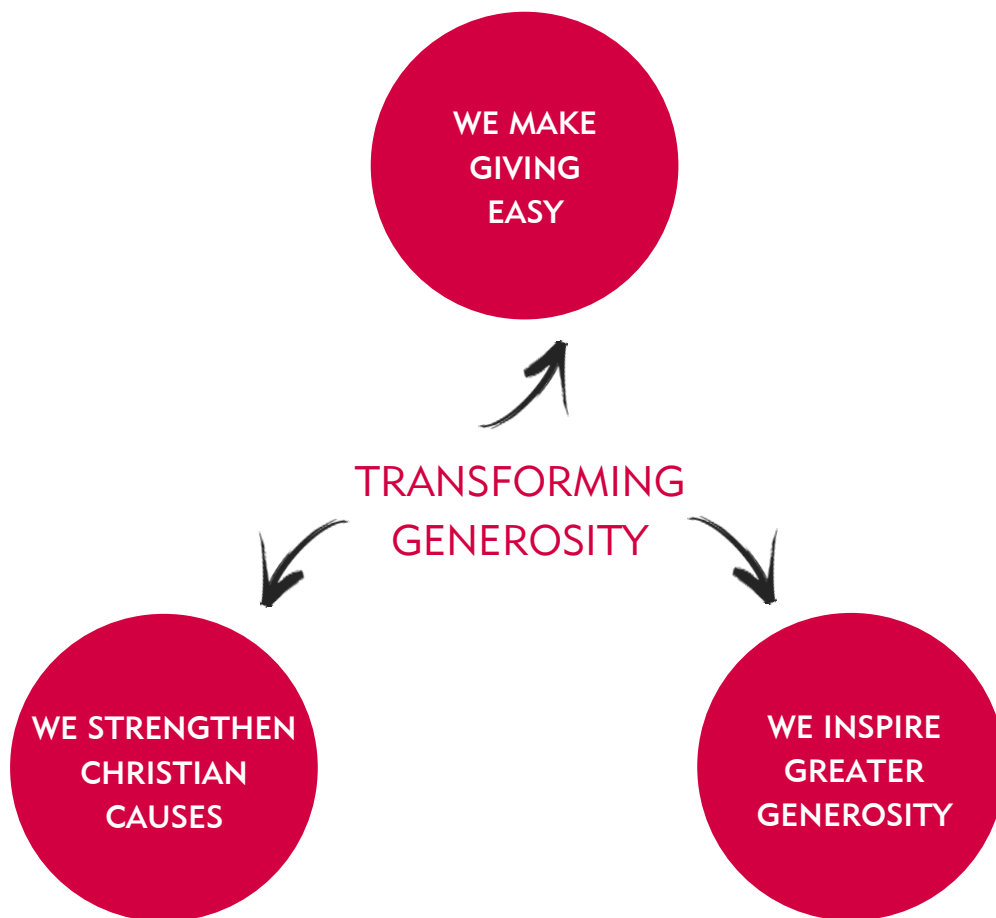
For the world to encounter Jesus through the generosity of His church.

Our Mission

Transforming generosity.

Our Values

- Generosity
- Integrity
- Relationship
- Excellence



Our Ambition

Stewardship aims to unite the evangelical Christian community in the UK around a vision for radical expressions of biblical generosity. Whether rich, poor or in between, we will support this community to give generously and receive abundantly to ensure that every believer is resourced to share the gospel in a biblically based and culturally relevant manner. Every church or ministry has access to governance support and back office services plus financial health checks to allow them to stay focussed on their mission.

Strategic Report

1. Activities and Achievements: What We Did and How Well We Did It



Making Giving Easy

Give.net, Giving Accounts, Gold Accounts and Recipient accounts

Whether a generous Christian is organising a church event for fundraising on our give.net platform, making regular gifts to a Christian worker with a Giving Account, or organising all of their family's giving through our enhanced Gold services, a Stewardship Giving Account remains a popular choice for a growing number of Christians.

Because of the generosity of these account holders we are able to provide grants to a wide range of charitable causes. These grants enable Christian workers, 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.

In the coming year we will:

1. Launch a new mobile interface for our Giving Accounts that will make it even easier to use the rich features we provide.
2. Offer instant access to Gift Aid for all gifts under £25,000.
3. Launch a new set of services for those with international and complex giving requirements, in partnership with peer organisations in the US, Switzerland and across the world.

In the coming year we hope to see a further increase in gifts in and fundraising, as we progress towards our target of £250m in grants made annually by 2025.

Giving Services

2018 saw us receive £78.9m from more than 33,500 active Stewardship Giving Accounts (2017: £69.7m from 32,900 active accounts). This includes give.net, our online fundraising platform, which has over 7,800 accounts, for both one-off and regular donations (2017: 6,200).

"It makes sense to me to be able to organise my giving online and request one-off donations when I want to."

Stewardship Giving Account holder

Following on from the improvements to give.net in 2017, which made it easier, simpler and quicker for people to make donations on give.net fundraising pages across all devices, we have been focusing on making similar improvements to our regular Giving Account. These changes have gone live in early 2018/19. It's all part of our vision to make giving easy, inspire greater generosity and strengthen Christian causes.

Grant Making

During 2018 we were able to release £69.6m of grants, 11% growth on 2017 (£62.9m), as follows:

Churches:	£22.6m
Christian organisations:	£30.6m
Christian workers:	£12.6m
Bible college students:	£ 0.4m
Other charities:	£ 3.5m

It's the recipients of these funds who are the visible agents of the generosity of Christ's church, impacting the world for his sake.

"We thank God for Stewardship, whose efficiency and promptness enables us to utilise funds that are given, when they are given. The security of our financial support leaves us free to focus on this valuable ministry."

Church worker supported through Stewardship

The introduction of instant Gift Aid in November 2018 (meaning relevant gift aid tax on gifts under £25,000, is instantly added to a Giver's account rather than waiting for an HMRC claim repayment), will mean recipients will be 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.

Giving Impact

Kids Club Kampala (charity no. 1152451) seeks to bring hope and love to vulnerable children and to transform poor communities in Uganda. They were founded as a CIO in 2013 and have been using Stewardship and give.net for fundraising ever since. The charity chose give.net because *"it is easy for people to give. We have a donate button on our website and regularly post the donate link on our emails, newsletter and social media. It's so much easier than asking people to post a cheque or make an online BACS transfer. I really like the reporting as it's easy to log in, find out who's donated and get their info to send them a thank you."*

During the year they received an anonymous donation on give.net of £3,500, the biggest anonymous donation they had ever received. *"Sometimes when you get an anonymous donation you kind of know who it is, but in this case we really didn't have a clue. It could have been a random person who didn't know us at all and just stumbled across our give.net page. And it came at the perfect time as well."*



Strengthening Christian Causes

Our accounting, payroll, training and advisory services to treasurers and trustees of churches and Christian causes

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.

We provide accounting, payroll, training and advisory services. 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.

This year we have developed three key initiatives that we are continuing to focus our efforts on:

1. Using our Accounts Examination Services, financial health check tools and training to help churches reach AAA levels of excellence.
2. Providing packages of services to those involved in Church planting and revitalisation so that they can focus on their mission knowing we are helping with their “stewardship” and fundraising.
3. Training treasurers, trustees, fundraisers, Christian workers and church planters in “stewardship” and fundraising.

Independent Accounts Examination

We not only aspire to provide our clients with what can be recognised as industry-leading accounts preparation and examination services for churches and Christian charities but we believe compliance is one thing our clients value, and we have been able to serve our clients by guiding them through the impact of the changes in regulation, including new rules for examinations and charity governance. In this way our clients can know what best practice looks like in accounts and financial control.

"We're so thankful for Stewardship Accounts Examination! They provide one of the best financial services I've experienced and have quickly gotten to know our particular needs with a highly knowledgeable and personal approach. Stewardship lets us focus on the bigger picture, whilst knowing the important financial details are right and continually better."

Stewardship independent examination client

Our team of qualified finance professionals now carries out the independent examination of the annual financial accounts for 379 church and Christian charity clients (2017: 357 – 6% increase). In particular our team helped clients work through the changes introduced by the new requirements of Charity Commission's Directions for independent examinations which came into effect for all clients with examinations completed after 1 December 2017.

Stewardship also looks to be missional and fulfil its charitable objectives in our accounts examination work and is able 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.

In the coming year we aim to continue to grow our client base and maintain our customer satisfaction levels. We will do this through a continuation of our existing service and a continued focus of working within denominational groups of Churches.

Payroll

The Payroll Bureau Service continues to grow, now looking after 625 Church and Christian Charities (2017: 576), and paying over 2,700 employees (2017: 2,460). As we continue to manage their payroll administration, 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.

During the year we piloted an additional service, uploading pension contributions on behalf of our clients and saving the treasurers more of their valuable time.

In 2019 we plan to grow in the number of clients we serve and continue supporting Churches and Christian Charities through the ever-changing face of payroll, which is slowly embracing employment issues, HR advice, pensions and benefits, so they can be freer to focus on their primary ministries.

Payroll Impact

We saved one client £8,000 by claiming back the employer's NI allowance which they were not aware of, and had not been claiming previously. We also stopped at least four Churches from receiving a £400 penalty from The Pension Regulator for not completing their declaration, by proactively assisting them through the process on the deadline day.

Mortgage Provision

Stewardship mortgages are primarily used to help churches buy, build, renovate and improve their premises and thereby to assist them to engage with their communities.

In 2018, Stewardship was able to advance £4.5m (2017: £5.5m) in mortgages, bringing our year end mortgage book to £17.9m (2017: £16.0m). Mortgages and advances were provided to 20 churches with an average advance of £220k (2017 – 14 Churches, average advance £395k). Our mortgage service has an exemplary track record and we give thanks to God for our clients' integrity in managing their finances.

“Stewardship has saved us untold amounts of hassle and time. The comprehension of what we are about, the high quality of service and the sharing of Christian values is what’s important in our eyes. Stewardship really understands how lending to a church works.”

Stewardship mortgage client

Once again our loans approved but not yet taken up suggest that our loan book will increase again during 2019, in line with our trustees’ desire to see continued growth in what is, for us, both missional and effective social-impact investing.

Technical, Training and Support

Stewardship provides training to church leaders, treasurers, administrators and charity trustees through seminars, briefing papers and a quarterly webinar dial-in which now regularly attracts nearly 200 participants, a 33% increase since 2017.

We ran our three core training sessions throughout the year with comparable attendance to last year.

Course Name	2018		2017	
	Attendees	Courses run	Attendees	Courses run
Trustee Training	147	5	125	5
Finance for Ministry Training	67	4	83	4
Support-Raising for Ministry Training	114	4	123	4
Total	328	13	331	13

Trustee training helps in the complexities of charity law and financial regulations in ways that are relevant to the church and Christian community, and 93% of delegates who provided feedback said they would recommend it to others. The Christian worker training continues to prepare, inform, equip and encourage delegates in mission, including attendees from a number of mission agencies who utilise our recipient account.

Our Consultancy Helpline provides 442 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 strength Christian causes in areas that need help.

Our Charity Formation service helped in the legal transition to Charitable Incorporated Organisation (“CIO”) or foundation of 63 charities (2017: 71).

“Using Stewardship to help with our charity formation has released me to spend more time discipling and less time wading through ‘red tape’. Their service was professional, personal and tailored to our requirements.”

Stewardship charity formation client

Church Planting

When it comes to church planting and pioneering, Stewardship aims to deal with the details so that clients can focus on the vision. The financial infrastructure that underpins new church plants can often become burdensome. That's where Stewardship can help, as we partner with church planters to package and deliver our services to each specific situation so that planters can focus on the vision and have the best possible start in all other aspects from finance to HR to legal.

And because we believe that every new church or charity should have the best expert advice and support right from the start, we have produced a Church Planting and Pioneering Guide to help church planters create an excellent technical and financial base for growing ministry.

This year we have been actively involved in 26 church plants and we are already liaising with another 96 church planters with the goal of becoming partners in the coming year.

“Stewardship are excellent; they provide us with a 100% solution. Emotionally, it’s good to work with other Christians who have the same ethos as us.”



Inspiring Greater Generosity

Our Campaigns and Resources

Our campaigns, events and resources are about inspiring a biblical view of generosity that is more than just 'giving money'. We want to lead by example and offer solutions to others so that they are motivated and equipped to begin to change the world around them through their own acts of radical generosity.

Teach, Inspire and Challenge

We seek to inspire the church to teach more effectively on generosity and we ask individuals to join with us in our own generosity campaigns.

Over 100,000 people are a part of our award-winning 40acts campaign. Take a look at 40acts.org.uk where we inspire an act of generosity on each of the 40 days of lent.

Over 40,000 people receive our "Share" magazine which is full of stories, features and advice on Christian generosity.

We also run the annual Generous Journey retreat, where a community of givers meet to support one another for the benefit of their own journeys in generosity, encouraging each other towards deeper and more meaningful generosity.

Over 500 Christian leaders and fundraisers join our annual conference to resource the church to inspire its congregations to greater biblical generosity.

Over the next year we have already planned to inspire even more generosity in the following ways:

1. Three campaigns in 2019: Lent (40acts), Harvest and Advent;
2. Expanding our fundraising conference in November at Central Hall Westminster;
3. New small group events to support groups of friends exploring generosity;
4. Relaunch of our website prior to our harvest campaign; and
5. Phased introduction of new interactive user experiences and tools associated with our online services.

40acts impact

One of our greatest testimonies this year was of a 40acts participant who felt prompted by God to become a live kidney donor. The best thing about this is that this participant's story has even encouraged others to give (not kidneys yet but in other ways), which is the goal of what we are trying to do – inspire a generosity which impacts people across the world!

2. Financial Review

Summary Financial Highlights

During the financial year we saw gifts and legacies into Stewardship Giving Accounts increase by £9.2m to £78.9m, reflecting the continued generosity of our account holders. This 13% growth in gifts in is greater than the 4% growth shown in 2017, which is important as we target £250m of grants out by 2025. Donations out to charitable causes also increased by £6.7m to £69.6m, which excites us as we think about the impact these funds will have around the world as people encounter Jesus through the generosity of his church.

We continue to see that some Stewardship Giving Account holders gift into their account, for example during their working life, and then express a preference to how the money is donated over a longer period.

During the year the number of live Giving Accounts grew by 2% to over 33,500; the main growth comes from an increase in the number of Gold and give.net accounts.

Our professional services income grew by 13% as staff served an increasing number of churches and Christian charities, providing payroll and independent accounts examination services. With the increase in regulations and charity governance, we continue to see a growing number of clients seeking Stewardship's professional advice.

Total Stewardship funds grew £10.5m, from £112.1m to £122.6m in the year. There was substantial £10.6m growth in restricted funds, reflecting growth in balances on Stewardship Giving Accounts which included an unrealised revaluation increase in investments of £1m. See page 19 for details of the financial review for investments.

	2018 £'000	Restated 2017 £'000
Gifts in from account holders	77,639	67,218
Legacies	1,254	2,454
	<u>78,893</u>	<u>69,672</u>
Grants to charitable causes		
Christian churches	22,556	19,401
Christian organisations	30,589	27,286
Christian workers	12,571	12,127
Bible college students	405	612
Other charities	3,475	3,429
Total grants to charitable causes	<u>69,596</u>	<u>62,855</u>
Income from provision of professional services	<u>1,036</u>	<u>911</u>
Fund balances		
Restricted funds	114,036	103,445
Evangelisation Mission Collaboration Project (EMCP)	1	-
Unrestricted funds	8,554	8,661
Total funds	<u>122,591</u>	<u>112,106</u>

3. Future Plans: What We Are Going To Do and How We Are Going To Do It

The trustees and Leadership Team have given considerable thought, prayer and discussion to establishing a longer-term strategy. Set out below are the stated ambition and agreed strategic objectives for 2018 to 2025.

With our new CEO on board we are developing detailed plans to achieve our goals.

What Is In Store for the Future: Where We Want To Be In 2025

- Be the market leader in providing philanthropy services to the Christian community.
- Be the catalyst for a fresh movement of radical biblical generosity throughout the UK.
- Promote excellence in “stewardship” across the church in the UK.

Strategic Objectives for 2019 – 2025

1. Philanthropy services to the Christian community

Goal: To be distributing £250m per year in grants by 2025.

Objective: Continual upgrading of our online, telephone and personal services to donors and recipients.

Objective: Specific services to be launched for donors and recipients with complex and international requirements.

Objective: New online and in-person services to inspire and support generous Christians.

2. Catalysing radical generosity

Goal: To teach, inspire and challenge individuals, churches and causes to new levels of generosity in order to grow the scale and impact of the Christian community.

Objective: To run a range of small group interactions amongst generous Christians in order to inspire radical Christian generosity in all aspects of their lives.

Objective: To run three campaigns per year and a range of conferences to reach over 100,000 Christians and over 5,000 churches each year with energising calls to generous action.

3. Promotor of biblical "stewardship"

Goal: To promote excellence in "stewardship" across the church in the UK as articulated by our AAA approach.

Objective: Be the leading supplier of specialist and expert "stewardship" services (accounting, training, advisory and payroll) to churches and charities most in need of such professional support, including Church plants, revitalisations and those going through other major changes.

Objective: Develop and promote our AAA framework for excellence in "stewardship" with partners and churches.

Achieving Our Objectives

With our new CEO in place we are now building the plans to deliver the vision, mission and ambition of the charity.

1. Long-term Strategy

We have developed detailed plans, responsibilities and financial projections to achieve our ambitions by focusing on six areas of development:

- a. Getting fit for the future;
- b. Re-imaging Stewardship for greater community engagement;
- c. Launching new services for international, complex and major gifts;
- d. Enhancing our digital services to givers;
- e. Enhancing our digital services to recipients; and
- f. Greater support to Christian workers.

2. Customer engagement

We focus all of our activities on delivering to our customers and inspiring their generosity. We work hard to understand their needs and to test new products and services to meet those needs. Our new customer interface, instant Gift Aid feature and international services are all responses to customer demand for new and improved services. We are intent on deepening our relationship with our community of givers and partnering with churches and causes to grow the kingdom.

3. Digital and Technology

We are fundamentally an online platform where clients choose to interact with us primarily over a digital interface of some sort. Technology is therefore critical to our ability to deliver an economic service to our customers.

This year we have rebuilt our main customer interface and are following through with a programme for a new platform on which products and services can be added in a secure, agile and responsive fashion. We also successfully implemented a new internal accounting package as laid out in last year's objectives.

4. Organisational

Stewart McCulloch joined as CEO in September 2018 and will complete the implementation of a revised organisation structure in our first quarter of the new financial year. Our teams will be structured and resourced to deliver great service, grow our ministry and deliver the changes required to meet our ambitions.

With the arrival of a new CEO and the resulting internal reorganisation we did not appoint the Professional Services Director as planned last year. We did complete and implement the required policies and processes in response to new GDPR legislation. We continue to monitor our compliance with this, and all relevant laws and regulations, through our stated policies and processes.

4. Organisational and Governance Structure: How We Work

Stewardship is a company limited by guarantee registered in England and Wales (number 90305) and a registered charity (number 234714). We are governed by a Memorandum and Articles of Association, as last amended in September 2017. See page 4 for details of the public benefit provided by Stewardship. 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.

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 the existing trustees 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 objectives for our coming year and our Strategic Plan; 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 which are:

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;
 - Receiving and challenging budgets and management accounts;
 - Treasury and Liquidity Policy;
 - Monitoring of reserves; and
 - Review and approval of large value mortgages.
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 Accounts.

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 the performance 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 Chairman and Leadership Team on urgent issues.

4. Legacy Fund Grants Committee

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

5. Our People: Who We Are

Members of Council

The following served as directors and members of the Council (trustees) for the entire year ended 30 September 2018, and up to the date of approval of the accounts, except where stated otherwise:

Balram Gidoomal CBE <i>(Chair)</i>	Heather Grizzle <i>(Vice Chair)</i>	Antony Barnes BSc FCA FCT	Stephanie Biden	Simon Blake FCA CF	
Appointments and Remuneration	Legacy Fund Grants, Appointments and Remuneration	Finance and Investment (Chair from 6 December 2018)	Audit and Risk	Finance and Investment (Chair to 5 December 2018), Appointments and Remuneration	
Gareth Burns	Sandra Cobbin	Helen Senior CA	Ritzema Steytler MBA	Michael Wright FCSI	Jeremy Marshal
Legacy Fund Grants	Legacy Fund Grants	Audit and Risk (Chair)		Finance and Investment	Finance and Investment

During the year David Vardy was appointed to the honouree role of Chair Emeritus.

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

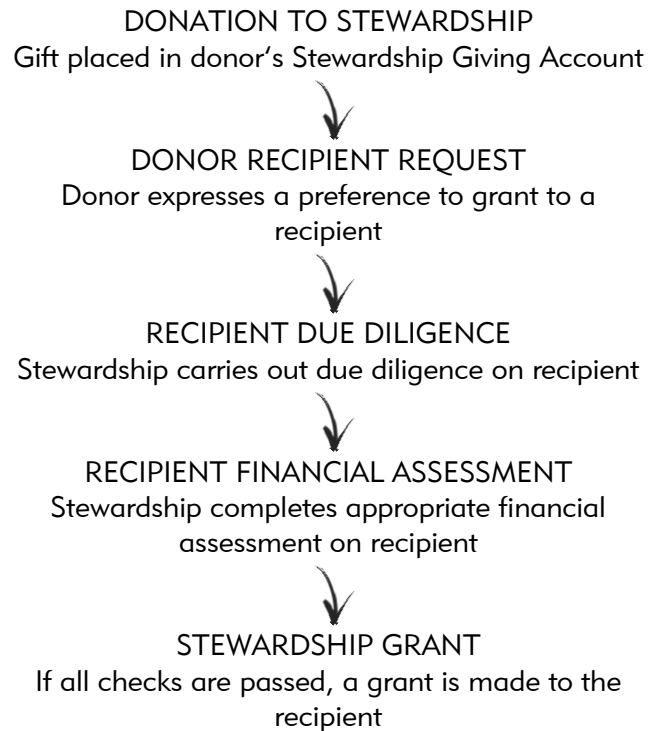
6. Policies: Our Operational Framework

Grant Making Policy

Stewardship works in partnership with its donors and other parties to identify Christian churches, workers and charities for the purpose of providing grant support. 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 geographical location and structure) before determining what is an appropriate level of support.

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.



Investment Policy and Powers

Stewardship Giving Accounts hold cash balances as some of our account holders choose to gift into their Stewardship account and then express a wish for how these funds are granted out to recipients over a number of years. For more significant balances in Gold Accounts the trustees may, at the request of a Gold Account holder, invest these funds to provide an income stream to the Gold Accounts and to assist in maintaining capital value. Investments also generate income to assist with the costs of running Stewardship. In order to minimise any investment risk, generate income and provide liquidity, a number of different investment approaches are applied to the funds held by Stewardship.

- Investments in cash and term deposits are governed by our Liquidity Policy, which determines the eligibility of counter parties making use of recognised credit agency ratings and risk assessments.
- Equity and bond investments are overseen by our Finance and Investment Committee with advice from our retained investment advisors. Ethical screens are applied to equity investments so as to limit our exposure to companies with operations in areas that are contrary to our own philosophy and beliefs.
- Mortgage provision to churches and Christian charities is considered a key part of fulfilling our charitable objectives, whilst at the same time this social-impact investing provides a reliable investment return. These mortgages and loans are governed by our Mortgage Policy which is designed to manage risk.
- Programme and social-related investments are reviewed by the Finance and Investment Committee. These investments seek to provide a positive social impact whilst at the same time generating an investment return.

Investment Performance and Fund Management

Stewardship's investment objective is to look at total return, balancing the need for income for mission fulfilment while maintaining or growing capital. We also look to manage risk by keeping a spread of investments which will have varying aims and therefore slightly differing returns. Total cash and investments have increased by £9.9m to £133.7m, including an increase in the market value of equities of £1.7m, offset by a decline in the market value of bonds of £(0.8)m. The decline in bonds principally reflects the second year of a reversal of realised gains from 2015/16. Net additions into investments were £3.3m, as we saw increased net client gifts into Giving Accounts and a growth in our mortgage book of £1.9m.

Investment returns are benchmarked and performance monitored as follows:

- Externally managed pooled equity and bond funds are benchmarked against the weighted indices for the asset classes in which funds are invested. These funds are offered to our Gold Account clients, who can indicate how they would like balances in their Stewardship accounts to be invested. Performance of both funds is reviewed quarterly by the Finance and Investment Committee.
 - **Balanced Fund**
Sarasin & Partners manages the Balanced Fund which aims to achieve a balance between income and long-term capital growth whilst meeting the objective of beating CPI +4% over the long term. Global equity holdings have made the best returns, with UK equities still proving volatile. Total income and capital return during the year of 6.9% was close to the benchmark of 7.5%. Over the longer term the fund has met its objective of CPI +4%.
 - **Growth Fund**
Rathbones manages the Growth Fund which aims for a longer-term approach with a focus on capital growth. During the year

returns on the Growth Fund were 8.2% (total income and capital return) versus benchmark of 9.2%. Continued uncertainty, particularly regarding Brexit, has made return on equity investment a challenge, with best growth coming from overseas markets. Over the life of the Growth Fund returns remain significantly above benchmark, 230% vs 169%.

- Externally managed bonds held in Stewardship's Fixed Income Fund are chosen to maintain capital and to generate income at 2.5% per annum, as set by the Finance and Investment Committee. Over the 12 months of the review period, total returns were (0.7%). As with last year, income has been ahead of target, but capital losses have reversed prior year gains creating a negative total return.

→ In September 2018 £4m and October 2018 £5.1m of the bonds have been sold, as we look to protect and maintain the value of capital investments in an uncertain economic climate. We have restructured the portfolio in order to configure a more conservative strategy including a shift to shorter-dated bonds, with an average duration of 3.9 years, and with 75% in A rated and 24% in B rated bonds. This will better place Stewardship to maintain capital but will reduce interest income to approximately 1.9%. The trustees are comfortable with this reduction in income earned in order to preserve capital value.

→ During the year one donor advised us that they would like to nominate an investment option. The trustees agreed to this nomination and an investment of £3m was made by Stewardship.

- Target returns for term deposits, mortgages and social investments 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 benchmark during the year.
 - Mortgage rates are set after considering factors which include default risk, base interest rate, security provided and competitor rates.
 - Term deposits are held with a range of counterparties to spread the risk as well as maximise return, while remaining in line with the Liquidity Policy. Of our balances 85% is held at institutions with a long-term credit rating of A or higher.
- Social investments enable us to generate an investment return whilst also fulfilling our own charitable objectives. Given the dual nature of these investments, benchmark returns are set by the Finance and Investment Committee recognising that investment return is important but is not the only consideration. These investments are reviewed periodically by the committee including default risk.

	Capital 2018 £'000	Income 2018 £'000	Capital 2017 £'000	Income 2017 £'000	Actual return* 2018 %	Benchmark return* 2018 %
Cash and money market deposits	44,566	381	40,746	432	1.0%	1.1%
Pooled investment funds (equities and bonds)						
Balanced Fund	35,234	761	33,325	901	6.9%	7.5%
Growth Fund	10,343	148	8,932	249	8.2%	9.2%
Nominated Investment Fund **	2,952	53	-	-	(1.6)%	(1.5)%
Fixed Income Fund (bonds)	22,380	559	23,600	463	(0.7)%	2.5%
Church and charity mortgages	17,908	691	16,033	629	3.9%	4.0%
Social investments	235	15	1,092	42	1.8%	1.8%
Other	94	-	89	-	-	-
Total	<u>133,712</u>	<u>2,608</u>	<u>123,817</u>	<u>2,716</u>		
Net realised and unrealised investment gain		<u>941</u>		<u>1,927</u>		

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

** Income for the Nominated Investment Fund is accumulated into the capital value of the fund

Reserves Policy

Having reviewed our Reserves Policy this year, the trustees determine that Stewardship needs to maintain reserves to cover:

- Mortgage default;
- Against the risk of default by counterparties holding cash deposits;
- Total running costs for six months; and
- All budgeted capital expenditure for the coming year.

Our mortgage service to church and Christian charities has an exemplary track record and we are extremely thankful to God for our clients' integrity in managing their accounts. However the trustees consider it is prudent to ensure reserves are in place should a mortgage default. Given the track record, as part of the reserve calculation review we have lowered the percentage reserved against our mortgage book to be between 3% and 5% (previously 5% to 6%).

The actual level of reserves is reviewed by the Finance and Investment Committee in the context of the current operating environment and the principal risks and uncertainties that we face. Given Stewardship's asset base of over £100m, cash is deposited with a spread of counterparties that either have high credit ratings or have been credit assessed. We manage the level of funds held with each counterparty. However, the trustees still

consider that a level of reserves should be maintained to manage the exposure to any one counterparty.

Based on the four criteria above, we calculate our requirement currently to be in the range of £5.4m to £6.5m.

At the year end, unrestricted free reserves at £8.6m (2017: £8.7m) were above the range of our policy. Free reserves are defined under the charity SORP as unrestricted reserves less fixed assets. The investment in a long leasehold at Lamb's Passage is included within the free reserves for Stewardship since the property was purchased with the approval of the trustees as an investment. Located in Central London, should the need arise, it could be sold. The trustees are satisfied with the level of reserves exceeding the stated policy as being both prudent in the current economic climate and appropriate as we enter a period of investment in order to achieve our long-term strategy objectives.

Restricted reserves at 30 September 2018 are £114m (2017: £103.4m) and comprise gifts received into Stewardship Giving Accounts. The donors will at some future date express a preference as to how these funds may be granted out to specific recipient causes. Upon approval of the preference, the grant payments will be made. Until such a time the funds are held as restricted within Stewardship's accounts.

7. Principal Risks and Uncertainties: the Main Risks We Face

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 trustees, 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
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 our regular communications online and in print about the status of charity tax and charity law and its potential impact upon our service users.
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.
Reputational concern around use of funds	Our reputation is paramount and therefore adverse publicity linked to our investments or grants would be damaging.	Extensive due diligence procedures seek to mitigate the risk of grants being misapplied and the use of ethical screening seeks to mitigate the exposure of investments to undesirable organisations.
Loss of key management	With a relatively small team, the loss of key staff would undoubtedly be significant.	We continue to invest in our people, seeking to grow new leaders from our existing staff, thereby providing a degree of succession planning.
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, sanctions. Key legislation includes the on going requirements of GDPR.	Stewardship has appointed people to the roles of Compliance, Assurance & Risk Manager and Legal Advisor during the year to help us stay on top of such risks. We continue to monitor and flag compliance issues and address them as they arise through the Audit and Risk Committee.
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.

Modern Day Slavery Act

From Wilberforce and the Clapham Sect in the 18th century, and the enduring work of church organisations like The Salvation Army, through to modern charities like Hope for Justice, CARE and International Justice Mission, believers in Jesus are often at the epicentre of efforts to end oppression and injustice throughout the world.

The UK Church and Christian community have pioneered to end slavery, forced and compulsory labour, and human trafficking in its various forms.

Our annual operating income (those funds freely available for Stewardship to use in pursuance of our charitable objectives) is £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 consultancy services to charities and churches, our supply chain is low value by comparison and, as such, we have assessed it as low risk.

That being said, we believe that policies and processes in place within our organisation demonstrate our commitment to take these matters seriously, to promote good practice with all whom we work, in line with Stewardship's values.

- We are committed to ensuring our staff and those of our regular contractors are paid at or above the London Living Wage for their work for Stewardship, including our contracted cleaning company and other non-voluntary temporary workers.
- We are an equal opportunities employer and have a rigorous recruitment process, which includes personal references and other background checks (including 'right to work' verification) on staff, as required.
- We provide excellent working conditions and have relevant safeguards in place for all staff, including Whistleblowing and Grievance Policies and Procedures.

The board of trustees and staff team at Stewardship are committed to continually improving our practices to help identify and combat modern slavery and human trafficking.

In addition to this we are pleased to see that within the amounts given out from our Donor Advised Funds we find a growing number of gifts made to support Anti-Slavery charities. In 2018 we gave over £162k (2017: £155k) on behalf of our Giving Account holders to fund organisations on the frontline of slavery investigations and rescues, delivering education programmes to raise awareness in schools, churches and other institutions, as well as those working to influence policy makers.

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 2018/19.

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. Whilst 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 new 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 100-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 of trustees are taking the time to review all aspects of the code to ensure we can demonstrate the governance expected of us and outlined in detail 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 charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

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

- Select suitable accounting policies and then apply them consistently;
- Make 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 charity will continue in business.

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

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

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions.

The maintenance and integrity of the charity's website is the responsibility of the trustees. The trustees' 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 the council meeting.

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 8 March 2019 and signed on its behalf.

Signed on behalf of the Council by:

Balram Gidoomal

Balram Gidoomal CBE, 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 Charitable Company") for the year ended 30 September 2018 which comprise the statement of financial activities, the balance sheet, the 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 Charitable Company's affairs as at 30 September 2018 and of its 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 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 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 Trustees' Report, other than the financial statements and our auditor's report thereon. The other information comprises: the Chairman Statement and the 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 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 Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- The 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 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 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: 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

Fiona Condron (Senior Statutory Auditor)

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

Date: 8 March 2019

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

Statement of Financial Activities

For the Year Ended 30 September 2018

		Unrestricted Funds 2018 £'000	Restricted Funds		Total Funds 2018 £'000	Restated Total Funds 2017 £'000
	<u>Notes</u>		Giving Accounts 2018 £'000	EMCP Funds 2018 £'000		
Income from:						
Donations and legacies	2	1,446	77,392	55	78,893	69,672
Charitable activities	3	1,036	-	-	1,036	911
Investments	4	1,666	942	-	2,608	2,715
Total		4,148	78,334	55	82,537	73,298
Expenditure on:						
Raising funds		(39)	-	-	(39)	(47)
Grants	5	(34)	(69,562)	-	(69,596)	(62,855)
Charitable activities	6	(4,247)	-	(54)	(4,301)	(3,328)
Total		(4,320)	(69,562)	(54)	(73,936)	(66,230)
Net (losses) / gains on investments		(593)	1,534	-	941	1,927
Net income / (expenditure)		(765)	10,306	1	9,542	8,995
Transfers between funds	17	(285)	285	-	-	-
Other recognised gains:						
Gains on revaluation of fixed assets	11	943	-	-	943	-
Net movement in funds		(107)	10,591	1	10,485	8,995
Reconciliation of funds:						
Total funds brought forward	17	8,661	103,445	-	112,106	103,111
Total funds carried forward	17	8,554	114,036	1	122,591	112,106

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

The notes on pages 34 to 52 form part of these financial statements

Balance Sheet

As at 30 September 2018

	Notes	2018 £'000	2018 £'000	Restated 2017 £'000	Restated 2017 £'000
Company number: 90305					
Fixed assets:					
Tangible assets	11		3,759		2,963
Investments:					
Mortgages and loans	12	16,471		14,652	
Other investments	13	71,238		67,038	
			87,709		81,690
Total fixed assets			91,468		84,653
Current assets:					
Stocks		1		4	
Debtors	14	2,647		1,662	
Mortgages and loans	12	1,437		1,381	
Money market deposits		38,360		37,187	
Cash at bank and in hand		6,206		3,559	
Total current assets		48,651		43,793	
Liabilities:					
Creditors: amounts falling due within one year					
Church and mission organisations: deposits held		11,852		11,367	
Other creditors	15	5,676		4,973	
		17,528		16,340	
Net current assets			31,123		27,453
Total assets less current liabilities			122,591		112,106
Total net assets			122,591		112,106
The funds of the charity:					
Restricted funds	17		114,037		103,445
Unrestricted funds	17		7,173		7,519
Revaluation reserve	17		1,381		1,142
			122,591		112,106

Approved and authorised for issue by the Council and signed on their behalf on 8 March 2019.

Balram Gidoomal
Chair

The notes on pages 34 to 52 form part of these financial statements

Cash Flow Statement

For the Year Ended 30 September 2018

	2018	Restated 2017
	<u>£'000</u>	<u>£'000</u>
Cash flows from operating activities:		
<i>Net cash provided by operating activities</i>	<u>6,366</u>	<u>5,615</u>
Cash flows from investing activities:		
Dividends and interest from investments	2,608	2,715
Mortgage advances	(4,470)	(5,533)
Mortgage capital repayments	2,595	4,237
(Increase) / reduction in money market deposits (more than three months)	(49)	3,722
Purchases of fixed assets	(20)	(192)
Proceeds from sale of investments	10,987	1,035
Purchase of investments	(14,245)	(6,662)
Net cash utilised by investing activities	<u>(2,594)</u>	<u>(678)</u>
Change in cash and cash equivalents in the reporting period	3,772	4,937
Cash and cash equivalents at the beginning of the reporting period	<u>20,285</u>	<u>15,348</u>
Cash and cash equivalents at the end of the reporting period	<u>24,057</u>	<u>20,285</u>
Reconciliation of net income to net cash flows from operating activities		
Net income for the reporting period (as per statement of financial activities)	9,542	8,995
Adjustments for:		
Depreciation charges	167	188
(Gains) on investments	(941)	(1,927)
Dividends and interest from investments	(2,608)	(2,715)
Decrease in stocks	3	1
(Increase) in debtors	(985)	(401)
Increase in creditors	1,188	1,474
Net cash provided by operating activities	<u>6,366</u>	<u>5,615</u>
Analysis of cash and cash equivalents:		
Cash at bank	6,206	3,559
Money market deposits	17,851	16,726
Total cash and cash equivalents	<u>24,057</u>	<u>20,285</u>
Money market deposits (greater than three months)	20,509	20,461
Total cash and money market deposits	<u>44,566</u>	<u>40,746</u>

The notes on pages 34 to 52 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 Companies Act 2006, the applicable Accounting Standards and, in particular, the Charities Statement of Recommended Practice (Charities SORP, FRS 102 September 2015).

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.

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 mortgage book is assessed and the trustees consider that no bad debt provision is required given the exemplary track record of our clients and the current status of the mortgage accounts.

c) Income

i. 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.

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

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 expensed as incurred.
- iii. Other expenditure in the furtherance of charitable objects is accounted for on an accruals basis. Where expenditure does not fall within a single service area, 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.

Notes to the Financial Statements

e) **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.

f) **Investments**

Investments are included at bid market value at the balance sheet date except for Social Investments which are reported at their recoverable value. Unrealised gains and losses at the end of the financial period are included in the statement of financial activities. Realised gains and losses are shown separately and are calculated as the difference between valuation at the start of the financial year or the cost of purchase during the year and the subsequent sale proceeds.

g) **Mortgages**

Mortgage balances are measured at the amount of principal due to be recovered.

h) **Debtors**

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

i) **Money market deposits**

Money market deposits are held as part of Stewardship'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.

j) **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.

k) **Deposits held on behalf of Churches and mission organisations**

This represents the amount of deposits held on behalf of Church and mission organisations.

l) **Creditors**

Creditors are amounts owed by Stewardship. 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.

Notes to the Financial Statements

m) Prior year adjustment (2017)

The accounts have been restated in respect of Payroll Giving Agency transactions and balances, previously reported within restricted funds, now appropriately reported under Funds received as agent (Creditors note 15). The adjustments made to the Statement of Financial Activities are as follows:

Total Funds	Previously reported £'000	Adjustments £'000	Restated balance £'000
Creditors: Amounts falling due within one year	15,178	1,162	16,340
Total income	74,873	(1,575)	73,298
Total expenditure	(67,801)	1,571	(66,230)
Net gains on investments	1,927	-	1,927
Net income / movement in funds	8,999	(4)	8,995
Reconciliation of funds:			
Total funds brought forward	104,269	(1,158)	103,111
Total funds carried forward	113,268	(1,162)	112,106

	Unrestricted Funds			Restricted Funds		
	Previously reported £'000	Adjustment £'000	Restated balance £'000	Previously reported £'000	Adjustment £'000	Restated balance £'000
Income from:						
Donations and legacies	1,462	(34)	1,428	69,818	(1,574)	68,244
Charitable activities	877	34	911	-	-	-
Investments	1,591	-	1,591	1,125	(1)	1,124
Total income	3,930	-	3,930	70,943	(1,575)	69,368
Expenditure on:						
Raising funds	(47)	-	(47)	-	-	-
Grants	(3)	-	(3)	(64,425)	1,573	(62,852)
Charitable activities	(3,326)	-	(3,326)	-	(2)	(2)
Total expenditure	(3,376)	-	(3,376)	(64,425)	1,571	(62,854)
Net (losses)/gains on investments	(433)	-	(433)	2,360	-	2,360
Net income	121	-	121	8,878	(4)	8,874
Transfers between funds	(252)	-	(252)	252	-	252
Net movement in funds	(131)	-	(131)	9,130	(4)	9,126
Reconciliation of funds:						
Total funds brought forward	8,792	-	8,792	95,477	(1,158)	94,319
Total funds carried forward	8,661	-	8,661	104,607	(1,162)	103,445
Total funds carried forward: Unrestricted	8,661		8,661	103,445	Total	112,106

Notes to the Financial Statements

n) Funds held as agent

Funds received by Stewardship as agent are not recognised as an asset in its accounts because the funds are not within its control. Consequently, the receipt of funds as agent is not recognised as income nor is its distribution recognised as the agent's expenditure.

However, all fees for acting as agent are recognised as Stewardship's income and any costs in the administration of the agency arrangement are recognised as expenditure in its accounts.

o) Reserves

i. Unrestricted funds are available to cover the cost of running Stewardship. Our policy for reserve levels is explained on page 22 of our Trustees' Report.

ii. Restricted funds are comprised of gifts received into Stewardship'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 Stewardships accounts.

iii. EMCP funds are comprised of expenditure on the Evangelical Mission Collaboration Project funded by gifts received from a group of evangelical mission agencies.

p) Going concern:

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

Notes to the Financial Statements

2 INCOME FROM DONATIONS AND LEGACIES

	2018	Restated
	<u>£'000</u>	2017
		<u>£'000</u>
Gifts	77,639	67,218
Legacies	1,254	2,454
	<u>78,893</u>	<u>69,672</u>

3 INCOME FROM CHARITABLE ACTIVITIES

	2018	Restated
	<u>£'000</u>	2017
		<u>£'000</u>
Professional Services		
Payroll administration	343	333
Accounting and consultancy	371	288
Publications and advisory services	104	98
Payroll giving administration	34	34
Charity formation services	15	16
Fund Management		
Investment	133	111
Mortgages	19	18
Other income	17	13
	<u>1,036</u>	<u>911</u>

4 INVESTMENT INCOME

	2018	2017
	<u>£'000</u>	<u>£'000</u>
Income from externally managed funds	1,536	1,654
Mortgage interest	691	629
Interest on money market deposits	381	432
	<u>2,608</u>	<u>2,715</u>

Notes to the Financial Statements

5 GRANTS

Stewardship 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:

		2018	2018	Restated	Restated
		<u>Number</u>	<u>£'000</u>	<u>2017</u>	<u>2017</u>
				<u>Number</u>	<u>£'000</u>
Grants of over £1,000	- to Christian organisations	3,077	17,007	3,191	13,805
	- to Christian Churches	2,209	9,848	2,096	6,820
	- to support Christian workers	990	1,992	1,017	1,892
	- to other charities	449	1,989	483	1,917
	- to support Bible college students	56	102	87	161
			<u>6,781</u>	<u>30,938</u>	<u>6,874</u>
Grants of under £1,000	- to Christian organisations	306,072	13,582	296,146	13,481
	- to Christian Churches	112,740	12,708	112,230	12,581
	- to support Christian workers	278,624	10,579	268,006	10,235
	- to other charities	39,226	1,486	38,500	1,512
	- to support Bible college students	7,852	303	11,543	451
			<u>744,514</u>	<u>38,658</u>	<u>726,425</u>
Total Grants		<u>751,295</u>	<u>69,596</u>	<u>733,299</u>	<u>62,855</u>

Notes to the Financial Statements

6 ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Giving Services	Fund Management	Professional Services	Governance costs	Total 2018	Restated Total 2017
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Staff costs	1,640	151	684	71	2,546	2,129
Interest payable	2	69	-	-	71	68
Services to clients	111	-	15	-	126	58
IT costs	741	17	91	-	849	561
Marketing	218	4	21	-	243	229
Premises	85	9	46	-	140	121
Printing, postage and stationery	35	3	14	-	52	52
Professional costs	103	3	65	33	204	101
Other costs	11	1	4	-	16	9
Unrestricted Expenditure	2,946	257	940	104	4,247	3,328
Professional costs related to the Evangelical Mission Collaboration Project					54	-

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

	<u>2018</u> <u>£'000</u>	<u>2017</u> <u>£'000</u>
Net income for the year is stated after charging:		
Depreciation on tangible fixed assets	160	188
Auditor's remuneration: audit	25	25
Auditor's remuneration: other services	2	2

7 ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES AND THE COST OF KEY MANAGEMENT PERSONNEL

	<u>2018</u> <u>£'000</u>	<u>2017</u> <u>£'000</u>
<u>Staff costs and emoluments</u>		
Wages and salaries	1,886	1,635
Social security costs	196	165
Pension contributions	275	240
Other employer benefits	22	16
	2,379	2,056

Notes to the Financial Statements

7 ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES AND THE COST OF KEY MANAGEMENT PERSONNEL (continued)

<u>Average number of full-time equivalent employees</u>	<u>2018</u>	<u>2017</u>
Giving Services	31	25
Fund Management*	3	3
Professional Services	17	17
	<u>51</u>	<u>45</u>

* Fund Management includes mortgages and treasury management.

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

£120,000 – £129,999	-	1
£100,000 – £109,999	1	-
£ 90,000 – £ 99,999	1	-
£ 70,000 – £ 79,999	1	-
£ 60,000 – £ 69,999	3	3

	<u>2018</u>	<u>2017</u>
	<u>£'000</u>	<u>£'000</u>
Contributions to money purchase schemes for these employees	£68	£60
Remuneration of key management personnel	£463	£332

Trustees' fees and expenses

No fees are paid to trustees for their services. Expenses incurred in carrying out trustees' duties totalled £5,018 (2017: £4,355). The majority of expenses were regarding the annual trustees' away day meeting and were paid directly to suppliers. Of the above figure, two trustees were reimbursed directly for travel expenses £328 (2017: five trustees £429).

8 PENSION CONTRIBUTIONS

The trust contributes to a defined contribution pension scheme. Contributions for the year amounted to £275,003 (2017: £239,628).

Pension contributions are accounted for as they fall due. Contributions at the balance sheet date which were pending payment to our pension provider totalled £1,676 (2017: £1,184).

Notes to the Financial Statements

9 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 and the amounts concerned are immaterial. The trustees have instituted a register of other interests and disclosure is made at trustee meetings of any conflicts of interest.

	2018	2017
	<u>£'000</u>	<u>£'000</u>
Donations received from trustees and their related parties	328	329

The above donations are reported excluding Gift Aid.

Payments for legal and professional advice relating to Stewardship's activities totalling £20,973 (2017: £21,897) were made to Bates Wells & Braithwaite London LLP, of which one of the trustees is a partner. Our trustee was not involved in any legal and professional advice received from Bates Wells & Braithwaite London LLP. The balance due to Bates Wells & Braithwaite at 30 September 2018, included within creditors, was £Nil (2017: £4,082).

Payments for delivery of the November 2017 Raising Funds for Christian Churches and Charities Conference and subsequent fundraising workshops totalling £12,510 (2017: £10,000) 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 £2,144 (2017: £2,000) were made to Traidcraft Plc during the year, of which one of the trustees is a director.

During the year two new charities, Stewardship American Donor Fund UK Limited and Stewardship American Donor Fund US Inc., were established. The completion and registration of these charities with the relevant UK and USA authorities is ongoing. These charities will act as dual qualifying funds to enable donors who are liable for tax in both the UK and US to obtain tax relief in both countries. Several of Stewardship Services UKET's trustees serve as members of Stewardship America. During the year Stewardship Services (UKET) Limited made grants to these new charities of £31,911.

Notes to the Financial Statements

10 PRIOR YEAR STATEMENT OF FINANCIAL ACTIVITIES – AS RESTATED

	Unrestricted Funds 2017 <u>£'000</u>	Restricted Funds 2017 <u>£'000</u>	Total Funds 2017 <u>£'000</u>	Total Funds 2016 <u>£'000</u>
Income from:				
Donations and legacies	1,428	68,244	69,672	68,362
Charitable activities	911	-	911	718
Investments	1,591	1,124	2,715	2,842
Total	<u>3,930</u>	<u>69,368</u>	<u>73,298</u>	<u>71,922</u>
Expenditure on:				
Raising funds	(47)	-	(47)	(43)
Grants	(3)	(62,852)	(62,855)	(59,732)
Charitable activities	(3,326)	(2)	(3,328)	(3,215)
Total	<u>(3,376)</u>	<u>(62,854)</u>	<u>(66,230)</u>	<u>(62,990)</u>
Net losses / (gains) on investments	(433)	2,360	1,927	4,965
Net income	<u>121</u>	<u>8,874</u>	<u>8,995</u>	<u>13,897</u>
Transfers between funds	(252)	252	-	-
Net movement in funds	<u>(131)</u>	<u>9,126</u>	<u>8,995</u>	<u>13,897</u>
Reconciliation of funds:				
Total funds brought forward	8,792	94,319	103,111	90,372
Prior year adjustment of opening balances				(1,158)
Total funds carried forward	<u>8,661</u>	<u>103,445</u>	<u>112,106</u>	<u>104,269</u>

Notes to the Financial Statements

11 TANGIBLE FIXED ASSETS

	Long Leasehold premises <u>£'000</u>	Leasehold improvements <u>£'000</u>	Fixtures, fittings & equipment <u>£'000</u>	Computer equipment <u>£'000</u>	Total <u>£'000</u>
At cost or valuation					
As at 1 October 2017	2,518	354	52	898	3,822
Additions	-	1	-	19	20
Disposals	-	-	-	(737)	(737)
Revaluations	943	-	-	-	943
As at 30 September 2018	3,461	355	52	180	3,105
Depreciation					
As at 1 October 2017	-	76	52	731	859
Charge for the period	-	20	-	147	167
Released on disposals	-	-	-	(737)	(737)
As at 30 September 2018	-	96	52	141	289
Net book values:					
As at 30 September 2018	3,461	259	-	39	3,759
As at 1 October 2017	2,518	278	-	167	2,963
Historic cost carrying value for revalued assets	2,518	259			

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.

A review of the asset register has resulted in the clear-down of all information technology software assets relating to our Giving Account as at 30 September 2018. We will in future expense costs as they are incurred.

Revaluation of 1 Lambs Passage

Stewardship's long leasehold premise was revalued by an independent valuer as at 30 September 2018 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.

Notes to the Financial Statements

12 MORTGAGES AND OTHER LOANS

	2018	2017
	<u>£'000</u>	<u>£'000</u>
Mortgage and other loan balances at 1 October	16,033	14,737
Advanced	4,470	5,533
Capital repayments	(2,595)	(4,237)
Mortgage and other loan balances at 30 September	<u>17,908</u>	<u>16,033</u>
Analysed as follows:		
Amounts falling due after more than one year	16,471	14,652
Amounts falling due within one year	<u>1,437</u>	<u>1,381</u>
	<u>17,908</u>	<u>16,033</u>

Notes to the Financial Statements

13 OTHER INVESTMENTS

The following table shows investments held by Stewardship, valued at bid market price except for social investments which are reported at their recoverable value.

	2018	2017
	£'000	£'000
Market value of investments at 1 October	67,038	59,484
Additions	14,245	6,662
Proceeds of sale	(10,987)	(1,035)
Net investment gains	942	1,927
Market value of investments at 30 September	71,238	67,038
Historic cost	61,724	58,220
Investments whose individual value was greater than 5% of the total were:	15,606	13,703

Sarasin & Partners LLP and Rathbone Investment Managers Limited 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.

	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	2018	2018	2018	2017	2017	2017
	£'000	£'000	£'000	£'000	£'000	£'000
Balanced Fund	-	35,234	35,234	-	33,325	33,325
Growth Fund	1,718	8,625	10,343	1,638	7,294	8,932
Nominated Investment Fund	-	2,952	2,952	-	-	-
Fixed income investments	-	22,380	22,380	-	23,600	23,600
Social investments	140	95	235	1,092	-	1,092
Other	-	94	94	-	89	89
	1,858	69,380	71,238	2,730	64,308	67,038
UK	1,037	49,226	50,263	1,958	47,864	49,822
Overseas	765	18,926	19,691	676	15,429	16,105
Cash	56	1,228	1,284	96	1,015	1,111
	1,858	69,380	71,238	2,730	64,308	67,038

Notes to the Financial Statements

14 DEBTORS: DUE WITHIN ONE YEAR

	2018	2017
	<u>£'000</u>	<u>£'000</u>
Income tax receivable – Gift Aid	911	565
Trade debtors	65	54
Other debtors	244	256
Prepayments	84	50
Accrued income	1,343	737
	<u>2,647</u>	<u>1,662</u>

All amounts fall due within one year.

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	Restated 2017
	<u>£'000</u>	<u>£'000</u>
Trade creditors	67	77
Grant payments due	2,214	2,267
Funds held as agent	2,139	2,314
VAT and payroll taxes	132	79
Other creditors	1	-
Accruals and deferred income	1,123	236
	<u>5,676</u>	<u>4,973</u>

Details of funds held as agent are reported separately under note 16.

Notes to the Financial Statements

16 FUNDS HELD AS AGENT

	As at 1 October 2017	Income	Expenditure	As at 30 September 2018
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
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
	<u>2,314</u>	<u>48,707</u>	<u>48,882</u>	<u>2,139</u>

Funds received as agent – prior year

	As at 1 October 2016	Income	Expenditure	As at 30 September 2017
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Payroll bureau services	972	43,017	42,905	1,084
Payroll giving administration	1,158	1,577	1,573	1,162
Learning community events	124	77	139	62
Other	33	6	33	6
	<u>2,287</u>	<u>44,677</u>	<u>44,650</u>	<u>2,314</u>

Notes to the Financial Statements

17 ANALYSIS OF CHARITABLE FUNDS

Unrestricted Funds	Revaluation reserve			Total <u>£'000</u>
	General <u>£'000</u>	Fixed assets <u>£'000</u>	Investments <u>£'000</u>	
Balance as at 1 October 2017	7,519	-	1,142	8,661
Income	4,148	-	-	4,148
Expenditure	(4,320)	-	-	(4,320)
Transfers	(285)	-	-	(285)
Investment gains / (losses)	111	-	(704)	(593)
Gain on revaluation of fixed assets	-	943	-	943
Balance as at 30 September 2018	<u>7,173</u>	<u>943</u>	<u>438</u>	<u>8,554</u>

Restricted Funds	Giving accounts <u>£'000</u>	EMCP <u>£'000</u>	Revaluation reserve <u>£'000</u>	Total <u>£'000</u>
	Balance as at 1 October 2017	95,769	-	7,676
Income	78,334	55	-	78,389
Expenditure	(69,562)	(54)	-	(69,616)
Transfers	285	-	-	285
Investment gains	135	-	1,399	1,534
Balance as at 30 September 2018	<u>104,961</u>	<u>1</u>	<u>9,075</u>	<u>114,037</u>

Stewardship Giving Account balances

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 Stewardship's accounts.

Evangelical Mission Collaboration Project

During the year a number of evangelical mission agencies came together to imagine a future that is more collaborative between them and agreed to participate in the Evangelical Mission Collaboration Project (EMCP). The formulation, implementation, monitoring and evaluation of the Evangelical Mission Collaboration Project is under the responsibility of the Steering Group with day-to-day accounting run by Stewardship under agreed terms of reference. Since the year end the project has completed and the fund closed.

Notes to the Financial Statements

17 ANALYSIS OF CHARITABLE FUNDS (CONTINUED)

Analysis of movements in funds – prior year

Unrestricted Funds as restated	Revaluation reserve			Total <u>£'000</u>
	General <u>£'000</u>	Fixed assets <u>£'000</u>	Investments <u>£'000</u>	
Balance as at 1 October 2016	7,217	-	1,575	8,792
Income	3,930	-	-	3,930
Expenditure	(3,376)	-	-	(3,376)
Transfers	(252)	-	-	(252)
Investment losses	-	-	(433)	(433)
Balance as at 30 September 2017	<u>7,519</u>	<u>-</u>	<u>1,142</u>	<u>8,661</u>

Restricted funds as restated	Giving accounts	EMCP	Revaluation reserve	Total <u>£'000</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	
Balance as at 1 October 2016	88,826	-	5,493	94,319
Income	69,368	-	-	69,368
Expenditure	(62,854)	-	-	(62,854)
Transfers	252	-	-	252
Investment gains	177	-	2,183	2,360
Balance as at 30 September 2017	<u>95,769</u>	<u>-</u>	<u>7,676</u>	<u>103,445</u>

18 TRANSFERS BETWEEN FUNDS

	Unrestricted Funds 2018 <u>£'000</u>	Restricted Funds 2018 <u>£'000</u>	Unrestricted Funds 2017 <u>£'000</u>	Restricted Funds 2017 <u>£'000</u>
Investment income attributable to Gold Accounts	(207)	207	(252)	252
Income transfer between funds	(78)	78	-	-
	<u>(285)</u>	<u>285</u>	<u>(252)</u>	<u>252</u>

Notes to the Financial Statements

19 ANALYSIS OF NET ASSETS BY FUND

	Unrestricted Funds £'000	Restricted Funds £'000	Client / Agency Funds £'000	Total Funds 2018 £'000
Fixed assets	3,759	-	-	3,759
Mortgage loans to churches	-	17,908	-	17,908
Investments	1,858	69,380	-	71,238
Money market deposit and cash balances	2,576	24,968	17,022	44,566
Other current assets	727	1,921	-	2,648
Current liabilities	(366)	(140)	(17,022)	(17,528)
	<u>8,554</u>	<u>114,037</u>	<u>-</u>	<u>122,591</u>

Analysis of net assets by fund – prior year

	Unrestricted Funds £'000	Restated Restricted Funds £'000	Restated Client / Agency Funds £'000	Restated Total Funds 2017 £'000
Fixed assets	2,963	-	-	2,963
Mortgage loans to churches	-	16,033	-	16,033
Investments	2,730	64,308	-	67,038
Money market deposit and cash balances	3,929	22,182	14,635	40,746
Other current assets	497	1,169	-	1,666
Current liabilities	(1,458)	(247)	(14,635)	(16,340)
	<u>8,661</u>	<u>103,445</u>	<u>-</u>	<u>112,106</u>

Client / Agency Funds include deposits placed with Stewardship by churches, funds held as agent and recipient account balances.

Notes to the Financial Statements

20 OUTSTANDING COMMITMENTS

At 30 September 2018 there were outstanding commitments relating to mortgage offers of £6.7m (30 September 2017 *£3.1m*).

21 INDEMNITY INSURANCES

Stewardship has taken out indemnity insurance cover for trustees. Premiums due for the policies during the year totalled £2,304 (2017: *£2,304*).

22 TAXATION

The trustees consider that Stewardship meets the charity tests set out in Para 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.

Legal and Administrative Details

BANKERS

Lloyds Bank plc

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

SOLICITORS

Bates Wells & Braithwaite London LLP

10 Queen Street Place, London EC4R 1BE

Withers LLP

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OPERATING NAME

The trust operates under the name of Stewardship