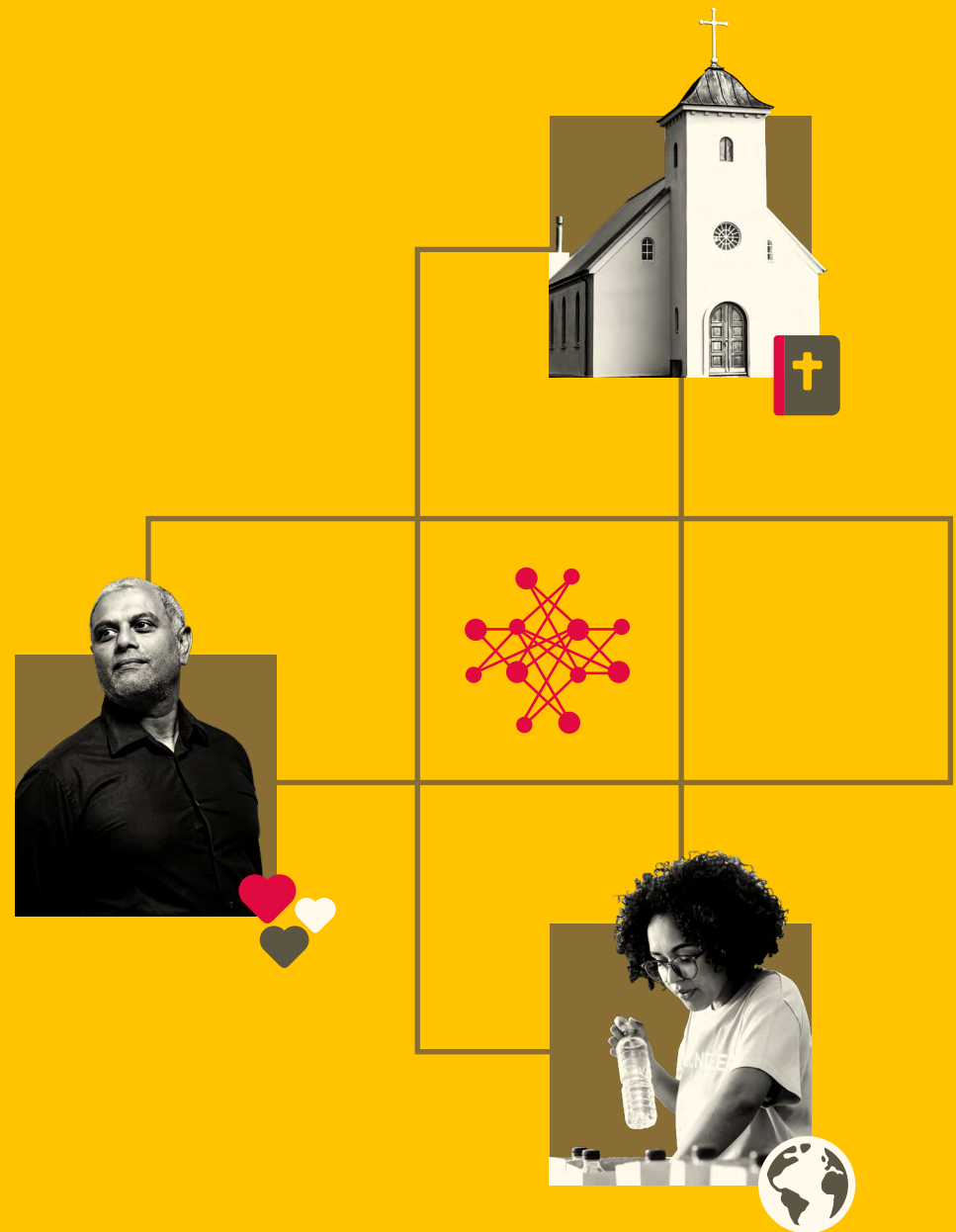


# Annual Trustee Report and Financial Statements

For the year ended 31 December 2022



# Stewardship is all about 'active generosity'



# Who we are

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Founded over a century ago by a small group of Christians who partnered to release generous gifts and financial support to Christian ministries, today we help over 30,000 Christians experience the joy of being ‘actively generous’, supporting over 4,000 churches, 2,300 Christian workers and 6,000 charities.

## Our vision

For the world to encounter Jesus through the generosity of His Church

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## Our values

Generosity, expressed  
with joy

Relationship, strengthened  
with understanding

Integrity, demonstrated  
with justice

Service, delivered  
with excellence

## Our charitable purposes

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

# Products and services

## ● Generosity Services

## ▲ Philanthropy Services

## ■ Partner Services

### Giver

#### ● Giving Account

Activate your giving and increase the impact of your gifts.

#### ▲ Donor Advised Fund

A dedicated account for those giving over £25,000.

#### ▲ Philanthropy Fund

A personal service for those establishing a charitable fund of £500,000 or more.

### Partner

#### ■ Partner Account

For Churches and Charities

Manage your donations and fundraising pages, reduce admin time, get Instant Gift Aid and connect with a community of generous givers.

#### ● Partner Account

For Individuals

As a Christian worker or Bible College student, make raising financial support simple and realise your vision.

### Professional Services & Lending

#### ■ Accounts Examination

A personalised service taking your specific needs into account, including independent examinations and account preparation.

#### ■ Payroll Bureau

Delivered by an award-winning team of Christian professionals, we'll administer your payroll so that you can focus on your mission.

#### ■ Church Planting

Whatever stage you're at, we're here to partner with you and help you become a healthy, sustainable and missional church.

#### ■ Loans

For Churches and Charities

Start your building project on the right foot, with a lender that has served Christian causes for almost 100 years.

#### ■ Consultancy Helpline

We'll guide you through governance, finance, property issues, HR situations, insurance questions and more, all for a low annual fee.

#### ■ Charity Formation

Let our team of experts take care of your application. We'll help register your church or charity with the Charity Commission so that you can focus on your vision.

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# Letters



# Letter from our Chair of Trustees

*“Great is the LORD and most worthy of praise; his greatness no one can fathom. One generation commends your works to another; they tell of your mighty acts. They speak of the glorious splendour of your majesty - and I will meditate on your wonderful works. They tell of the power of your awesome works - and I will proclaim your great deeds. They celebrate your abundant goodness and joyfully sing of your righteousness.”*

PSALM 145:3-7 (NIV)

**T**his is my first Annual Report as the Chair of Stewardship. I joined the Trustee Board in December 2021 and took over the role of Chair from Simon Blake in June 2022. I am so grateful to Simon for his many years of faithful service and for the strong foundations he facilitated, on which we are now building.

In a year of challenge, change and growth, we want to acknowledge up front that nothing you read about here could have been achieved without God. It is because of God's abundant goodness towards us and His amazing grace that we are inspired to live generously; His generosity is at the heart of everything we do.

## Reflections on 2022 and our response

During 2022, we saw war break out in Ukraine, rising fuel costs, consecutive leadership changes in UK government causing a domestic economic crisis, multiple increases in interest rates, higher inflation and industrial strike action. Against this backdrop, we had to change in several critical dimensions to ensure that our organisation had the firm foundations to withstand these headwinds.

Given these external pressures it was crucial to improve our understanding of the customer groups we serve and to develop clearer propositions for our church and charity partners as well as for our different donor segments. This work has been underpinned by a thorough refresh of [our values](#), with input from everyone in Stewardship, which is now further strengthening our internal culture, another key cornerstone for tackling a challenging external environment. Finally, having invested in renewing our technology infrastructure in recent years, it is time to push towards a scale that is both sustainable and ambitious. It is very encouraging to see these activities begin to bear fruit, which is reflected in a growth for 2022 that is significantly better than results reported by the charity sector as a whole.

The tough external environment also meant that we had to manage our cost base differently to remain sustainable over the longer term. While such exercises are never easy, we acted decisively to restructure with great care taken to support everyone during this difficult time.

These developments and the current market environment brought into sharp focus the need to refresh our strategy, a key activity for the board and leadership for 2023 that is now underway.

## Trustees and governance

We are blessed with a very talented group of trustees. In 2022, we created an action plan to further elevate our standards by looking at the attributes and characteristics of high performing boards. In December 2022, we asked our trustees and Leadership team to assess Council's performance against the Charity Governance Code, our refreshed values, and our strategic goals. The results were presented and discussed in March 2023. I am delighted to report that they confirmed that we are operating effectively while also highlighting some areas where we can raise our standards even further.

Antony Barnes, Simon Blake and Jeremy Marshall stepped down during 2022 - we thank God for their valuable contributions. We welcomed Katherine Tait as a new trustee during 2022, while Angie Rusbridge and Edward Mishambi joined us in the first part of 2023.

Thank you for your interest in Stewardship. I hope that you will be inspired by the stories, insights and reports that follow.



**Chris Gillies**

CHAIR OF STEWARDSHIP'S  
COUNCIL OF TRUSTEES



# Letter from our Chief Executive Officer

*“In the midst of a very severe trial, their overflowing joy and their extreme poverty welled up in rich generosity. For I testify that they gave as much as they were able, and even beyond their ability.”*

2 CORINTHIANS 8:2-3A (NIV)

**W**e began 2022 full of hope for a ‘new normal’ as Covid had become endemic in the UK. Yet with the Russian invasion of Ukraine, the global economy moved from a long period of low inflation to a new high inflation state in a matter of weeks, with profound consequences across the globe. Sadly, there is an established trend of fewer people giving in the UK. The cost of living crisis is now also having an impact on the amount people are able to give; encouragingly most of those giving are proving resilient and holding their giving steady. That said, the continued economic pressure is now causing some to need to reduce their giving. There are some signs that philanthropy is faring better; possibly as those with wealth have done relatively well from the continued growth in asset values. In this context our results bear witness to the resilience and generosity of the Christian community as it responds to the growing need in our society for practical help and the hope of the gospel.

## Growth and impact

Against this backdrop, we can take a unique perspective relative to our secular peers; there has been talk of an ‘omni-crisis’, but God is not in crisis, His work continues and His people are steadfast in their intent to see ‘His Kingdom come’. Christian giving through Stewardship grew by 10% to just under £110m in 2022, praise be to our Lord! This is a clear sign that the Christian community is increasing its giving at a time of great need and in answer to the prayers of churches, charities and those that benefit from their work across the country.

## Stronger operations to deliver greater value

In 2022, we responded to these changing conditions by dramatically upgrading our technology base so that we can be more lean and agile in responding to the fast-changing needs of those whom we serve. We have also cut our costs, which regrettably included making twelve roles redundant, to break even without having to increase our fees. Great care was taken to support everyone during this difficult time. We are thankful that everyone whose roles were made redundant and who wanted to remain in employment were able to find new jobs, either through redeployment or with other organisations.

We have looked to find ways of making our services even better value for our partners. We restructured our balance sheet and moved to more active treasury management tools to fully respond to the higher interest rate environment. As a result, we are robust and ready for the challenges that lie ahead in 2023.

Our Philanthropy team continues to innovate in offering a service that is a genuinely better alternative for many Christians blessed with significant resources than having their own charity or family office. Our services

to churches and charities are also taking a step forward with a new payroll system. We are also establishing a new subsidiary charity to gather our accounting, payroll and technical services into an integrated solutions provider for churches and charities needing help with their stewardship. So, we press on to help those we serve meet the challenges of this season.

Much has changed in the world since I joined Stewardship in 2018 and we have changed as well, including the appointment of our new Chair, Chris Gillies, last year, a renewed trustee body, and a strengthened Leadership team (with that strength in depth in their own teams). Peter Wilson also joined us in 2022 to lead and transform our relationships with churches and charities. Peter was previously Director of Innovation for Legal & General.

## Looking forward

I am filled with hope for 2023. The work we have done on our technology base has now opened the way to our first ‘app’, which is in ‘beta test’ phase. We are also taking large steps forward in a process to dramatically upgrade our interface with churches, charities and festivals to help make giving to them much easier.

We are now focused on a robust strategy review in 2023 to ensure we are fully prepared and optimally positioned to fulfil our mission in the years ahead for ‘the world to encounter Jesus through the generosity of His Church’.



**Stewart McCulloch**

CHIEF EXECUTIVE OFFICER



# Letter from our Chief Financial Officer

*“Now all glory to God, who is able, through his mighty power at work within us, to accomplish infinitely more than we might ask or think.”*

EPHESIANS 3:20 (NIV)

In a year quite unlike those in recent times, full of challenges and hardships for so many, we once again witnessed an outpouring of generosity from the community of givers that we serve.

## A season of growth

GIFTS IN

£110m

+10%



Income growth experienced over the last few years continued into 2022, with Gifts In for the period totalling £110m. We give thanks to God for this 10% increase on the prior year.

This is not only testament to the incredible generosity of the community of givers we serve, but we continued to

see the fruits of a period of carefully planned investment into the infrastructure of Stewardship. 2022 marked the fourth and final planned year of utilising surplus

unrestricted reserves to invest in Stewardship, with plans to move back to a break-even position in 2023.

This sustained period of investment has seen us emerge as a stronger organisation – within Generosity Services, for the first time in our history, we saw Gifts In exceed £4.2m every month. Within the Philanthropy Fund, we grew our client base by 29% and significantly scaled our Donor Advisory Board service; and within Partner Services, grants to churches and charities increased by 14% to £82.6m, unlocking Kingdom impact and supporting those most in need.

What is also encouraging is that while unrestricted income grew by 14% over the period, unrestricted expenditure increased by only 1%. We are beginning to see positive results from the implementation of divisional growth plans, a focus on cost across the organisation, and a move to more active treasury management tools to be able to fully respond to the higher interest rate environment.

## Investing for impact

During 2022, we made exciting strides in implementing our new investment policy, agreed in late 2021. The policy sets out a tiered approach to how we consider our investments and at its core is an attitude to invest in a way that achieves our financial goals, coupled with maximising Kingdom impact. During the year, we invested an additional £6.5m in initiatives to achieve Kingdom impact by enabling churches and Christian charities to build their ministries and to address social and environmental issues.

This included investments in innovative new impact investment vehicles, providing access to a diversified range of private investments, aligned with the UN

Sustainable Development Goals (SDGs), as well as loans to a Christian charity that helps Christian workers access affordable homes in London.

For our Donor Advised and Philanthropy Fund donors, we have introduced a third Pooled Investment Portfolio option, the Stewardship Responsible Portfolio, managed by Cazenove Capital. The portfolio aims to achieve a positive impact for people and planet, with 34% of its investments directly contributing to the UN SDGs. We have also worked with the asset managers of the other two pooled investment portfolios (the Balanced and Growth portfolios) to significantly enhance the ethical investment exclusions and the ESG criteria applied.

We have put our considerable cash balances to work after a major refresh of our liquidity policy by introducing the use of short-term money market funds to enhance the management of cash in a rising interest environment, improving liquidity, diversification and yields on the cash balance. In addition, cash deposits at ethical banks were further increased to £5.5m (from £4m in 2021), enabling lending to charities and social enterprises to achieve positive social impact.

We are grateful for a period of growth during a difficult year and are hopeful for the year ahead as we continue to evolve and seek to achieve even greater Kingdom impact, with God's help.



**Janie Oliver**

CHIEF FINANCIAL OFFICER

2

# 2022: The year in review

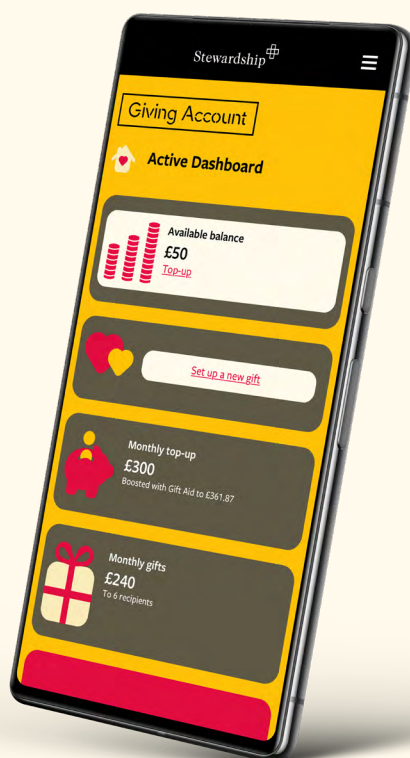


# Generosity Services

£4.2m in Gifts In every month



63,000 people made a charitable gift



In 2022, 63,000 individuals used our giving platform to make a charitable gift, with those making regular use of their Stewardship Giving Account rising to over 31,000 (2021: 30,000).

Total Gifts In was £55.9m, with Gifts In exceeding £4.2m every month versus £4m in 2021. This represented a growth of 4%, which is contrary to reported fears that the cost of living crisis would significantly impact charitable giving in the latter half of the year. The impact these gifts have for our partners and ultimately for the growth of His Kingdom is reflected within our [overall Financial Review](#).



I think it is so important to take giving seriously. Using Stewardship has been such a joy for me ... I have seen first-hand how Stewardship supports individuals and helps ministries gain financial support smoothly, which they miss out on without the platform.”

STEWARDSHIP GIVING ACCOUNT USER

## Generation generous

2022 saw growing numbers of young Christian adults coming to us to support their friends in mission, providing us with a fantastic opportunity to listen to, learn and collaborate with this important group as we help to shape the future of Christian giving in the UK.

Over 350 young adults contributed to our research, sharing with passion, conviction and bravery their experiences of faith and financial giving. Over 95% surveyed identified as Christian, crediting their parents, church leaders and Christian Unions as early influencers on their giving.

Insights from this research led us to author and publish a [‘Guide for Giving’](#) for 18- to 30-year-olds and extend the conversation in person at events like **Big Church Festival** and **UCCF’s Forum** event for Christian Union leaders. Our findings continue to inform our strategic plans.



UCCF'S FORUM



## IMPACT STORY

### Rapid Response – Giving safely at times of crisis

As our church and charity partners responded to the war in Ukraine, our Stewardship community quickly mobilised with financial support to equip and enable them. Ukraine-related giving spiked in April and May, with an extra £2m given to churches and charities committed to continuing or increasing their work in Ukraine and its surrounding countries, and to investing in new responses to support those displaced by conflict. Our [Ukraine Rapid Response Fund](#) raised and distributed £365,000 through 47 grants to charities and churches offering practical help and gospel hope in the face of the war and helping those fleeing the conflict to take refuge in the UK.

Closer to home, with energy prices and inflation rising, we have been blessed to see our givers step up once more, this time to support others through the cost of living crisis. Our **Cost of Living Response Fund** raised £100,000 to support churches and charities on the frontline of the crisis and generous gifts from givers large and small resourced the Warm Welcome campaign.

War rages, the cost of living surges and yet we continue to bear witness to the remarkable generosity of Christians across the country, who choose to increase their giving in the face of adversity and to be a blessing to the churches, ministries and workers bringing hope on the frontlines of their communities, towns and cities.

We love to help people elevate their giving from their day-to-day finances, grow closer to God and experience the blessing of giving. One of our givers, James, tells his story:

“I volunteer with Christian Adventure Holidays. I opened my Giving Account to support them and help them to keep down the cost of the holidays that they offer.

Recently I have come to appreciate more the importance of Stewardship in helping me with the discipline and joy of giving.

*My Stewardship Giving Account and its ease of use means that I am much less likely to be hindered from giving because of the admin involved; I can be more spontaneous as well as carefully planned.*

Along with my spouse, we are now managing all our giving through Stewardship, so that makes it easy to understand how much we are giving and provides a prompt for questioning whether we are being sufficiently generous, and whether we could do a bit (or a lot!) more. We appreciate the articles and blogs that come my way from Stewardship to help with our thinking and praying in this area.

There is a huge range of causes that can be accessed through Stewardship, so it is easy to find and select the one you are interested in, and you do not have to keep entering bank details. It is easy to get the information you need for filling in a tax return rather than trawling through bank statements. Plus, the fees are reasonable and I am confident in Stewardship as an organisation - that they are guided by Christian values and prayer and will do their utmost to ensure money is not wasted.

The Stewardship website is pinned to my favourites bar in my browser, so I do not forget that giving is a part of following Jesus.”

JAMES



CHRISTIAN ADVENTURE HOLIDAYS

# Philanthropy Services

£44m grants out on behalf of Philanthropy Services donors



27% increase in the average Gift In



NEXT-GEN EVENT

## 2022 in review

We have seen on many occasions in Stewardship's history that Christian charitable giving often paints a very different economic picture to that of the wider world. 2022 has been an incredible example of just that.

In 2022 we saw giving into our Donor Advised Fund (DAF) increase 9% on the prior year, with the average Gift In increasing by a staggering 27%. In a world where the headlines tell us that philanthropic giving in the UK is falling dramatically, in 2022 we saw our Philanthropy Fund donors give an incredible 26% more than in 2021.

It is not just gifts into our DAF and Philanthropy Fund accounts that are worth celebrating; in 2022 we made grants out of over £44m on behalf of our Philanthropy Services donors, an average donation of approximately £52,000 per donor. Now that is an example of Kingdom economics!

## Donor Advised Fund

We believe that enabling giving at all levels is critical in shaping, impacting and changing the world around us. We have spent time listening to our donors to understand how we can continue to add value to them in their philanthropic journey. In 2022, we added the **Stewardship Responsible Investment Portfolio** as

an option for DAF donors to invest all or part of their DAF balance. We have also enjoyed speaking with our Donor Advised Fund donors to understand how and why the DAF account is important to them. One example is Kathy and Andrew Myers and you can watch their story below.



## Philanthropy Fund

For those wanting to give at even greater scale and pace, our Philanthropy Fund is set up to meet this need. One notable example is a couple we have been working with who, in less than four years, have been able to give away over £50m to more than 100 different partners and we have had the privilege of seeing some of the life-changing impact that this incredible generosity has had.



NEXT-GEN EVENT

## Expansion of the Donor Advisory Board service

Our Donor Advisory Board, which is part of the Philanthropy Fund service, has also continued to grow. As we layer strategy and joy into the process of active generosity and tailor our offering to our donors' needs, we are seeing donors being refreshed, released and brought into partnership with others in their sphere. We have helped donors collaborate in their giving to encourage and empower others to give more. One example was matched funding between two donor families that enabled a church congregation to give over £100,000.

The addition of more people into the team in 2023 means that we are able to continue to scale this service.

We want to continue to see donors released into the joy of the resource they have been blessed with, to see partners resourced to impact the lives of those around them, and most importantly to see a world transformed by the generosity of the Church.

## IMPACT STORY

### Working with the next generation of philanthropists



NEXT-GEN DINNER

2022 marked the start of the Philanthropy team engaging with next-generation philanthropists to help them create a firm foundation for lifelong philanthropy.

*We are building a community of young people who are passionate about using their wealth to create transformational change in society, pushing the boundaries of traditional philanthropy with a greater use of impact investing and social entrepreneurship.*

A key strength of next-gen philanthropists is their appetite for collaboration, with a willingness to tackle big social issues together to increase impact.

We are developing a highly tailored service for these donors, which is focused on relationship building and community formation. We launched the first in a series of small-scale events with a dinner where we shared our vision for partnering with them on their philanthropic journey. We also hosted a 'Journey of Generosity' retreat for a handful of donors; these create a safe space for them to share their struggles in stewarding wealth well.

Our attendees often come away with a transformed approach to their wealth and giving. One attendee said, "I wish I had this teaching in my 20s. It really would have enabled a greater freedom in living. It has been so freeing to make space and allow this to go down deep. I had some wildly holy moments during this retreat. What a gift."

The learning is two-way, as we take time to understand how we can serve this next generation of philanthropists well. They are on a mission to realise social impact on a grand scale, an exhilarating challenge that we are excited to help them achieve.





## Partner Services

14% growth in grants out to church and charity partners



£82.6m in grants out to church and charity partners

£200k Welcome Energy Fund grants distributed so far



SPRING HARVEST, SKEGNESS

In 2022, we made £82.6m grants out to our church and charity partners – growth of 14% compared to the prior year. In a year that was full of challenges, we were able to partner with many churches and charities in new and more meaningful ways; where crisis struck, partnership followed.

We saw the average gift to churches and Christian charities increase by 4% and 13% compared to the prior year. This should be encouraging for both sectors given the challenging economic climate. By delivering new tools and methods to help increase regular giving, we are making it easier for people to give, releasing a steady flow of generosity for the Kingdom. We also automatically add Gift Aid onto eligible gifts, which reduces administration and supports cash flow for our partner recipients.

### Equipping our partners in times of crisis

Stewardship helped launch the **Warm Welcome** campaign, a movement of over 3,300 churches and community groups hosting free, warm, welcoming and safe spaces for their neighbours throughout the winter. To help Warm Welcome support spaces most in need, Stewardship distributed Welcome Energy Fund grants from the £200,000 the campaign has raised so far to help cover the increased costs of running the spaces. As the key fundraising partner in the coalition delivering the Warm Welcome campaign, we provided



I cannot express adequately how blessed we are by this generous grant. It is our intention to continue with our Warm Welcome space for the foreseeable future as we are proving to be very popular with the residents and for some who are struggling with current food bills, we are a real blessing”

MEMBER OF NEW LIFE CHURCH LEIGH,  
ONE WARM WELCOME PARTNER THAT HAS  
RECEIVED A MICROGRANT

training and guidance on how a church or charity could fundraise for their Warm Welcome space.

**The Cost of Living Response Fund**, which raised approximately £100k in a matter of weeks, provided critical support for charities and churches. We have been enabling our partners to offer practical help and tangible hope through food parcels, emergency energy top-ups and community support.

### Enabling generous giving to causes in need

A key focus in 2022 was enabling and equipping our partners to both inspire generosity and enable giving.

We released several digital product improvements, most notably a modernised giving process for account holders and guests, which has already resulted in an





CHURCHWORKS COMMISSION MEETING

increase in the number of gifts made to our partners. Additional features are now in development. Every product release has followed substantial consultation and testing with our partners and givers.

We relaunched our online Help & Support Centre, giving partners advice when they are in the middle of a task. We created QR code resources, enabling giving from smart phones in churches and charity offices across the UK. We also ran an extensive research piece to understand the most pressing needs for churches and charities in the areas of fundraising and finance, to ensure that the tools we provide are as useful as possible.

We piloted our partnership with **Essential Christian** at their Easter events in 2022, to help resource their year-round ministry. In preparation for their 2023 events, we worked with their senior leadership team to reflect on the importance of their work, the need for generous giving, and how best to enable generosity in the current economic climate.

## IMPACT STORY

In our impact we seek to be a true partner across the years, but that is often seen best in times of trouble through such interventions as our 'Rapid Response' campaigns.

We came into 2022 full of hope; but at the end of February, Russia invaded Ukraine and the world changed. We immediately signposted the great work of Christian organisations helping those in Ukraine by giving donors clear options – this simple programme helped raise over £2m in additional funds to the partners we highlighted, and we also raised a fund of £365,000 that we distributed through 47 highly targeted grants.

We also directly enabled Dr Krish Kandiah OBE to launch **Sanctuary Foundation** in a single day, then supported their trustees to register this new charity in less than two weeks and open a bank account equally swiftly.

*This helped galvanise large scale national support that directly influenced the creation of the government's Homes for Ukraine Scheme, which has helped to house over 112,000 refugees in people's homes, more than at any time in the UK's history.*

Sanctuary Foundation has also written, produced and distributed over 27,000 welcome books for Ukrainian refugee children and trained over 2,000 hosts in how to safeguard and support Ukrainian families.

These are only a few examples of how we partner with churches and charities. A key focus is informing more donors about our partners' amazing work on the frontline of the significant issues our world faces. Increasingly, we also come alongside these organisations as they launch, in times of trouble and when transformation is needed. Our aim is to be that helping hand we all need at such times.



DR KRISH KANDIAH OBE

# Individual Partners

**£15.2m** granted to our Individual Partners



**6%** growth in grants out to Christian workers and Bible College Students

**£300** increase in monthly support following Support Raising Training



It is incredible that your organisation exists at all, but even more heart-warming to know that you care so deeply about people in ministry and their flourishing. From the bottom of my heart, thank you. When Jo called, I was on the verge of quitting, but since then God has used you and people like you to encourage me to continue and to pray for breakthrough in the areas where the ministry is struggling.”

SARAH

In 2022, we saw grants out to Christian workers and Bible College students increase by £1.0m from £14.2m in 2021 to £15.2m in 2022.

## Connecting with organisations

During 2022, we worked with a mission agency, WEC UK, to transfer the giving of more than 70 of their Christian workers over to Stewardship. This relieved WEC UK's central team of the burden of increasingly complex and costly administration and the specialist Individual Partner team within Stewardship were able to help them with their needs. We are exploring other partnerships with similar organisations to see how else we might be able to help in the future.

## Enabling longevity in Kingdom work

We estimate that the average amount a Christian worker should raise per year is in excess of £20,000, taking into



account any other income they may have. However, in reality, most raise approximately only a quarter of that. By helping our Individual Partners to tackle low levels of financial support, we see those called to ministry better resourced, as well as released from financial worry and burnout as they move from surviving to thriving.

## Revamping our Support Raising Training

In 2022, we re-recorded and relaunched our training course, making permanent many of the positive adaptations made during the Covid lockdowns. On average, delegates who attended this specialised training saw an increase in monthly support of approximately £300 in the months following the training. The number of Individual Partners attending the training more than doubled from 19 in 2019 to 41 in 2022, with a waiting list of organisations wanting their workers to benefit from this training.

## New Support Raising Surgery

While training is effective, those with a coach to encourage and challenge them as they continue after the training make much better progress. As many lack access to a suitable coach, we set up our monthly Support Raising Surgery at the end of 2022: an hour on Zoom for those who have completed their Stewardship Support Raising Training to receive ongoing advice and support from us, receive refreshers from the training, share challenges, set goals and be accountable.

## IMPACT STORY



CARL AND VIV, INDIVIDUAL PARTNERS

In 2020, **Hannah** was due to join YWAM in Ukraine, but as Covid spread around the world, she remained waiting in the UK. Although this was frustrating, God used it for good as she had time to lay solid foundations, building a great partner team for her work. She has ultimately joined the YWAM base in Norway.

Hannah opened a Stewardship Partner Account for Individuals as a way for her to grow a partner team and provide an easy way for them to give to support her in her work.

“Nervous and anxious” is how she describes feeling about support raising before she came across Stewardship. Looking at raising financial support for her role with YWAM “...was a big mountain to climb, and it seemed like a huge obstacle. I felt quite alone in it all.”

After attending the Stewardship Support Raising Training, Hannah says that one of the best things about the training was being with other people who were going through the support raising process.

*“It was great to be able to ask questions of those with more experience and even to role play what I might say to a potential supporter. It was all incredibly helpful.”*

Now that Hannah is on her base and her partner team has grown significantly, she realises the necessity for good quality training as many of those who work alongside her live on very little. She is exploring how she can help her colleagues invest in building a partner team, passing on what she has learnt from the Stewardship Support Raising Training.



HANNAH, INDIVIDUAL PARTNER



# Professional Services

**11%** increase in Accounts Examination clients



**800** employers served by our Payroll Bureau

**60** charities helped to register with the Charity Commission



**600** matters resolved by our Consultancy Helpline

We provide churches and Christian charities with invaluable expertise in relation to governance, administration and financial processes to support the work they do.

We believe that promoting excellence in these areas is not merely supportive or enabling of 'front line' work, but that we bring glory to God through good stewardship of the resources, including people, money and buildings, that He has given to our partners.

Our services have continued to show welcome growth, despite challenging economic circumstances following the Covid pandemic.

## Payroll Bureau

Our Payroll Bureau served almost 800 employers paying nearly 3,400 employees, an increase of 4% compared to 2021. We are investing significant resources in implementing a new payroll bureau software system to strengthen our ability to serve more clients in future. We provide a full service, including payments to employees and HMRC on behalf of employers, which significantly relieves the burden on volunteer treasurers who are not payroll professionals.

## Accounts Examination

Similarly, our Accounts Examination team served over 400 clients at the end of 2022, an increase of 11% compared to 2021. We continue to see strong demand for the expertise of our dedicated team, who help treasurers, trustees and church leaders meet their financial regulatory obligations and come alongside them with personal experience of the demands these roles bring.

## Charity Formation and Consultancy Helpline

In addition, we helped 60 charities register with the Charity Commission, presented trustee training to 240 people and served hundreds of attendees at our popular lunch-time webinars for treasurers and trustees. Our consultancy helpline provided invaluable advice in almost 600 different matters across governance, employment, accounting, gift aid, payroll and property to churches and charities during the year.



CHARITY CONFERENCE, BRISTOL

## IMPACT STORY



CHARITY CONFERENCE, BRISTOL

**Mercy Outreach** is a small charity with a big heart and is committed to be light, bring hope and share love. Most of our energy and focus is on developing our programmes and supporting our teams on the ground. Last year we were struggling to find help with our accounts examination and charity compliance guidance but then we discovered that Stewardship offered these services. From our first contact, we were so thankful for their care and dedication.

*They took the time to hear about our work, speak words of encouragement to us and provide a thorough and professional service that has taken such a weight off our shoulders, prayerfully taking us through each step with patience and commitment.*

We are so thankful for the Stewardship team and look forward to many years of collaboration.

Mercy Outreach shines the light and love of Jesus into some of the darkest and most poverty-stricken communities of South-East Asia, particularly Myanmar, where in the last two years there has been a significant increase in the number of individuals needing humanitarian assistance. Our teams run programmes in major human trafficking hubs to reach trafficking

survivors. 1,800 survivors have been rescued, who are now resilient to traffickers through trauma counselling and empowerment programmes. Family empowerment programmes are offered at 12 community centres in areas of extreme poverty, crime, unemployment, and debt bondage, to facilitate an increase in resilience whilst lowering poverty and vulnerability.



MERCY OUTREACH

# Church and Charity Lending

15 new loans provided to churches and Christian charities



£26.3m loans to churches and Christian charities made up of 107 loans

2022 was a year where we continued to lend significantly to churches and charities throughout the UK.

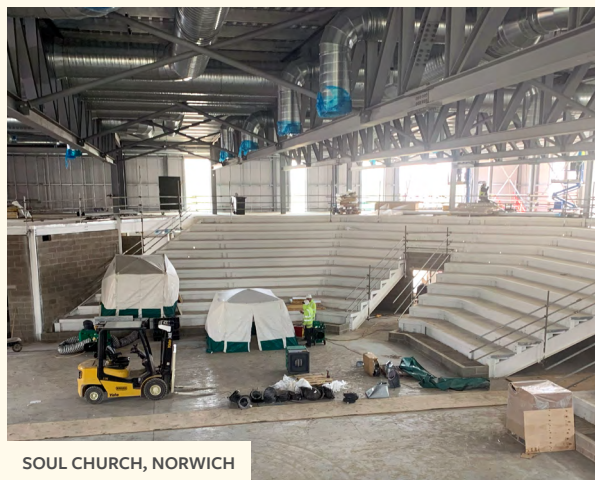
Demand for lending remained buoyant and during the year we supported churches and Christian charities with finance for projects driving Kingdom impact, by advancing 15 loans (2021: 11) totalling £6.0m (2021: £9.7m). We continue to balance our appetite to grow lending while managing risk.

We were able to lend for a variety of purposes including refinancing, capital expenditure, building refurbishment, building development and building purchases and were excited to see these various projects take shape and start to impact the causes represented by them.

This included the first tranche of a loan to **Soul Church** to help them with the initial stages of the development of a new building in the north of Norwich. This new building will house a 1,200-seater auditorium, a nursery,

youth facilities, administration, children's facilities and facilities to serve the poor and marginalised. We are excited to see this significant building for Norwich be developed and completed in the second half of 2023.

We were also thrilled to see **The Tab Church** complete the second phase of works on their church in Lewisham, London. Since we helped the church with the construction phase of their building, the church has moved into the building and experienced significant growth in their membership, with their impact continuing to grow. Their influence in the community is growing as numbers swell, and they have baptised over 100 people in 2022 in their new baptism pool, built as part of the re-development.



We continued to see the generosity of the Church in action throughout much of last year, with capital repayments totalling £6.7m, a much-increased number from £3.7m in 2021. This generosity tells the story of a sector that more than ever needs assistance with projects to help grow their mission, but in turn is eager to repay their debt through gift days and other one-off giving.

With the significant rise in the Bank of England base rate in 2022, we made our first change to the Stewardship Standard Lending Rate in seven years. We refreshed our interest rate policy, ensuring that it reflected our value of generosity, balanced with the cost of lending funds. During 2022, Stewardship has increased the Stewardship Standard Lending Rate by 1.25%, which is a significant 2% less than the Bank of England Base Rate increase over the same period.

We continue to see growing demand from churches and Christian charities for specialist assistance in this area. Our ability to understand their needs and the way they work means we are uniquely positioned to help them, and we have a strong pipeline of lending for the year ahead.

We also work with Philanthropy Fund donors who wish to use their donated funds to lend to specific causes. In 2022, we made five such loans (2021: one) totalling £1.4m (2021: £50,000), which are included in the figures shown in the financial statements.



## IMPACT STORY



THE TAB CHURCH, LONDON

In 2022, we were blessed to support ministries by providing loans to grow the Kingdom and live out God's love in their communities. From the smallest (£50,000) to the largest (£1.1m), these loans enable the churches and charities which receive them to have an even greater impact in the local area they serve.

One of the churches we were able to help was **Ferniehill Evangelical Church**, who borrowed £150,000. Based in a residential area in south-east Edinburgh, when they approached Stewardship for a loan they explained,

"The church opened fifty years ago and, while the fellowship was in a good place, the building needed to be upgraded and extended to increase the size of the sanctuary and add additional secondary space. The loan from Stewardship has helped make this possible and we were glad to re-open in December with a real sense of new purpose as we worshipped together, and with opportunities to serve the community in our new accommodation such as a warm space for coffee, soup and a chat."

We are also delighted to be partnering with **Soul Church, Norwich** to help fund their new church building, due for completion in 2023. In 2022, we advanced £1.1m as they broke ground and began their ambitious building project to realise their vision - an all-purpose space to support their local community and house their growing community.

Soul Church said, "Stewardship's timely loan offer enabled us to instruct the final phase of our building works for a new 1200-seater church with cafe, nursery and social supermarket.

*This will impact our community and shine the hope of Jesus and give us lots of space to bless our church family and continue to grow."*

Stewardship has been lending to churches and charities for over 30 years and we are excited to be able to continue building on this amazing Kingdom impact in the years to come.



# Our People



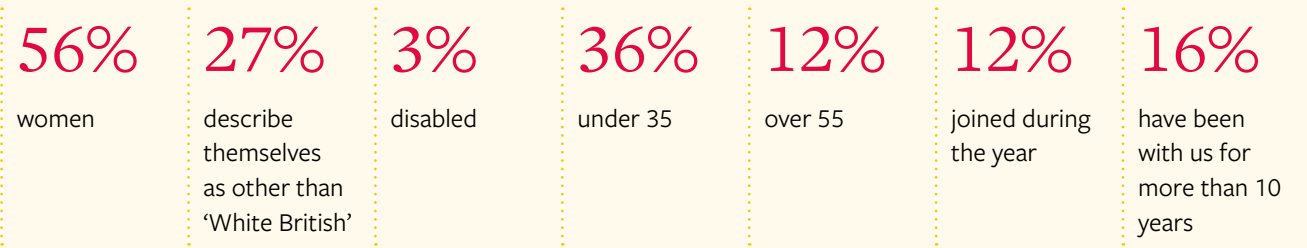
In 2022, we sought to strengthen our culture by revising how we express our values and integrate them in our work. The process was grounded in our faith and was highly collaborative, with care taken to honour our history.

Reward was a huge topic for many organisations in 2022 as we went from a long period of low inflation to a new high inflation reality, giving rise to increased living costs. Following an extensive salary benchmarking exercise in 2021, which gave us great confidence in our overall pay structures and strategies, we decided to award a 7% pay increase across the board in January 2023. We will return to our benchmark-based approach for the 2024 pay round.

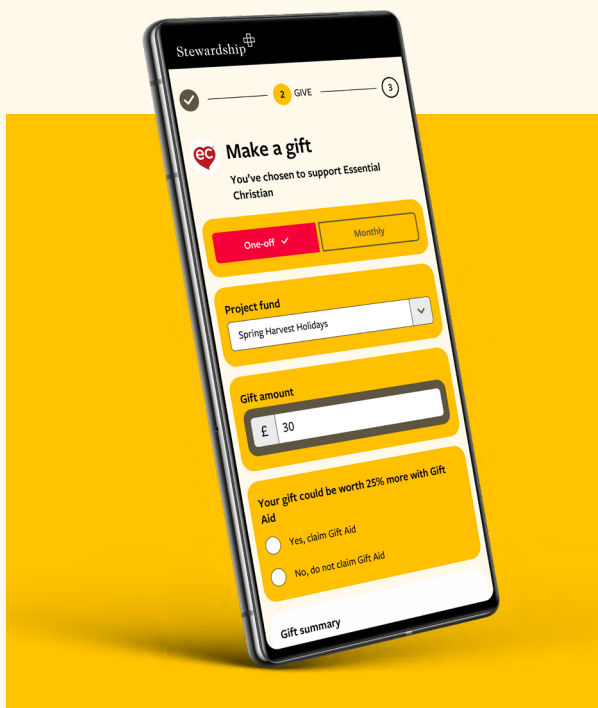
It was a very challenging moment for both leadership and team when we made 12 roles redundant in December 2022 as a necessary response to reduce our costs in order to meet our financial commitments. Thankfully we were able to redeploy five staff in new roles within Stewardship and we were grateful to be able to help all of those who wished to find new employment opportunities. We have fully embraced hybrid working post-Covid while retaining a strong culture based on our Christian roots, which is reinforced through regular in-person interactions. Our joy is that we can retain our culture while enjoying the increased flexibility and improved work-life balance that hybrid working offers.

We are in the process of developing and implementing the People, Place and Culture strategy, which includes flexible working, reward, training and development, health and wellbeing, performance and talent management, employee engagement and diversity and inclusion.

## STAFF TEAM OF 88



# Technology



2022 saw significant technological progress for Stewardship to ensure we are equipped to keep pace with the rapid rate of change in this area.

We also examined our staff structures and role requirements and decided to bring some activities in-house. We created an important new Product Manager role to oversee the delivery of our strategic product changes and resourced our product design to give us greater flexibility and agility to deliver against increased demand.

In response to customer feedback, at the start of the year we hired our first Mobile Application Developer, who has transformed how we undertake user research and carefully considered how a mobile application might transform generosity in the future.

We moved our web hosting to a cloud computing service in the late summer. This has moved us to the cutting edge of technological capability, enabling us to respond to customers' product needs quicker than ever before, without lengthy down times to our product service. We are now able to embrace more agile ways of working, delivering customer-facing features every couple of weeks rather than being restricted to a few times per year.

Towards the end of the year, we delivered improvements to our digital product, including quicker and simpler one-off giving. We are encouraged by the progress we made last year and look forward to continued innovation and futureproofing in 2023.

# What is coming next?

## In 2023...

### Working with our donors

- We want to continue to innovate by listening carefully to our donors, asking them what tools they need and changes we can make to help facilitate their generosity. This will inform our product developments, including our new giving app.
- We will continue our important work with next generation philanthropists, where we are already seeing some encouraging early results.

### Working with our partners

- We continue to increase the depth and breadth of our relationships with existing and potential partners. This includes listening to the needs of our church and charity partner account holders across our work on their public giving, lending, consultancy, accounts examination and payroll to gather valuable insights and test new ideas to meet their needs.
- We continue to work towards creating a ring-fenced subsidiary charity within the Stewardship family, to bring together our professional service teams, capabilities and expertise to provide an even better service to our clients.
- We are thrilled to be working alongside Essential Christian - home to Spring Harvest - to inspire generosity and enable giving. We will cement our partnership with them as their giving platform provider at their 2023 Easter events and will continue to partner with them in their fundraising throughout the year.

### Working with our people

- We will continue to focus on developing our relational culture, leadership and people practices to further develop our people and to be a great place to grow as a professional, leader and Christian.

## And beyond...

- We have started a significant process to refresh our strategy to ensure that we continue to effectively serve our donors, partners, colleagues and the church as a whole given the huge changes that are underway in all aspects of our lives.
- We are working with colleagues across the organisation, the Leadership team, trustees and in collaboration with an external learning partner, Curiosity Society, to produce a strategy that will see Stewardship thrive.
- Above all, we seek to determine God's will for Stewardship in the years that lie ahead, and we pray for wisdom as we undertake this journey.

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# Financial and risk reporting

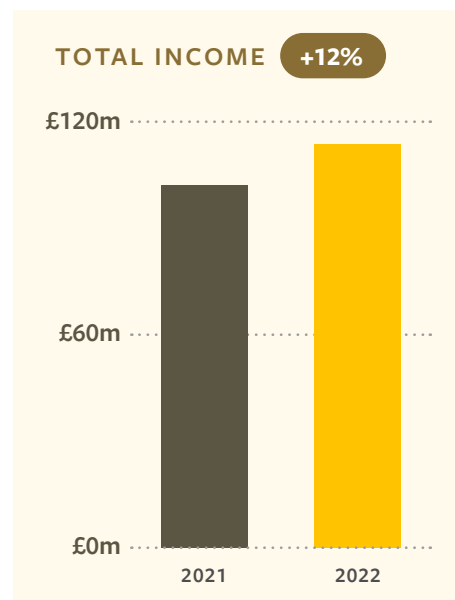


# Financial review

## Income

Total income was £114.5m, a 12% increase compared to the prior reporting period, with donations making up the majority of our total income.

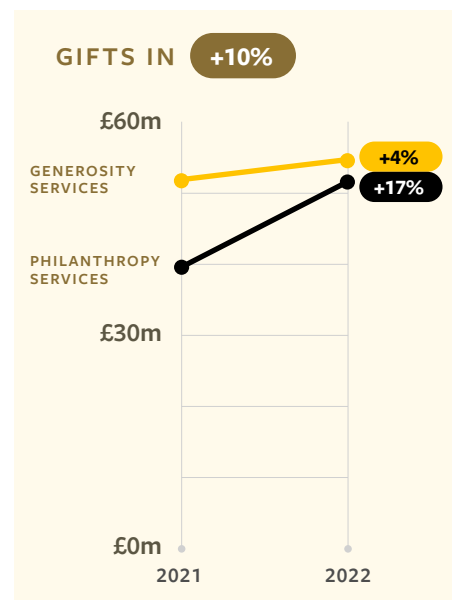
Unrestricted income for the reporting period was £6.0m, an increase of 14% from £5.2m in the prior reporting period (excluding profit from associate in the prior reporting period).



## Donations (also referred to as Gifts In)

Donations reported in this financial year, including legacies, were £109.6m, an increase of 10% compared to donations in the prior reporting period.

Within Philanthropy and Generosity Services, donations have increased by 17% and 4% respectively. This increase in donations demonstrates the incredible generosity of our givers, especially at a time when household bills and living costs increased significantly.



## Investments and lending

Our **investment income** for the period was £3.6m, an increase of 40% compared to £2.5m in the prior reporting period. Interest received on money market deposits increased by £0.5m (164%) compared to the prior reporting period, despite lower cash balances due to higher interest rates and active liquidity management. Income from externally managed funds increased by £0.4m (28%) due to higher dividends received from the Balanced and Growth portfolios.

Our **loan book** reached £26.3m at the end of 2022, a 3% increase compared to the prior reporting period. In combination with rising interest rates, this resulted in a 15% increase in loan interest compared to the prior reporting period.

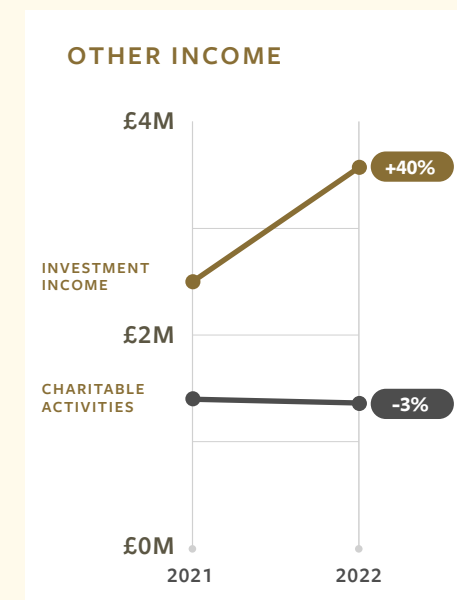
Commission, resulting in clients filing two sets of accounts in one year and the furlough scheme continuing into 2021. Despite higher income in 2021 due to these exceptional factors, income from Professional Services for 2022 was very close to that of the previous year, which is indicative of the growth of these services and the value they bring to our clients.

Fee income from **church and charity lending** totalled £88k in 2022, an increase of 76% compared to the prior reporting period. In 2022, we updated our fee structure to more accurately reflect the time and effort associated with lending activity.

## Charitable activities

Total income from **Charitable activities** was £1.3m, a decrease of 3% compared to the prior reporting period.

Income from **Professional Services** activities totalled £1.1m, a 2% decrease compared to 2021. This is largely due to Covid related factors in 2021 resulting in increased income in the prior reporting period. For example, account filing extensions were granted by Companies House and the Charities



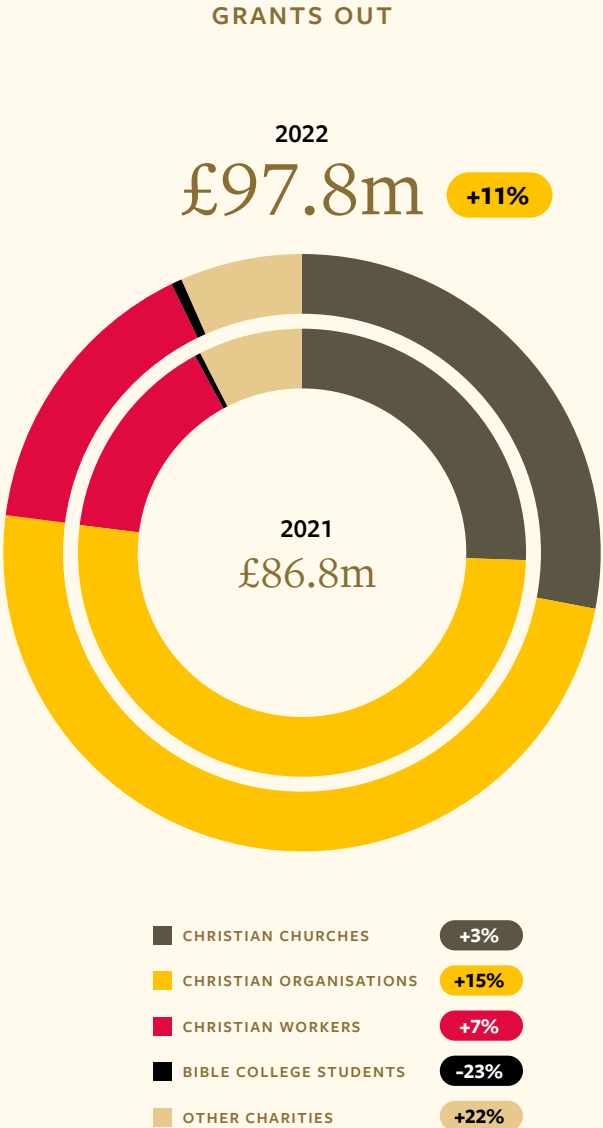


# Expenditure

Total expenditure was £104.8m in 2022, an increase of 11% compared to £93.7m in the prior reporting period. This increase was largely driven by higher Grants Out. Unrestricted expenditure increased by 1%.

## Grants

Grants Out were £97.8m in 2022, an increase of 11% compared to £86.8m in the prior reporting period. This represents an additional £11.0m granted out to churches, individual partners, Christian charities and other charities in the UK and abroad to further good causes and help those in greatest need.



# Charitable activities

Our total running costs (direct costs and support costs) amounted to £7.0m in the period, which is in line with the prior year (2021: £7.0m). This provides an early indication that our strategy to scale is starting to deliver, as total income grew by 12% over the same period.

Our net unrestricted expenditure for the period, before transfers between funds, was £0.9m. However, it is very encouraging that unrestricted income increased by 14% (excluding profit from associate in the prior reporting period), but unrestricted expenditure (excluding loss from associate) only increased by 1%. We are beginning to see positive results from the implementation of divisional growth plans and a focus on cost across the organisation.

## Share of associate's loss

We recognised a £16,000 loss from associate in line with our shareholding in Lamb's Passage Holding Ltd (LPHL), the holding company of Kingdom Bank Ltd (2021: £0.2m profit from associate).

# Investment management and performance

## KINGDOM IMPACT BULL'S EYE INVESTMENT APPROACH



**Tier 1** investments are aimed at churches, Christian charities and social enterprises that are devoted to sharing the gospel and building Christian ministry.

**Tier 2** investments encompass broader impact investments that create transformational change for under-served communities and are aligned with the UN Sustainable Development Goals.

**Tier 3** investments are in portfolios that are invested in line with ESG (Environmental, Social and Governance) principles.

**Tier 4** investments include client nominated investment options (NIOs) and cash that does not fit within Tiers 1–3.

*“Let us not become weary in doing good, for at the proper time we will reap a harvest if we do not give up.”*

GALATIANS 6:9 (NIV)

## Investment policy and objectives

2022 was a difficult year for investment performance, as political instability and economic uncertainty led to increased volatility in the markets.

Energy price spikes, a surge in inflation, and rising interest rates leading to the cost of living crisis, created a challenging environment for investments to generate real returns, especially as we sought to allocate capital to investments that had greater impact.

Notwithstanding the challenges of 2022, £6.5m of additional investments were made in Tier 1 and Tier 2 of the Bull's Eye during the year, which increased the allocation by 5% to 22% of total assets. The investments aim to achieve Kingdom impact by enabling churches and Christian charities to build their ministry and address social and environmental issues.

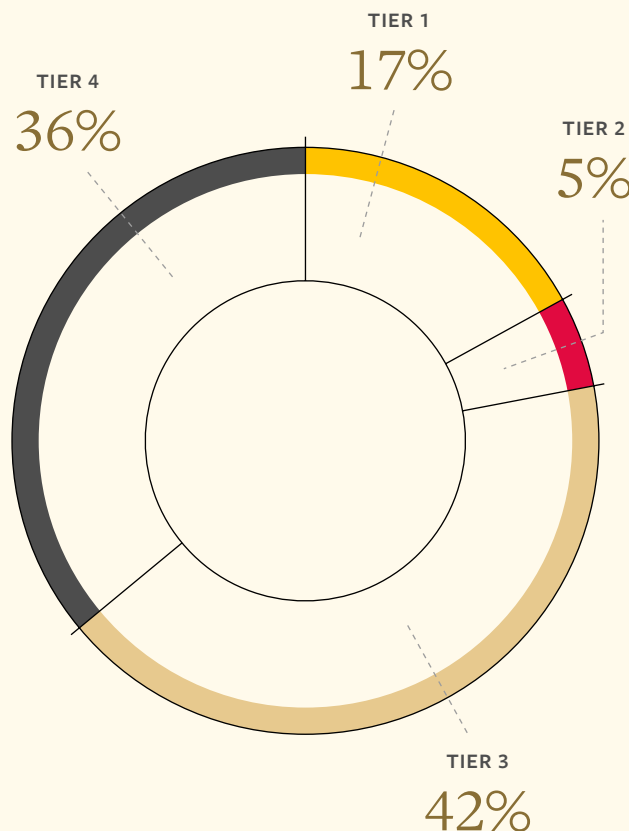


This included investments in innovative new impact investment vehicles that provide access to a diversified range of private investments aligned with the UN Sustainable Development Goals, as well as loans to a Christian charity which helps Christian workers access affordable homes in London.

The cost of living crisis has only exacerbated pressures on under-served communities and vulnerable groups. While short-term investment returns on impact investments have been adversely impacted by macroeconomic factors, Stewardship continues to maintain a long-term view when evaluating investment opportunities and returns. Investment decisions aimed at effective stewardship of assets and resources are prioritised to achieve social and missional impact especially during difficult times, recognising that financial returns may experience market volatility over the investment horizon.

We receive Gifts In as restricted funds, which are designated for grant-making, as requested over time by the donors through their Giving Account and approved by the trustees at their discretion. Total assets decreased by 6% compared to the prior year to £198m from £212m. This is due to our decision to close the cash deposit service, which resulted in £13.3m of client cash balances moving outside of Stewardship. While we have seen an increase in Gifts In, particularly from Philanthropy Services donors who tend to hold a balance with us, the increase in Grants Out for these donors was 20% higher compared to the prior year, reducing balances held. Depressed investment performance and unrealised investment losses also contributed to the reduction.

### TIER BREAKDOWN OF ASSETS



We balance achieving financial, social and missional impact with these assets by prioritising investment allocation to Tier 1 and Tier 2 of the Bull's Eye.

At the end of 2022, 17% of assets were invested in Tier 1 investments, 5% in Tier 2 and 42% in Tier 3, with the remainder in Tier 4.

Total assets in Tier 1 and Tier 2 investments increased by 5% in the year to 22%, equivalent to £6.5m of additional investments supporting missional, social, and environmental objectives.

The trustees of Stewardship have delegated investment decisions to the Finance and Investment Committee, which reviews the investments and their performance on a quarterly basis.

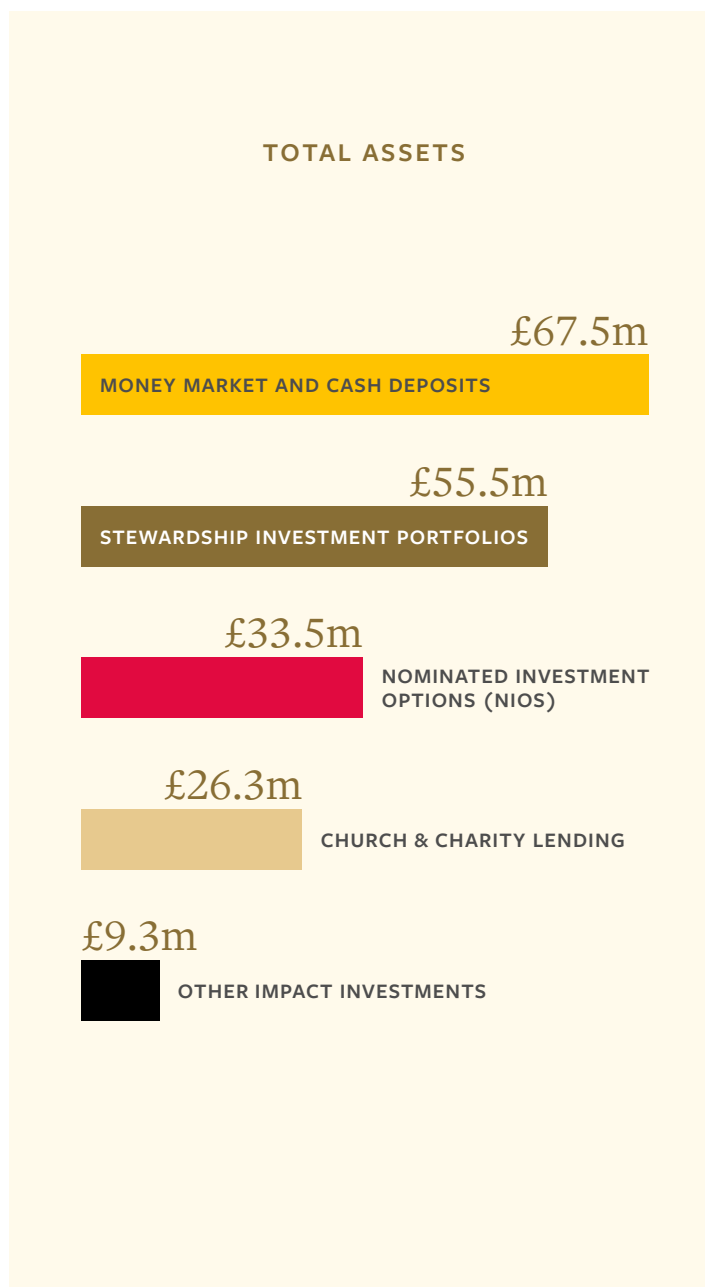
- Unrestricted funds are managed in accordance with the reserves policy to ensure reserves requirements are met. These reserves are held to provide financial security that may be required at short notice, and therefore will be retained in liquid assets and not usually considered for long-term investment.
- Liquidity management of cash reserves is governed by the liquidity policy, which ensures appropriate diversification across a range of approved counterparties, determined by their credit ratings and risk assessments. The management of liquidity requirements ensures grants can be fulfilled on a timely basis and works alongside the investment policy to determine the funds available for investment.

## Investment performance

Global stock markets declined across equity and fixed income in the year.

High energy prices drove a surge in inflation, which led to sharp increases in the interest rates by central banks. Multi-asset portfolios with fixed income exposure were impacted by rising yields, while growth stocks especially in the US technology sector saw marked declines. Markets started to show signs of stabilising in Q4 2022, with equity markets rallying, as inflation data indicated signs of slowing.

Overall, this led to negative investment performance across the investment portfolio for the financial year. The total investment portfolio (excluding cash and money market deposits) reduced to £124.7m at the end of the year (2021: £128.5m). Net losses on investments for the financial year totalled £11.2m (2021: £9.7m net gain).



## The Stewardship Investment Portfolios

TOTAL ASSETS **28%**

The **Stewardship Investment Portfolios** are managed by external investment managers, who incorporate an ESG integrated investment approach as well as apply ethical investment restrictions. These are offered to Philanthropy Fund and Donor Advised Fund accounts, where donors can request the portfolio to which they would like balances in their Stewardship Giving Accounts allocated. Total investment in the three portfolios was £55.5m at year end (2021: £52.3m).

- 1. The Responsible Portfolio** is a new advisory mandate set up with Cazenove Capital during 2022, which aims to achieve a positive impact for people and the planet. The mandate is invested in a Charity Authorised Investment Fund with 34% of the investments directly contributing to the UN Sustainable Development Goals<sup>1</sup>. The mandate aims to achieve Consumer Price Index +4% per annum (net of fees) over rolling ten-year periods by investing in equities, fixed income and alternative assets. Performance (net of fees) since inception in 2022 was -2.2%, underperforming the target return of 14.4% due to rapidly rising inflation during the year.
- 2. The Balanced Portfolio** is a discretionary mandate managed by Sarasin & Partners, which aims to achieve a balance between income and long-term capital growth while meeting the objective of

<sup>1</sup> According to the Fund's Annual Impact Report 2021

producing a return of Consumer Price Index +2.5% over the long term. Investments cover a range of asset classes including equities, fixed income and alternatives. Performance (net of fees) during 2022 was -11.0%, underperforming the target return of 13.4% due to rapidly rising inflation during the year. It also underperformed against the benchmark of -7.7%, which was principally driven by lack of exposure to the oil and gas sector in the portfolio, which performed well in the year due to rising energy prices.

**3. The Growth Portfolio** is a discretionary mandate managed by Rathbones, which aims for capital growth over the long term and invests only in equities. During 2022 the total return on the portfolio was -9.2% (net of fees), below the benchmark of -4.8%. This was partly due to an underweight exposure to the oil and gas sector in the portfolio, which performed well in the year due to rising energy prices.

A number of changes were implemented for the Balanced and Growth Portfolio during 2022, including amendments to the asset allocation and enhancing the ethical investment exclusions and ESG criteria applied to the mandates. This included adding a new investment restriction to not invest in companies with over 5% revenue generated from the extraction of thermal coal or production of oil from tar sands.

## Nominated investment options (NIOs)

TOTAL ASSETS **17%**

**NIOs** are invested in accordance with more bespoke requests from Philanthropy Fund or Donor Advised Fund donors, which need to be agreed by the trustees as being in line with Stewardship's charitable and investment objectives and are made at Stewardship's discretion.

The financial gains and losses, including any interest or dividends (less any management fees and transaction costs) from the investments are allocated to the Giving Account from which grants are made.

**1. Financial investment NIOs** are principally invested in discretionary mandates managed by external investment managers or in collective investment schemes with an ESG or sustainable focus. The total investments held in NIOs were £32.4m at year end (2021: £43.6m). Performance is measured against benchmarks based on asset allocation of the portfolio or fund objectives where appropriate. The two principal investments, making up over 80% of the balance, are held in discretionary mandates managed by external investment managers. The weighted average total return (net of fees) on these two mandates was -11.2% in 2022, which underperformed against the corresponding weighted average benchmark of -7.5%.

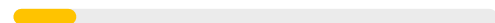
**2. Social investment NIOs** are principally programme-related investments in properties, supporting charities to provide housing to the homeless through partnership with churches, as well as

other community services. The investment balance fell marginally to £1.1m in 2022 (2021: £1.2m), following a property disposal during the year. This balance does not include £1.4m of loans (2021: £0.5m) requested by donors to charities, which are included in the Church and Charity Lending section below.

## Other investments

### Church and charity lending

TOTAL ASSETS **13%**

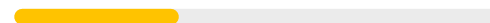


**Church and charity lending** increased by £0.7m to £26.3m (2021: £25.6m) over the year. The increase was driven principally by an increase of activity in NIOs requested by donors including loans made to a Christian charity which helps Christian workers access affordable homes in London. The average lending rate of the loan book (excluding NIOs) at 31 December 2022 was 5.6% (2021: 3.9%).

Loans to churches and Christian charities are considered a key part of fulfilling our charitable objectives and form the core of Tier 1 investments described in the Bull's Eye Approach. The loans are made in accordance with the lending policy, which manages risk through consideration of the security provided, interest rates relative to the base rate and peers, as well as other risks of default.

### Money market and cash deposits

TOTAL ASSETS **34%**



**Money market and cash deposits** reduced significantly to £67.5m from £78.2m, principally due to the closure of the deposit service during year, with £13.3m of funds returned to churches and charities or moved into a savings account at Kingdom Bank (if requested by the client) by June 2022. Of the total balance, 84% is held at institutions with a long-term credit rating of A- or higher. During the financial year, Stewardship's average interest rate return was 1.17% (2021: 0.45%).

A new liquidity policy was approved during the year, which authorised the use of Short-Term Money Market Funds to enhance liquidity management in a rising interest rate environment. The two funds set up for use in the year both have a Fitch credit rating of AAmmf, which improved the liquidity, diversification and yields on the cash balance.

Following the new investment policy approved in 2021, cash deposits at ethical banks were further increased to £5.5m (2021: £4.0m). These deposits enable lending to charities and social enterprises, to achieve positive social impact, furthering Stewardship's charitable objectives.

### Other impact investments

TOTAL ASSETS **5%**



**Other impact investments** increased to £3.6m (2021: £1.0m). We were excited by the continuing innovation in the impact investment sector, with new investments made into different fund structures which provided access to a diversified range of impact. The investments both directly and indirectly funded impact property funds, which help to address housing needs of women escaping domestic abuse, providing homes for people at risk of homelessness and managing supported housing for vulnerable individuals. The underlying investments within the investment vehicles also included charity bonds and secured loans to charities and social enterprises to enable them to scale their operations and increase their impact.

**Lamb's Passage Holding Ltd (LPHL)**, the holding company of Kingdom Bank Ltd, was purchased in 2020. The investment is shown at £5.7m at year end (2021: £4.8m), the increase is due to our full subscription to the allotment of shares from the rights issue by LPHL in January 2022, less the recognition of our share of the associate's loss for the year. Kingdom Bank is an explicitly Christian bank seeking to partner with Christians who would like to see their cash invested for Kingdom purposes, offering churches and Christian charities lending and financial services for gospel ministry. It works across denominations, financing over £63m of projects that support growing churches to achieve their mission.

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It is vitally important to us that the funds received from Giving Account holders, held in restricted funds, are protected as much as possible, so that Stewardship maintains capital value and has the liquidity to meet future requests to make grants to their chosen charities.

To ensure we can cover our next six months of running costs and any foreseeable operational deficits

Minimum reserves requirement £5.1m

Unrestricted reserves balance	£9.3m
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As indicated in note 1b to the Financial Statements, the Stewardship trustees and Leadership team have reviewed Stewardship's financial position, plans, reserves and risk management and consider Stewardship to have adequate resources to continue operations for the foreseeable future, and are satisfied there are no material uncertainties surrounding the preparation of these financial statements on a going concern basis. As well as unrestricted reserves of £9.3m, Stewardship has significant liquidity, with £34.6m held in instant access accounts and short-term money market funds. These provide the liquidity to meet the ongoing operational expenditure needs of the charity and ensure funding for grant payments from Giving Accounts.

# Risks

Stewardship is largely dependent on receiving donations from givers.

Therefore, the principal identified risks and uncertainties are concentrated around the conditions that facilitate this giving and our own operational abilities to efficiently manage and facilitate our grant making. Our approach to our risks is defined through a Risk Appetite Statement and 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. The Council, in conjunction with the Leadership team, consider that they have established appropriate systems to anticipate risks as they arise and have instigated procedures and actions to mitigate the probability and impact that such risks may pose to the organisation. The principal risks and uncertainties have been identified as:

Risk title	Risk description	Summary of key mitigations
<b>IT and cyber security risk</b>	In common with other organisations, cyber attacks remain a constant threat to the integrity and availability of our systems and data.	<p>In 2022, our key operating system was moved to a cloud computing service providing extra infrastructure resilience and protection for our data and systems. The CTO continues to implement our programme of security enhancements and ongoing reviews, testing our IT estate with independent third-party security experts.</p> <p>We acknowledge that staff awareness is a key control and regular training and testing is undertaken in this area to ensure that they are aware of their duty to protect our systems and data.</p> <p>We now have multifactor authentication across our internal systems and platforms.</p>
<b>Economic risk</b>	External events that lead to external risk that cannot be controlled by Stewardship nor can be forecasted with a high level of reliability.	<p>To mitigate the risks associated with ongoing and volatile external factors (economic, political and global), the trustees and Leadership team continually review strategy, plans, budgets, and resourcing needs.</p> <p>In a significantly high-inflation environment with the pressures it brings, we are in unprecedented times. This gives rise to the need to continue to manage income, costs, and staff wellbeing, as well as supporting our Partners and ultimately their beneficiaries in their important outreach during the cost of living crisis.</p>
<b>Reputation risk</b>	We protect our standing and reputation by being a sound and trusted organisation, ensuring a positive client experience whilst complying with all legal and regulatory requirements.	<p>We continue to build and protect our standing by ensuring our values are embedded in our staff and external communications. We listen to and act on feedback, including complaints, to ensure we strive to deliver the best possible service to our customers.</p> <p>We have compliance policies and programmes to assist with extensive risk-based due diligence procedures which seek to mitigate the risk of contentious gifts being accepted and our grants being misapplied.</p> <p>The use of ethical screening seeks to mitigate any concerns over the investments we make and therefore helps manage our reputational risk.</p>

# Risks

Risk title	Risk description	Summary of key mitigations
<b>Investment and liquidity risk</b>	Continued volatile economic conditions have the potential to adversely impact the value of our investments and the high inflation environment will impact their purchasing power. These factors could result in higher costs and investment losses than expected and Grants Out may have less impact for our Partners.	<p>Our investment strategy has been significantly updated to help maximise income return and increase our Kingdom impact. Regular monitoring and review of a well-diversified portfolio of investments and all income streams are carried out by the Finance and Investment Committee, including review of Stewardship's reserves requirements and cash flow forecasts. Due to the current and forecast growth in our paid for services, we are becoming less reliant on interest income to cover our running costs.</p> <p>We introduced our liquidity policy to balance liquidity risk and maximise return on cash balances. Our new client interest rate policy includes the methodology to determine how we allocate interest income to donors holding large cash balances.</p> <p>Stewardship is not regulated by the Financial Conduct Authority, but during 2022 we sought legal advice and worked with compliance consultants to ensure that we operate within the required legal parameters. Through improved procedures and training, we are confident that we are acting responsibly when we interact with our donors about the investment options available for their donated or soon to be donated funds.</p>
<b>Credit risk</b>	Risk of a financial loss arising from borrowers failing to meet their financial repayment obligations.	<p>Stewardship loan applications are credit assessed and reviewed by a dedicated team; loans subjected to higher thresholds are presented to the Lending Sub-Committee for approval.</p> <p>Acknowledging the current economic risks, all loans continue to be subject to regular monitoring of their performance.</p>
<b>Service continuity risk</b>	As an organisation providing various client services, the failure of IT systems and loss of key staff would be significant.	<p>We continue to review our business continuity arrangements and plans. Continuous development of our IT tools and systems helps manage our resilience in line with our continuity plans.</p> <p>Hybrid staff working arrangements is a key part of our physical continuity plans. We also use, when appropriate, internal incident response groups to highlight and help address key business-critical activities and issues.</p> <p>We provide robust recruitment, succession, and support programmes, which include peer role training, and make available and promote staff wellbeing and resilience programmes. We continue to uphold and grow a workplace culture of Christian fellowship, love, and care.</p>



4

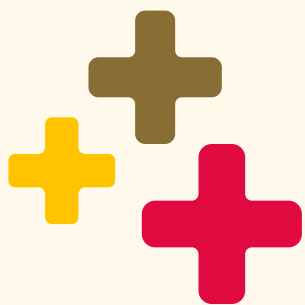
# Governance



# Our structure

## Overview

Stewardship began its life in 1906 as the United Kingdom Evangelisation Trust (UKET) to support the church planting activities of the Brethren church, our primary function being to hold in trust property and financial resources generously given for church planting and evangelism. We have evolved, 117 years later, into a family of charities and companies that seeks to inspire and serve evangelical Christian generosity.



The Stewardship family (as detailed in note 15 to the financial statements) is now comprised of Stewardship Services (UKET) Ltd, the principal charity; the dual-qualifying entities, Stewardship American Donor Fund UK Ltd and Stewardship American US Inc; as well as an associate investment in Lamb's Passage Holding Ltd, the parent company of Kingdom Bank.

A post balance sheet event has been disclosed in respect of Stewardship American Donor Fund UK Ltd and Stewardship American US Inc in note 26 of the financial statements (page 84). Stewardship American Donor Fund US Inc has agreed to transfer Stewardship American Donor Fund UK Limited and its dual-qualified US-UK giving service to the International Generosity Foundation, a US public charity which is part of the TrustBridge Global Network. The transfer is expected to take place on or before 30 June 2023. Following the transfer, Stewardship American Donor Fund US Inc will be dissolved in due course.

In January 2023, Stewardship Professional Services Ltd was incorporated, a wholly owned subsidiary of Stewardship Services (UKET), with the intention to be the entity holding our Accounts Examination, Payroll Bureau, Charity Formation and Consultancy services in the future. The entity is currently dormant.

The parent company, Stewardship Services (UKET) Ltd, a company limited by guarantee (company number 90305) and a registered charity with the Charity Commission (charity number 234714), is governed by a Memorandum and Articles of Association, as last amended in September 2017. All 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
- operational process and direction.

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

## Public benefit statement

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

Moreover, partnering with our clients in providing training and administrative services, such as payroll, accounting and other resources, enables churches, workers and charities to better fulfil their key activities of advancing the Christian faith and bringing relief to those in need.

The trustees have had regard to the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning future developments as we seek to continue making a difference.

# People

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

## The Leadership team

The Leadership team works in partnership with the trustee Council to deliver our goals and mission. The following served as members of the Leadership team for the period ended 31 December 2022, and up to the date of approval of the accounts, except where stated otherwise.



**Stewart  
McCulloch**

**Chief Executive  
Officer**

**Acting Chief  
Partnerships Officer**

From 3 December  
2021 to 24 April 2022



**Janie Oliver**

**Chief Financial  
Officer and Company  
Secretary**



**Nicola Johnson**

**Chief Philanthropy  
Officer**



**Daniel Jones**

**Chief Generosity  
Officer**



**Peter Wilson**

**Chief Partnerships  
Officer**

From 25 April 2022



**Brett  
Mickelburgh**

**Chief Technology  
Officer**

## Members of Stewardship Services (UKET) Ltd Council (trustees)

The following served as directors and members of the Council for the period ended 31 December 2022, and up to the date of approval of the accounts, except where stated otherwise:

<sup>1</sup> The Lending Sub-Committee first met on 25 January 2022.

<sup>2</sup> Katherine Tait has been on maternity leave from Autumn 2022, attending only Full Council meetings until it was confirmed which committee she would officially join.

<sup>3</sup> Angie Rusbridge began the prospective trustee process in 2022, attending the Finance & Investment Committee on 8 November 2022 and Full Council meeting on 24 November 2022. She was officially appointed as a trustee on 2 March 2023.

<sup>4</sup> Edward Mishambi was appointed a member of the Audit & Risk Committee and as a trustee on 20 February 2023 and 15 June 2023 respectively.

Name	Council	Finance and Investment	Audit and Risk	Appointments & Remuneration	IT & Digital Strategy	People Culture & Place	Lending Sub-Committee <sup>1</sup>
Simon Blake	● Chair (until 30.06.2022)	● Until 30.06.2022		● Chair (until 30.06.2022)			
Chris Gillies	● Chair Designate (from 22.02.2022) ● Chair (from 30.06.2022)	● From 22.02.2022	● From 22.02.2022	● From 22.02.2022 ● Chair (from 30.06.2022)		● From 22.02.2022	
Gareth Burns	● Deputy Chair		● Chair	●			
Antony Barnes	● Until 30.06.2022	● Chair (until 30.06.2022)		● Until 30.06.2022			
Stephanie Biden	●		●				
Mike Bugembe	●				●	● Until 01.09.2022	
Jennifer Charteris	●					●	
Curt Hopkins	●				●		
Jeremy Marshall	● Until 4.03.2022	● Until 4.03.2022					
Andrea Pattico	●			●		● Chair	
Sunil Rajan	●				●		
Ritz Steytler	●			●	● Chair		
James Ward	●	● Chair (from 07.06.2022)					● From 25.01.2022
Nathan Whitaker	● From 16.09.2021	●					● From 25.01.2022
Katherine Tait <sup>2</sup>	● From 02.03.2023					● From 02.03.2023	
Angie Rusbridge <sup>3</sup>	● From 02.03.2023	● From 02.03.2023					
Edward Mishambi <sup>4</sup>	● From 15.06.2023		● From 15.06.2023				



## Advisors

### **David Vardy**

Chair Emeritus

### **Jeremy Marshall**

Trustee Emeritus (with effect from 4 March 2022)

### **Joachim Adenusi**

Non-trustee member of the Audit and Risk Committee

### **Jonathan Gwilt**

Non-trustee member of the Finance and Investment Committee and the Lending Sub-Committee from 25 January 2022

### **Bernadette Cunningham**

Non-trustee member of the Finance and Investment Committee and the Lending Sub-Committee from 25 January 2022

### **Anna McDonald**

Non-trustee member of the Finance and Investment Committee (from 25 August 2022) and the Lending Sub-Committee (20 September 2022)

## Committees and trustees

### **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 strategic plan and our objectives for our coming year
- 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 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 five trustee committees and one sub-committee, as follows:



### 1 Finance and Investment Committee

This committee is responsible for overseeing the general financial management and investment activity of Stewardship. To fulfil these responsibilities, the committee:

- approved the Client and Lending interest rate policies and monitored compliance
- deliberated and approved the 2023 budget and ongoing financial management reporting
- oversaw compliance with the Liquidity, Investment and Reserves policies
- continues to take responsibility from the Legacy Funds Grant Committee for decision making required regarding the distribution of legacy funds
- reviewed and approved large value lending in line with the lending policy; this responsibility was delegated, in part, to the Lending Sub-Committee from January 2022.

### 2 Lending Sub-Committee

**A sub-committee of the Finance and Investment Committee**

This committee first met in January 2022 and is responsible for overseeing the lending portfolio, and for reviewing and approving any large value lending. To fulfil these responsibilities, the committee:

- evaluated, deliberated and challenged large loan proposals
- considered the risks attached to the proposed loans (financial and non-financial) and any mitigating factors
- considered and approved any changes required to the lending policy when required.



## 3

## Audit and Risk Committee

This committee has responsibility for the supervision of audit and the oversight of risk management. To fulfil these responsibilities, the committee:

- supervised the maintenance of appropriate internal controls
- advised Council on minimising the risk profile of future strategies, for example the formation of a separate entity for the service activities of Stewardship.
- reviews and appoints the external auditors (appointed Crowe LLP as the external auditors in 2021)
- reviewed the 2021 Annual Report and Financial Statements and proposed them for approval to Council
- reviewed Serious Incidents as needed, internally and externally, and authorised reporting to the Charity Commission where required
- ongoing review of key policies and approval of the following new policies: social media policy, anti-fraud, bribery, and corruption policy, risk appetite statement, investment compliance policy & vulnerable donor policy.

## 4

## Appointments and Remuneration Committee

This committee has responsibility to ensure that trustees and Leadership team are appointed, and the Leadership team remunerated fairly, in line with Stewardship's policies and values. To fulfil these responsibilities, the committee:

- reviewed and approved proposals for the appointment of new trustees
- acted as a first point of reference for the Chair of Council and Leadership team on urgent issues between Council meetings
- when applicable, considered the appointment and remuneration of the Chief Executive Officer and members of the Leadership team and agreed the basis for the general pay award to staff. Pay increases for all employees, including the Chief Executive Officer and Leadership team, are subject to individual performance assessed in line with appraisal criteria agreed as part of the charity's performance management system. In determining the pay of the Chief Executive Officer and Leadership team, where possible, relevant benchmarks are considered, and bandings have been created to ensure consistency across the team. Pay benchmarks have been developed for all roles across the organisation and will be updated on an annual basis going forward.

## 5

## IT and Digital Strategy Committee

The responsibility of this committee is to advise on issues and operations related to IT and/or digital strategy. To fulfil this responsibility, the committee:

- scrutinised the IT and digital transformation plan and vision to ensure the strategy is consistent with the strategic objectives of the organisation, with particular focus on the move to a cloud computing service and associated processes
- proposed IT and digital policies, particularly the new acceptable use policy, given improvements to technological capabilities
- considered and mitigated IT and digital risks (per the Stewardship Risk Register) on behalf of the Audit and Risk Committee
- ensured adequate internal staffing and outsourced resources were in place to deliver our products and services in a secure, agile and cost-effective manner. The committee added expertise and broader market perspective to the recruitment and supplier appointment process.

## 6

## People, Culture and Place Committee

This committee is responsible for overseeing the culture and workplace of Stewardship. To fulfil this responsibility, the committee:

- continued to ensure that our values drive our culture, strategy and brand – who we are, what we do and how we are seen
- proposed people, culture and place policies for adoption by the Council
- oversaw people, culture and place risks (per the Stewardship Risk Register) on behalf of the Audit and Risk Committee
- reviewed and advised on the People, Culture and Place strategy, which includes flexible working, reward, training and development, health and wellbeing, performance and talent management, employee engagement and diversity and inclusion
- monitored the spiritual, cultural and physical wellbeing of the organisation through regular surveys and feedback advising on areas for improvement.

# Our policies and other statutory declarations

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## Grant-making policy summary

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

Account holders making gifts to Stewardship may express a preference that funds are donated to specific partner causes. Following successful due diligence and a financial needs assessment, a beneficiary is recognised as eligible and we will then consider the request of the donor. The depth of due diligence undertaken is risk-based and considers several risk factors including the size of the proposed grant, geographical location, governance arrangements and operational structure.

## Modern Slavery Act

Our operating income (those funds freely available for Stewardship to use in pursuance of our charitable objectives) for the period is £6.0m (2021: £5.4m), 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 charitable-gift processing and Partner Services to charities and churches, our supply chain is low value by comparison and, as such, we have assessed it as low risk. The Council and the staff team at Stewardship are committed to continually improving our practices to help identify and combat modern slavery and human trafficking.

## Fundraising statement

Stewardship is registered with the Fundraising Regulator and adopts the standards within the Code of Fundraising Practice.

As a Donor Advised Fund charity, Stewardship's charitable model is different from other charities, in that we receive restricted donations from individuals and organisations. We have established and maintain over 12,000 charitable grant-making partner relationships. These relationships have enabled individuals and organisations to donate to Stewardship, with a preference for their support to an eligible partner, knowing that we have undertaken the required due diligence on our partners together with claiming any tax relief on eligible giving.

Donors can give via Stewardship's online fundraising platform at [stewardship.org.uk](https://stewardship.org.uk). Stewardship's online fundraising and donation pages have been fundamental in helping churches and charities during recent UK and global crises (the war in Ukraine, earthquakes in Turkey and the cost of living crisis in the UK). This has enabled donors to quickly and easily give support to those most in need.

During the accounting period, Stewardship has not received any fundraising complaints and has not had

any compliance issues with upholding the Code of Fundraising Practice.

Stewardship has not employed any third-party professional to engage in any fundraising activities on its behalf. Stewardship has several members of staff who work to promote Stewardship and its services, through the production of marketing and delivery of training materials. The aim of these activities is not to raise funds for Stewardship's purposes but to promote its services in order to fulfil its objectives.

As a Donor Advised Fund, Stewardship is in a niche fundraising position with many churches, charities and overseas non-profits registered to receive funds from us and therefore in the habit of referring potential donors to us as they seek funds for their work. To support these partners, we provide:

- events and training to support good standards in raising funds
- helpful resources in fundraising for individuals raising financial support for Christian ministry
- provision of helpful support forms and platforms to encourage donors to give in a way in which they are comfortable.

In addition, in furtherance of our charitable objects we make grants to individuals in Christian ministry who rely on and seek supporters to fund their work by making donations to Stewardship. We pay close attention to funds raised in support of individuals and have integrity checks and alert systems in place to manage this complex area of fundraising.

Stewardship takes its responsibility to protect vulnerable donors very seriously and upholds the values of the Code of Fundraising Practice by treating its donors fairly and with respect. Stewardship does this by:

- supporting regular donors through dedicated teams who undertake regular vulnerable donor training to help spot the potential signs of a vulnerable donor
- having internal controls for one-off/occasional donors to help detect unusual donation trends and amounts, and running further checks if identified
- having processes in place for when a gift has been made by a donor in vulnerable circumstances
- ensuring staff who are actively involved in fundraising undertake vulnerable donor training.

The costs of fundraising for Stewardship in the reporting period were £329,000.

# Sustainability and carbon reporting



Stewardship reports energy and carbon emissions in compliance with The Companies (Director's Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

This is Stewardship's third year for streamlined energy and carbon reporting (SECR). The 2019 results are also available (provided below) and are considered the base year for comparison purposes.

An 12% increase in electricity consumption is reported when compared to the prior reporting period (70,193 kWh in 2022 compared to 62,655 kWh in 2021). Compared to the base year (2019), a 31% decrease in electricity consumption is reported. The reduction compared to the base year (2019) can mostly be attributed to the Covid-19 pandemic, with most employees working from home for the majority of 2020 and 2021. During 2022, a move to hybrid working meant that staff levels within the office continued to be lower than the base year.

Stewardship submitted an energy audit report with ESOS (Energy Savings Opportunity Scheme) in December 2019, which identified 41,651 kWh of potential energy-saving projects. Implementation of these projects was delayed in 2022 due to strategic decisions to be made regarding plans for our office base. This followed limitations caused by Covid-19 in both 2020 and 2021, but will be reviewed afresh if relevant, to ensure future reduction in energy consumption.

Energy source: Electricity (kWh)	12 months to December 2022	12 months to December 2021	12 months to September 2019 (base year)
Consumption KWH	70,193	62,655	101,340
Energy intensity CONSUMPTION PER SQUARE METRE	135	120	195
Carbon emissions TCO2e	14	13	26
Carbon intensity TCO2e PER SQUARE METRE	0.026	0.026	0.050

## Methodology and estimates

The energy consumption and carbon emissions figures have been extracted from invoice data for the financial year. No estimates have been used as we have access to 100% actual data from the invoices.

The company does not own any vehicles and the majority of travel is undertaken using public transport. Energy consumption has been converted to carbon (TCO2e) using 2022 DEFRA published conversion factors.

# Charity Governance Code

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Stewardship recognises the importance of the Charity Governance Code's principles and values in its role of supporting the Council's journey of continuous improvement as it upholds the Trust's 117-year legacy.

Our Council members are united under the statement of beliefs to which we subscribe and, as Christians, are committed to the biblical principles of good stewardship and governance. Our Chair of Trustees has recently led a piece of work reviewing board effectiveness. This entailed all trustees and Leadership team members completing a questionnaire largely based on best practice as per the Charity Governance code. Responses to the questionnaires were collated and a thorough review undertaken with trustees and Leadership Team members at the meeting in March 2023. The results showed that our board is operating effectively, but areas of improvement were identified, and steps will be taken to address these gaps where necessary.

## Section 172 Statement

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### Background

As a charity and company limited by guarantee, Stewardship is required to report on how trustees have discharged their duty to promote the best interests of Stewardship, having regard to the matters set out in section 172 (1) (a) to (f) of the Companies Act 2006. In doing so, regard (amongst other matters) must be given to:

- the likely long-term consequences of any decision
- the interests of employees
- fostering relationships with key stakeholders
- the impact of operations on our communities and environment
- maintenance of our reputation for the highest standards of conduct
- the need to act fairly between members of the company.

### Our stakeholders

Council recognises that Stewardship's relationship with its stakeholders is critical to its success. The table sets out our key stakeholder groups, the key considerations of each group and how we engage with them. By understanding our stakeholders, Council discussions consider the potential impact of our decisions on each stakeholder group and consider their needs and concerns.



STAKEHOLDER GROUP	Churches, charities and Christian workers (partners)	Givers and philanthropists	Employees	Regulators (Charity Commission, HMRC and Fundraising Regulator)	Investment community
<b>Key considerations</b>	<ul style="list-style-type: none"> <li>To help partners raise and steward resources to effectively carry out their work and fulfil their mission.</li> <li>To provide services and help to catalyse a thriving Church across the UK.</li> </ul>	<ul style="list-style-type: none"> <li>To help Christians make every gift count, releasing even more funds to Christian causes.</li> <li>To be a lifetime partner for generous Christians, passionate about giving and supporting the causes that they love.</li> </ul>	<ul style="list-style-type: none"> <li>Succession planning.</li> <li>Growth, training and development.</li> <li>Diversity, inclusion and equality.</li> <li>Fair and appropriate remuneration, benefits and condition.</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining strict governance procedures to ensure compliance with all applicable regulatory regimes.</li> <li>Using our knowledge and experience to influence policy and regulation where appropriate.</li> </ul>	<ul style="list-style-type: none"> <li>Comprehensive review of the financial performance of Stewardship's investments.</li> <li>Balancing the financial performance, risk factors and liquidity of the investments held.</li> </ul>
<b>How we engage</b>	<ul style="list-style-type: none"> <li>We offer a full curriculum of support (monthly communications via targeted e-newsletters, regular free webinars, targeted training programmes and an annual conference).</li> <li>We provide a pathway for churches to plant, revitalise and grow, for Christian charities to form and grow to be self-sustaining and for mission workers in their support raising.</li> </ul>	<ul style="list-style-type: none"> <li>Publication of SHARE magazine, Generous email magazine and informative social media posts giving guidance and perspective.</li> <li>Retreats, events and one-to-one engagement with philanthropy clients.</li> <li>Online, telephone and written communication with all clients with no limit on the time we will take meeting their needs.</li> <li>Consultations and significant notice on any changes in our prices or terms, including specific detailed communication to those directly affected.</li> <li>Customer engagement in our product development, user and customer acceptance testing and feedback for our refreshed platforms and products.</li> </ul>	<ul style="list-style-type: none"> <li>People, Place and Culture trustee sub-committee focuses on continuous improvement to our people, place and culture development.</li> <li>Development of reward strategy to ensure appropriate remuneration across the organisation.</li> <li>Quarterly employee engagement surveys. Dedicated Intranet and chat channels, weekly all-staff team meetings and bi-weekly all-staff prayer meetings.</li> </ul>	<ul style="list-style-type: none"> <li>Timely submissions of all necessary filings and returns.</li> <li>Self-reporting and engagement where appropriate.</li> <li>Prompt and comprehensive response to requests for information if requested.</li> <li>Engagement as part of regulator working groups and committees.</li> <li>Lobbying for change at a policy level.</li> </ul>	<ul style="list-style-type: none"> <li>Regular meetings and correspondence with our investment managers.</li> <li>Oversight from the Finance and Investment Committee.</li> <li>Actively seeking and harnessing ethical and impactful investment opportunities, particularly for Kingdom growth.</li> <li>Working with external experts where required on potential regulatory or specialist issues.</li> </ul>

# Key decisions in 2022

The following sets out the key decisions taken by the Stewardship Council of trustees in 2022 and how the interests of our stakeholders and the wider factors set out in section 172 of the Companies Act 2006 were taken into account.



## Response funds

We acted swiftly in response to UK and global crises during the year, setting up two rapid response funds, to support those impacted by the invasion of Ukraine and the cost of living crisis. We also catalysed funds to launch The Sanctuary Foundation and The Warm Welcome Movement.

### Key considerations:

- As practical financial support was required by those impacted in both these crises, Stewardship launched funds that donors could give to safely, knowing that appropriate partners would be selected for grants by a cross organisational internal advisory board with representation from the Leadership team.
- We shared the initiative with donors and invited them to give generously to these response funds via email, social media and our website.
- For both funds, appropriate criteria were put in place to determine how to distribute the funds to partners.
- Following the invasion of Ukraine, the trustees gave approval to launch a 'Sanctuary Foundation fund' to allow donors to respond urgently to Dr Krish Kandiah's work, while working with external advisers and the Charity Commission to fast track the creation of this new charity.
- In response to the cost of living crisis, a 'Warm Welcome Energy Fund' was created in partnership with the Good Faith Partnership, with grants directed to churches and other voluntary groups operating 'Warm Welcome Spaces' in areas of highest deprivation, using data available from the Office of National Statistics.



## Review and revision of our values

We sought to strengthen our culture by revising how we express our values and reinforcing a values-based approach to our work. The end result was four values paired with four expressions of our character.

### Key considerations:

- The approach to reviewing our values was highly collaborative, seeking input from colleagues, the Leadership team and trustees. Significant consideration was given to alignment with our faith.
- They were officially approved by Council in June 2022.
- Our revised values were communicated externally on our website to clients.



## Organisational structure, redundancies and hiring of a new Chief Partnerships Officer

In April 2022, we welcomed our new Chief Partnerships Officer, Peter Wilson. Peter is leading the transformation of the division and building and maintaining relationships with our church and charity partners.

To fulfil financial commitments in 2023, it became evident that we needed to reduce our cost base and we made the very difficult decision to make 12 roles redundant at the end of 2022, which also resulted in changes to our organisational structure.

### Key considerations:

- Potential candidates for the Leadership team undergo a rigorous recruitment process, including interviews with the CEO, other Leadership team members and trustees. Appointment decisions are made by the Leadership team in conjunction with trustees and the Appointments and Remuneration Committee.
- As part of the budgeting process, it was identified that significant and decisive action was required to fulfil financial commitments for 2023 and future years. Non-headcount costs were reduced as far as possible before redundancies were considered. The Leadership team gave significant consideration to the impacted roles and the People Team advised on the formalities of the process.
- The redundancies were discussed with and supported by a sub-group of trustees before any announcements were made to colleagues.
- Colleagues were informed about the redundancy

programme verbally by the CEO, which was followed up with an email and further opportunities to discuss and ask questions as a wider organisation and within divisions.

- Members of staff directly impacted by the redundancy process were provided support by the People Team throughout the consultation process.



## New Chair of Trustees, Chair of the Finance and Investment Committee and other trustee changes

Chris Gillies officially became Chair of Trustees in June 2022, taking over from Simon Blake.

Antony Barnes (Chair of the Finance and Investment Committee) and Jeremy Marshall stepped down as trustees in June 2022 and March 2022 respectively. James Ward became the Chair of the Finance and Investment Committee from June 2022.

Katherine Tait joined as trustee in June 2022. Angie Rusbridge and Edward Mishambi joined Council meetings in November 2022 and became trustees in H1 2023. Anna McDonald joined as a non-trustee member of the Finance and Investment Committee and the Lending Sub-Committee in August and September 2022 respectively.

### Key considerations:

- Chris Gillies and James Ward were officially appointed as the Chair of Trustees and the Chair of the Finance and Investment Committee respectively at the Council meeting in June 2022.
- Antony and Jeremy served faithfully as trustees for seven and five years respectively and we are grateful for their service and contribution to Stewardship over their terms.
- Significant care and due diligence are applied when appointing new trustees. Suitable candidates are interviewed by Leadership team members and existing trustees and are required to attend at least one round of Council meetings as an observer before being officially appointed by the Council of trustees.



## Technology infrastructure

In September 2022, we moved our web hosting to a cloud computing service and embraced the full cloud native implementation.

### Key considerations:

- The journey to modernising our hosting platform began in 2020 when the three-year Technology strategy was approved by the Leadership team and trustees, and various hosting options were considered.
- We worked with an external company to create the proposed architecture and roadmap, and the business case was presented and approved by the IT & Digital Subcommittee, Council and Leadership team in H1 2021.
- Project governance was in place and regular updates provided to colleagues, Leadership team and trustees.
- Customers were informed about the one-day downtime in advance via email and on our website.



## Investment policies and related decisions impacting clients

During the year, we updated the liquidity policy, enabling us to maximise interest income on cash balances. Coupled with the increase in base rates over the year, a client interest rate policy was introduced to incorporate a robust methodology for allocating interest income to clients with large cash balances.

We performed a significant amount of work to develop an informed response to potential regulatory implications of financial promotion and advice, particularly impacting Philanthropy Services.

### Key considerations:

- An updated liquidity policy was approved in June 2022 and the new client interest rate policy was approved in August 2022 by the Finance and Investment Committee.
- All decisions to increase the interest rates on large cash balances held by clients were approved by the Stewardship Executive Team. We communicated the relevant interest rates changes to eligible clients via email.
- We worked with two external advisors (one legal firm and one compliance consultancy) in developing our response to the potential regulatory implications relating to financial promotion and advice. On the back of their findings and legal opinion, we provided the necessary training to relevant colleagues and created a new investment compliance policy. This will enable client-facing staff to discuss investment options safely and responsibly with our clients.



## Closure of our cash deposit service

We made the difficult decision to close our cash deposit service with our deposit holders offered the option of their funds being returned or transferred to Kingdom Bank at the end of June 2022 (at the option of our deposit holders).

### Key considerations:

- Full review of the service was performed, with a focus on the client proposition and impact of the closure. This analysis was used to inform the decision made by the Finance and Investment Committee to close the service.
- Clients impacted by the closure of the service were sent a letter (via email) in February 2022 notifying them of the closure and setting out timelines and options. Follow-up phone calls were made to certain clients who would be significantly impacted.
- We were able to offer clients the option for their balances to be easily transferred into a saving account with an institution that shares our Christian values, through an agreed process with Kingdom Bank.

# Statement of Council responsibilities

The Council members 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 Council members 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 Council members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and charity for that period.

In preparing these financial statements, the Council members 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

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

## Re-election of Council members

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 re-appoint Crowe LLP as auditors was agreed at the Audit and Risk Committee meeting in February 2023.

## 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 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 15 June 2023 and signed on its behalf.

Signed on behalf of the Council by:



**Chris Gillies**

CHAIR OF STEWARDSHIP



# Independent auditor's report to the members and the trustees of Stewardship Services (UKET) Ltd

## Opinion

We have audited the financial statements of Stewardship Services (UKET) Limited ('the charitable company') and its subsidiaries ('the group') for the year ended 31 December 2022, which comprise The Consolidated Statement of Financial Activities, Consolidated and Parent Balance Sheets, Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2022 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- have been prepared in accordance with the requirements of the Companies Act.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are 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 relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

## Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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 our 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 included within the trustees' report have been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006, in our opinion:

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

## Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were fundraising regulations, taxation legislation, employment legislation, Health and Safety regulations and General Data Protection Regulation (GDPR).

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing and recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading regulatory reports and minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and

transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

## 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 and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



**Tina Allison**

SENIOR STATUTORY AUDITOR

FOR AND ON BEHALF OF  
CROWE UK LLP  
STATUTORY AUDITOR  
LONDON

5 July 2023

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# Annual Financial Statements



# Consolidated Statement of Financial Activities

For the year ended 31 December 2022		31 December 2022			31 December 2021		
	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000
<b>INCOME FROM</b>							
Donations and legacies	2	2,745	106,893	109,638	2,467	95,670	98,137
Charitable activities	3	1,335	-	1,335	1,375	-	1,375
Investments	4	1,908	1,642	3,550	1,392	1,141	2,533
Share of associate's profit					194	-	194
<b>Total income</b>		<b>5,988</b>	<b>108,535</b>	<b>114,523</b>	<b>5,428</b>	<b>96,811</b>	<b>102,239</b>
<b>EXPENDITURE ON</b>							
Raising funds	5	(329)	-	(329)	(317)	-	(317)
Investment management fees	5	(12)	(457)	(469)	(13)	(466)	(479)
Charitable activities							
Grants and grant-making activities	8	(4,039)	(97,725)	(101,764)	(4,068)	(86,786)	(90,854)
Other charitable activities	5	(2,195)	-	(2,195)	(2,096)	-	(2,096)
Share of associate's loss		(16)	-	(16)	-	-	-
<b>Total expenditure</b>	5-10	<b>(6,591)</b>	<b>(98,182)</b>	<b>(104,773)</b>	<b>(6,494)</b>	<b>(87,252)</b>	<b>(93,746)</b>
Net gains / (losses) on investments	14	(338)	(10,882)	(11,220)	(125)	9,807	9,682
<b>Net (expenditure) / income</b>		<b>(941)</b>	<b>(529)</b>	<b>(1,470)</b>	<b>(1,191)</b>	<b>19,366</b>	<b>18,175</b>
Transfers between funds	21	1,831	(1,831)	-	(74)	74	-
<b>Net movement in funds</b>		<b>890</b>	<b>(2,360)</b>	<b>(1,470)</b>	<b>(1,265)</b>	<b>19,440</b>	<b>18,175</b>
<b>RECONCILIATION OF FUNDS</b>							
Total funds brought forward	20	8,371	184,436	192,807	9,636	164,996	174,632
<b>Total funds carried forward</b>	20	<b>9,261</b>	<b>182,076</b>	<b>191,337</b>	<b>8,371</b>	<b>184,436</b>	<b>192,807</b>

All transactions arise from continuing operations. All gains and losses are included above. The notes on page 62 to page 83 form part of these financial statements.



# Consolidated and Charity Company Balance Sheets

Company number: 90305

		Group		Charity	
	Notes	31 Dec 22 £'000	31 Dec 21 £'000	31 Dec 22 £'000	31 Dec 21 £'000
FIXED ASSETS					
Tangible assets	12	3,630	3,666	3,630	3,666
INVESTMENTS					
Church and charity loans	13	24,339	22,561	24,339	22,561
Other investments	14	98,418	102,886	98,309	102,760
<b>Total fixed assets</b>		<b>126,387</b>	<b>129,113</b>	<b>126,278</b>	<b>128,987</b>
CURRENT ASSETS					
Debtors	16	2,666	1,557	2,610	1,525
Church and charity loans	13	1,955	3,037	1,955	3,037
Money market deposits		60,215	62,695	60,215	62,695
Cash at bank and in hand		7,244	15,505	6,887	14,643
<b>Total current assets</b>		<b>72,080</b>	<b>82,794</b>	<b>71,667</b>	<b>81,900</b>
LIABILITIES					
Creditors: Amounts falling due within one year					
Church and charity deposits		-	12,995	-	12,995
Other creditors	17	7,130	6,105	7,147	6,071
<b>Total current liabilities</b>		<b>7,130</b>	<b>19,100</b>	<b>7,147</b>	<b>19,066</b>
<b>Net current assets</b>		<b>64,950</b>	<b>63,694</b>	<b>64,520</b>	<b>62,834</b>
<b>Total net assets</b>	19	<b>191,337</b>	<b>192,807</b>	<b>190,798</b>	<b>191,821</b>
THE FUNDS OF THE CHARITY					
Restricted funds	20	182,076	184,436	181,747	183,724
Unrestricted funds	20	8,651	7,415	8,441	7,141
Revaluation reserve	20	610	956	610	956
<b>Total funds</b>		<b>191,337</b>	<b>192,807</b>	<b>190,798</b>	<b>191,821</b>

## Consolidated and Charity Company Balance Sheets

As permitted by s408 of the Companies Act 2006, the charity has not presented its own Statement of Financial Activities and related notes. The charity's deficit for the period was £1,023k (2021: surplus of £17,923k).

Approved and authorised for issue by the Council and signed on their behalf on 15 June 2023.



**Chris Gillies**

CHAIR OF STEWARDSHIP

The notes on page 62 to page 83 form part of these financial statements.

# Consolidated Cash Flow Statement

For the year ended 31 December 2022	2022		2021	
	£'000	£'000	£'000	£'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net cash provided by / (used in) operating activities		(7,674)		4,427
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Dividends and interest from investments	3,550		2,533	
Loan advances	(7,377)		(10,207)	
Loan capital repayments	6,681		3,681	
Reduction / (increase) in money market deposits (more than 3 months)	5,123		(3,055)	
Purchase of fixed assets	(7)		(7)	
Proceeds on sale of investments	11,981		30,917	
Purchase of investments	(17,895)		(16,655)	
<b>Net cash generated / (utilised) by investing activities</b>		<b>2,056</b>		<b>7,207</b>
<b>Change in cash and cash equivalents during the reporting period</b>		<b>(5,618)</b>		<b>11,634</b>
Cash and cash equivalents at the beginning of the reporting period		51,069		39,435
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>45,451</b>		<b>51,069</b>
<b>RECONCILIATION OF NET INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Net income for the reporting period</b>		<b>(1,470)</b>		<b>18,175</b>
Adjustments for:				
Gifts of shares		(854)		(879)
Share of associate's loss / (profit)		16		(194)
Depreciation charges		43		51
Losses / (gains) on investments		11,220		(9,682)
Dividends and interest from investments		(3,550)		(2,533)
(Increase) / decrease in debtors		(1,109)		199
(Decrease) in creditors		(11,970)		(710)
<b>Net cash provided by / (used in) operating activities</b>		<b>(7,674)</b>		<b>4,427</b>

For the year ended 31 December 2022	2022		2021	
	£'000	£'000	£'000	£'000

#### ANALYSIS OF CASH AND CASH EQUIVALENTS

Cash at bank	7,244	15,505
Money market deposits	38,207	35,564
<b>Total cash and cash equivalents</b>	<b>45,451</b>	<b>51,069</b>
Money market deposits (greater than three months)	22,008	27,131
<b>Total cash and money market deposits</b>	<b>67,459</b>	<b>78,200</b>

	At start of the period	Cash flows	Foreign exchange movements	At end of the period
Cash	15,505	(8,298)	37	7,244
Money market deposits	35,564	2,643	-	38,207
<b>Total cash and cash equivalents</b>	<b>51,069</b>	<b>(5,655)</b>	<b>37</b>	<b>45,451</b>
Money market deposits (greater than three months)	27,131	(5,123)	-	22,008
<b>Total</b>	<b>78,200</b>	<b>(10,778)</b>	<b>37</b>	<b>67,459</b>

The notes on page 62 to page 83 form part of these financial statements.

# Notes to the financial statements

## 1 Accounting policies

### a. Basis of accounting

The financial statements have been prepared under the historic cost convention except for investments, which are included at bid market price, and long lease assets held at valuation. They are also prepared in accordance with the UK Companies Act 2006, FRS102, the Financial Reporting Standard applicable in the United Kingdom, and the Charities Statement of Recommended Practice (Charities SORP 2019 – Second Edition). The charity meets the definition of a public benefit entity under FRS102.

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. Going concern

The Stewardship trustees and Leadership team have reviewed the group and charity's financial position, plans, reserves and risk management 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.

At 31 December 2022 the Stewardship group had unrestricted reserves of £9.3m to fund its ongoing operations, which is £4.2m above its minimum reserves requirement (see page 34 for details of our reserves policy). Stewardship also has significant liquidity, with £7.2m held as instant cash and another £60.2m in various notice and fixed term cash deposits. These provide the liquidity to meet the ongoing operational expenditure needs of the charity, but also to ensure funding for grant payments from Giving Accounts.

Each year Stewardship updates its future strategic plans and associated financial model for a number of years into the future, in order to ensure we have the operational and financial capacity to continue in operation and to fulfil our charitable objectives. Based on the analysis undertaken, the trustees and Leadership team have not identified any material uncertainties and have therefore continued to prepare the accounts on the basis that the group is a going concern.

### c. Basis of consolidation

The consolidated financial statements incorporate the results of Stewardship Service (UKET) Ltd ('the charity') and other Stewardship entities (note 15). The consolidated entity is referred to as 'the group' and the consolidated financial statements present the results of the group as if they formed a single entity. Intercompany transactions and balances between group entities are therefore eliminated in full.

No separate Statement of Financial Activities (SoFA) or Cash Flow Statement has been prepared for the charity as permitted by section 408 of the Companies Act 2006 and FRS102 respectively.

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



## d. Key estimates and judgements

The trustees make judgements and accounting estimates, as required, that are considered reasonable and prudent.

### Estimates

- i. Assets and liabilities are reviewed to ensure that all are reasonably included and valued given the known factors that impact the charity. Our loan book (note 13) is assessed regularly, and the trustees consider that no bad debt provision is required given the excellent track record of our clients and the current status of the loan accounts.

### Judgements

- ii. Stewardship holds a 35.5% investment in Lamb's Passage Holding Ltd, the holding company for Kingdom Bank (notes 14 and 15). Through this, Stewardship has the right to appoint three of the nine directors to the Lamb's Passage Holding Ltd board and hence this investment has been shown in the accounts as an investment in an associate. A further 19.9% of shares are held within specific Stewardship Giving Accounts. In line with all Giving Account funds within Stewardship, these investments are accounted for within restricted funds, with any subsequent group's share of the profit or loss and equity being recognised within restricted funds. Stewardship has entered into agreements that delegate the voting and board nomination rights associated with these shares to these Giving Account holders, subject to certain charitable constraints. Therefore, it is the trustees' judgement that, despite owning more than 50% of the shares, Stewardship is not in a position to control Lamb's Passage Holding Ltd and the overall investment can be regarded as an associate in our accounts.
- iii. Stewardship is a 'Donor Advised Fund', an increasingly popular type of charity across the world. 'Donors' give to Stewardship as they might to any other charity. However, they have the reasonable expectation that they will then 'advise' Stewardship who these funds should be granted to within Stewardship's charitable objects. Giving Account and Partner Account balances are therefore held as restricted funds (note 21). The restriction is that they are held in accordance with our terms and conditions for givers and partners.

The terms and conditions confirm that grants are made at the discretion of Stewardship's trustees. They also create reasonable expectations that a donor's gift request will be approved if it meets Stewardship's due diligence requirements and that Stewardship will not make a grant on its own initiative from a donor's Giving Account unless the account has become dormant.

Whilst Stewardship trustees have complete discretion over the funds and the grants made from them, the trustees are of the view that the donors' reasonable expectations are that we should hold these funds as restricted funds.

## e. Financial instruments

Stewardship has financial assets and financial liabilities of a kind that qualify as basic financial instruments. These consist of financial assets and liabilities, initially measured at their transaction value (including transaction costs) and subsequently at their settlement value. Further details on the measurement and recognition of these instruments are detailed in the following accounting policies.

## f. Income

Donations (also referred to as 'Gifts In') 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 ('Gift In') is made with a valid Gift Aid declaration, the Gift Aid is recognised in the period in which the original donation was made. Legacies are accounted for as income once the entitlement to the legacy becomes probable and quantifiable. As per note 1.d(iii) income received from donations and legacies is held as restricted funds.

Income received in foreign currencies is reported in the financial statements at the pound sterling equivalent value based on the exchange rate in place on the date of income recognition.

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

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

## g. 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 giver's expression of wishes, provided that Stewardship has completed the appropriate due diligence and financial assessment checks on the charitable cause nominated. Where Stewardship has followed a donor's request and allocated funds to a recipient's account, Stewardship continues to have discretion to decline to make payment, if circumstances have changed between the allocation of funds and payment date. However, the trustees are of the view that in most cases this is unlikely to occur and therefore the accounts include amounts yet to be paid to the recipient as a liability
- ii. Software development costs, including accrued expenditure, are written off as incurred.
- iii. Other expenditure in the furtherance of charitable objects is accounted for on an accruals basis. Where expenditure does not fall clearly into an expense category, costs are apportioned by headcount.
- iv. Governance costs include the cost of the audit, trustees' expenses and the staff costs associated with directly supporting trustees' meetings.
- v. Fund management charges on the Balanced and Growth Investment Funds are charged directly to the investment and reflected in closing asset valuations or, for sales, the asset sold.
- vi. Wages and salaries are disclosed net of pension salary sacrifice arrangements, which are included in pension costs.
- vii. Employee termination costs are accounted for on an accruals basis and in line with FRS102
- viii. Raising funds includes costs incurred in seeking donation income and is accounted for on an accruals basis.

## h. Operating leases

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

## i. 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) – three 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. No depreciation is charged on long leasehold assets as this is considered immaterial to the financial statements.

## **j. Fixed asset investments**

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

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

Social investments are reported at their recoverable value and any gains or losses on the sale of investment are included in the SoFA. For more detail refer to notes 1.d(ii) and 14.

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

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

The Consolidated Statement of Financial Activities includes the group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the group.

## **k. Debtors**

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

## **l. Church and charity loans**

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

## **m. Current asset investments**

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

## **n. Money market deposits**

Money market deposits are held as part of the group's 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 interest income and liquidity.

## **o. 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.

## p. Deposits held for churches and registered Christian charities

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

## q. Creditors

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

## r. Funds held as agent

Funds received by the group as agent are not recognised as income nor is their distribution recognised as the agent's expenditure. Balances at the period end, which are held within cash balances, are reported under 'other creditors' as detailed in notes 18 and 19.

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

## s. Reserves

- i. Unrestricted funds are available to cover the cost of running the group. Our reserves policy is explained on page 34 of our Trustees' Report.
- ii. Restricted funds are comprised of gifts received into the group's Giving Accounts. Donors will at some future date express preferences as to how these funds may be granted out to specific recipient causes. Upon approval of the preferences the grant payments will be made. Until this time, the funds are held as restricted within the group's accounts.

# 2 Income from donations and legacies

	2022			2021		
	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000
Gifts	2,745	88,027	90,772	2,467	78,248	80,715
Gift Aid tax	-	15,964	15,964	-	15,631	15,631
Legacies	-	2,902	2,902	-	1,791	1,791
	<b>2,745</b>	<b>106,893</b>	<b>109,638</b>	<b>2,467</b>	<b>95,670</b>	<b>98,137</b>

All income is generated from activities within the UK.

### 3 Income from charitable activities

	2022	2021
	£'000	£'000
<b>PARTNER SERVICES</b>		
Payroll administration	457	460
Accounting and consulting	497	505
Conference, training and publications	102	105
Charity formation services	15	18
<b>CHURCH AND CHARITY LENDING</b>		
Fee income	88	50
<b>GIVING ACCOUNTS</b>		
Fees on management of Donor Advised Funds and Philanthropy Funds	131	185
<b>Other income</b>	45	52
	<b>1,335</b>	<b>1,375</b>

### 4 Investment income

	2022			2021		
	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000
Income from externally managed funds	63	1,594	1,657	174	1,121	1,295
Loan interest	1,033	31	1,064	904	20	924
Interest on money market deposits	812	17	829	314	-	314
	<b>1,908</b>	<b>1,642</b>	<b>3,550</b>	<b>1,392</b>	<b>1,141</b>	<b>2,533</b>



## 5 Analysis of expenditure

	Grant Funding £'000	Direct Costs £'000	Support Costs £'000	Total £'000
Raising funds	-	329	-	329
Investment management fees	-	469	-	469
Grant and grant-making activities	97,758	2,825	1,181	101,764
Other charitable activities	-	1,130	1,065	2,195
Share of associate's loss		16		16
	<b>97,758</b>	<b>4,769</b>	<b>2,246</b>	<b>104,773</b>

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

	2022	2021
	£'000	£'000

### NET INCOME FOR THE YEAR/PERIOD IS STATED AFTER CHARGING

Depreciation on tangible fixed assets	43	51
Auditor's remuneration: audit	68	58
Auditor's remuneration: other costs	-	4

### Analysis of expenditure – prior year

	Grant Funding £'000	Direct Costs £'000	Support Costs £'000	Total £'000
Raising funds	-	317	-	317
Investment management fees	-	479	-	479
Grant and grant-making activities	86,786	2,916	1,152	90,854
Other charitable activities	-	996	1,100	2,096
	<b>86,786</b>	<b>4,708</b>	<b>2,252</b>	<b>93,746</b>

## 6 Analysis of support costs

	Staff £'000	IT £'000	Premises £'000	Other £'000	Total £'000
Grants	723	236	93	129	1,181
Charitable activities	652	212	84	117	1,065
	<b>1,375</b>	<b>448</b>	<b>177</b>	<b>246</b>	<b>2,246</b>

### Analysis of support costs – prior year

	Staff £'000	IT £'000	Premises £'000	Other £'000	Total £'000
Grants	673	263	108	108	1,152
Charitable activities	642	251	104	103	1,100
	<b>1,315</b>	<b>514</b>	<b>212</b>	<b>211</b>	<b>2,252</b>

## 7 Analysis of governance costs

	2022	2021
	£'000	£'000
Staff costs	78	76
Audit fees	87	73
	<b>165</b>	<b>149</b>

## 8 Grants and grant-making activities

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

	2022		2021	
	£'000	Number	£'000	Number (Restated)
<b>GRANTS OF OVER £1,000</b>				
– to Christian organisations	32,295	4,492	25,440	4,043
– to Christian churches	10,403	2,607	9,821	2,503
– to support Christian workers	2,628	1,268	2,269	1,167
– to other charities	4,726	789	3,428	638
– to support Bible college students	131	67	185	94
	<b>50,183</b>	<b>9,223</b>	<b>41,143</b>	<b>8,445</b>
<b>GRANTS OF UNDER £1,000</b>				
– to Christian organisations	17,993	411,921	17,081	394,037
– to Christian churches	14,555	138,321	14,489	140,307
– to support Christian workers	12,137	286,989	11,445	283,641
– to other charities	2,617	70,228	2,316	63,724
– to support Bible college students	273	5,736	312	7,254
	<b>47,575</b>	<b>913,195</b>	<b>45,643</b>	<b>888,963</b>
<b>Total grants</b>	<b>97,758</b>	<b>922,418</b>	<b>86,786</b>	<b>897,408</b>
<b>GRANT-MAKING ACTIVITIES</b>				
Direct costs	2,825		2,916	
Support costs	1,181		1,152	
<b>Total grants and grant-making activities</b>	<b>101,764</b>		<b>90,854</b>	

During the year, grants to individuals totalled £15,169k (2021: £14,211k) and grants to churches and charities totalled £82,589k (2021 £72,575k).

## 9 Analysis of expenditure

	2022	2021
	£'000	£'000
Wages and salaries	3,397	3,088
Social security costs	386	331
Pension contributions	494	438
Redundancy and termination payments	40	22
Other employee benefits	39	40
	<b>4,356</b>	<b>3,919</b>

Redundancy and termination payments are recognised when there is a demonstrable commitment that cannot be realistically withdrawn. Redundancy costs of £40,478 (2021: £21,650) were incurred following a thorough review of the future activities and the needs of the organisation from 2023. Amounts outstanding at the balance sheet date totalled £18,745 (2021: £Nil).

<b>Average headcount</b>	<b>95</b>	<b>88</b>
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<b>Employees' emoluments exceeding £60,000</b> (excluding pension contributions)	2022	2021
£120,000 – £129,999	1	1
£ 90,000 – £ 99,999	2	1
£ 80,000 – £ 89,999	3	3
£ 70,000 – £ 79,999	-	2
£ 60,000 – £ 69,999	2	-

	£'000	£'000
Contributions to defined contribution pension schemes for these employees	60	68
Remuneration of key management personnel (members of the Leadership team as defined on page 39)	655	634
Contributions to defined contribution schemes for 6 key management personnel (2021: 5)	48	60

### Trustees' fees and expenses

No fees are paid to trustees for their services. Expenses were reimbursed to 3 trustees (2021: 3) for travel/subsistence totalling £1,344 (2021: £270).

## 10 Pension contributions

Stewardship contributes to a defined contribution pension scheme. Contributions for the period amounted to £493,703 (2021: £437,841).

Pension contributions are accounted for as they fall due. Contributions at the balance sheet date that were pending payment to our pension provider totalled £487 (2021: £392).

## 11 Related party transactions

The trustees of Stewardship may use the services provided in the normal course of the activities of the organisation and there are no preferential terms. This includes any donations made using their Donor Advisory Fund account under the standard terms and conditions. The trustees may also be trustees of other organisations which Stewardship supports in the normal course of its grant-making activities and professional services. They receive no personal benefit. The trustees have instituted a register of other interests, and disclosure is made at trustees' meetings of any conflicts of interest.

	2022	2021
	£'000	£'000
Donations received from trustees and related parties	6,512	2,378

These donations are reported excluding Gift Aid.

During the year £4,000 of unrestricted funds was allocated to the giving accounts of 3 outgoing trustees, as a thank you for their many years of services rendered, for them to gift to Stewardship partner charities of their choice.

Donations of £5,525,009 (2021: £449,986) were received from and grants of £617,049 (2021 £787,796) were made to Trustbridge Global Foundation. Trustbridge Global Foundation is considered to be a related party by virtue of a trustee of Stewardship American Donor Fund US Inc being an employee and member of the executive committee, and Stewardship's Chief Philanthropy Officer being a trustee. All conflicts of interest are declared and carefully managed.

At 31 December 2022 the charity had amounts due to Stewardship American Donor Fund US Inc of £40,000 (2021: due from £30,153) and from Stewardship American Donor Fund UK Ltd of £13,702 (2021: £23,944).

Cash deposits of £1,012,449 were held with Kingdom Bank Ltd (a subsidiary of Lamb's Passage Holding Ltd) as at 31 December 2022 (31 December 2021: £1,001,899).

During the year, the decision was taken to close Stewardship's cash deposit service with all balances either being returned to clients or transferred to Kingdom Bank at the end of June 2022 (at the option of our deposit holders). At the request of clients, £5,509,123 was transferred to Kingdom Bank, to facilitate the opening of clients' new deposit accounts with Kingdom Bank, as part of the closure.

The trustees of Stewardship Services (UKET) Ltd made grants of £80,000 to Stewardship American Donor Fund UK Ltd (2021: £110,000) and of £40,000 to Stewardship American Donor Fund US Inc (2021: £90,000) to cover planned expenditure through to 30 June 2023.

Investment Management fees totalling £6,989 (2021: £4,525) were incurred from Rathbones in respect of donor advised investments introduced to Stewardship by a trustee and managed at the donor's request by the trustee.



Transactions between group entities	Stewardship American Donor Fund US Inc		Stewardship American Donor Fund UK Ltd		Stewardship Services (UKET) Ltd	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Opening balances	(51)	(34)	(3)	(4)	54	38
Grant from Stewardship	40	90	80	110	(120)	(200)
Costs settled by SADP UK Ltd	-	(41)	-	41	-	-
Costs recharged		-	(159)	(40)	159	40
Fund settlements	28	(66)	91	(110)	(119)	176
<b>Amounts due (from) / to group entities</b>	<b>17</b>	<b>(51)</b>	<b>9</b>	<b>(3)</b>	<b>(26)</b>	<b>54</b>

## 12 Tangible fixed assets

Group and charity	Long Leasehold Premises £'000	Leasehold Improvements £'000	Fixtures, Fittings and Equipment £'000	Computer Equipment £'000	Total £'000
<b>AT COST OR VALUATION</b>					
As at 1 January 2022	3,461	355	52	176	4,044
Additions	-	-	-	7	7
Disposal	-	-	-	(16)	(16)
<b>As at 31 December 2022</b>	<b>3,461</b>	<b>355</b>	<b>52</b>	<b>167</b>	<b>4,035</b>
<b>DEPRECIATION</b>					
As at 1 January 2022	-	173	52	153	378
Charge for the period	-	24	-	19	43
Released on disposal	-	-	-	(16)	(16)
<b>As at 31 December 2022</b>	<b>-</b>	<b>197</b>	<b>52</b>	<b>156</b>	<b>405</b>
<b>NET BOOK VALUES</b>					
<b>As at 31 December 2022</b>	<b>3,461</b>	<b>158</b>	<b>-</b>	<b>11</b>	<b>3,630</b>
As at 31 December 2021	3,461	182	-	23	3,666

The historic cost carrying value for the long leasehold premises was £2,518k and improvements £355k.

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

## Revaluation of 1 Lamb's Passage

Stewardship's long leasehold premises were revalued as at 30 September 2018 by MRICS registered consultants from Daniel Watney based on a visual inspection of the property and valued at an estimated market value in accordance with UK Generally Accepted Accounting Principles (GAAP). The trustees have not identified any indicators of impairment as at 31 December 2022.

Following a desktop review of comparable properties in the area, it was concluded that there has been no material change in the value of the property. A full property valuation will be carried out at 31 December 2023.

## 13 Church and charity loans

Group and charity	2022	2021
	£'000	£'000
As at 1 January	25,598	19,072
New loans advanced	7,377	10,207
Capital repayments	(6,681)	(3,681)
<b>As at 31 December</b>	<b>26,294</b>	<b>25,598</b>
Amounts falling due after more than one year	24,339	22,561
Amounts falling due within one year	1,955	3,037
	<b>26,294</b>	<b>25,598</b>

Loans to churches and charities are secured on properties.

## 14 Other investments

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Market value of investments as at 1 January	102,886	106,393	102,760	106,461
Additions	17,895	16,655	17,895	16,655
Gifts of shares	854	879	795	769
Proceeds of sales	(11,981)	(30,917)	(11,922)	(30,807)
Net investment gains	(11,220)	9,682	(11,219)	9,682
Share of associate's (loss) / profit	(16)	194	-	-
<b>Market value of investments as at 31 December</b>	<b>98,418</b>	<b>102,886</b>	<b>98,309</b>	<b>102,760</b>
Historic cost	87,724	79,495	87,724	79,495

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

Investments in associate	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Lamb's Passage Holding Ltd	3,729	3,090	2,964	2,964

The investment in Lamb's Passage Holding Ltd is a social investment. The investment is included in the following table as (i) £2,020,000 in restricted funds shown as 'investment in Lamb's Passage Holding Ltd' (2021: £1,662,000) and (ii) £3,729,000 (2021: £3,090,000) as 'investment in associate'.

Investments held (by group)	2022	2021
	Total £'000	Total £'000
Pooled Balanced Portfolio	34,556	38,405
Pooled Growth Portfolio	18,939	13,891
Pooled Responsible Investment Portfolio	555	-
Donor Advised Investments	32,405	43,621
Social investment property	1,131	1,226
Other	-	8
Investment in Lamb's Passage Holding Ltd	2,020	1,662
<b>Donor advised investments</b>	<b>89,606</b>	<b>98,813</b>
Pooled Responsible Investment Portfolio	1,489	-
Fixed income bonds	1,012	983
Other impact investments	2,598	-
Investment in Lamb's Passage Holding Ltd held as an associate	3,713	3,090
<b>Other investments</b>	<b>8,812</b>	<b>4,073</b>
<b>Total investments</b>	<b>98,418</b>	<b>102,886</b>
<b>OF WHICH</b>		
Social investments comprise	6,864	5,978

Investments held (by charity)	2022	2021
	Total £'000	Total £'000
Pooled Balanced Portfolio	34,556	38,405
Pooled Growth Portfolio	18,939	13,891
Pooled Responsible Investment Portfolio	555	-
Donor Advised Investments	32,405	43,621
Social investment property	1,131	1,226
Other	-	8
Investment in Lamb's Passage Holding Ltd	2,020	1,662
<b>Donor advised investments</b>	<b>89,606</b>	<b>98,813</b>
Pooled Responsible Investment Portfolio	1,489	-
Fixed income bonds	1,012	983
Other impact investments	2,598	-
Investment in Lamb's Passage Holding Ltd held as an associate	3,604	2,964
<b>Other investments</b>	<b>8,703</b>	<b>3,947</b>
<b>Total investments</b>	<b>98,309</b>	<b>102,760</b>
OF WHICH		
Social investments comprise	6,880	5,852

## 15 Other Stewardship legal entities

### Stewardship American Donor Fund US Inc

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

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

The results included in the financial statements are those from 1 January 2022 to 31 December 2022.

### Stewardship American Donor Fund UK Ltd

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

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

The results included in the financial statements are those from 1 January 2022 to 31 December 2022.

Note 26 includes the disclosure of a post balance sheet event in respect of Stewardship American Donor Fund UK Ltd. Namely that, Stewardship American Donor Fund US Inc has agreed to transfer Stewardship American Donor Fund UK Limited and its dual-qualified US-UK giving service to the International Generosity Foundation, a US public charity which is part of the TrustBridge Global Network. The transfer is expected to take place on or before 30 June 2023. Stewardship American Donor Fund US Inc will be dissolved in due course.

## Lamb's Passage Holding Ltd

Lamb's Passage Holding Ltd (LPH; company number: 12117633) was incorporated in the UK on 23 July 2019 to act as a holding company for the purchase of Kingdom Bank Ltd. Its registered office is c/o Kingdom Bank Ltd, Media House, Padge Road, Beeston, Nottingham NG9 2RS.

Stewardship Services (UKET) Ltd (the charity) has a beneficial interest in 35.5% of the share capital of Lamb's Passage Holding Ltd. A further 19.9% is held as donor advised investments within restricted funds and the rights attaching to those shares are delegated to the Giving Account holder concerned via a power of attorney. Four of the nine directors of LPH are trustees or key management personnel of the charity.

The charity accounts for LPH as an associate under the equity method because it has a participating interest and exercises influence over the operating and financial policy decisions of LPH. The group's share of the loss of LPH was £16k (2021: profit of £194k).

In January 2022, a rights issue by LPH was completed. Stewardship fully subscribed to the allotment of shares, resulting in an increase in the investment of £1m to bring the total investment to £5.6m by the end of January 2022. Stewardship's percentage shareholding remains unchanged as a result of the rights issue.

## Stewardship Professional Services Ltd

Stewardship Professional Services Ltd (company number: 14613682, registered office: 1 Lamb's Passage, London EC1Y 8AB) was incorporated in the UK on 24 January 2023. It is a wholly owned subsidiary of Stewardship Services (UKET), formed with the intention to be the entity holding our Accounts Examination, Payroll Bureau, Charity Formation and Consultancy services in the future. The entity is currently dormant.

The results and net assets of the following legal entities are:

	Stewardship American Donor Fund US Inc		Stewardship American Donor Fund UK Ltd	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Income	40	90	5,835	3,239
Expenditure	(45)	(42)	(6,259)	(3,230)
Losses on investments	-	-	(1)	-
<b>Net income / (expenditure)</b>	<b>(5)</b>	<b>48</b>	<b>(425)</b>	<b>9</b>
Net assets at the period end	47	52	382	807

## 16 Debtors: Due within one year

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade debtors	104	78	104	78
Gift Aid tax receivable	1,457	679	1,426	628
Prepayments	251	180	221	155
Accrued income	854	620	845	609
Amounts owed by group undertakings	-	-	14	55
	<b>2,666</b>	<b>1,557</b>	<b>2,610</b>	<b>1,525</b>

## 17 Creditors: Amounts falling due within one year

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Grant payments due	4,768	3,792	4,768	3,792
Funds held as agent – see note 19	1,675	1,709	1,675	1,709
Accruals	380	317	357	283
Taxation and social security	161	191	161	191
Trade creditors	146	96	146	96
Amounts owed to group undertakings	-	-	40	-
	<b>7,130</b>	<b>6,105</b>	<b>7,147</b>	<b>6,071</b>

## 18 Funds held as agent

Group and charity	As at 1 January 2022 £'000	Receipts £'000	Payments £'000	As at 31 December 2022 £'000
Payroll bureau services	1,531	66,495	(66,351)	1,675
Learning community events	178	2	(180)	-
	<b>1,709</b>	<b>66,497</b>	<b>(66,531)</b>	<b>1,675</b>



**Group and charity  
Prior period**

Payroll bureau services  
Learning community events

As at 1 January 2021 £'000	Receipts £'000	Payments £'000	As at 31 December 2021 £'000
1,432	60,487	(60,388)	1,531
170	8	-	178
<b>1,602</b>	<b>60,495</b>	<b>(60,388)</b>	<b>1,709</b>

## 19 Analysis of net assets by fund

Group	31 December 2022				31 December 2021			
	Unrestricted Funds £'000	Restricted Funds £'000	Client/Agency Funds £'000	Total Funds £'000	Unrestricted Funds £'000	Restricted Funds £'000	Client/Agency Funds £'000	Total Funds £'000
Tangible assets	10	3,620	-	3,630	3,666	-	-	3,666
Church and charity loans	-	26,294	-	26,294	-	25,598	-	25,598
Other investments	1,537	96,881	-	98,418	139	102,747	-	102,886
Money market deposits and cash balances	7,478	53,536	6,445	67,459	4,622	55,082	18,496	78,200
Other current assets	842	1,824	-	2,666	484	1,073	-	1,557
Church and charity deposits	-	-	-	-	-	-	(12,995)	(12,995)
Funds held as agent	-	-	(1,675)	(1,675)	-	-	(1,709)	(1,709)
Other creditors	(606)	(79)	(4,770)	(5,455)	(540)	(64)	(3,792)	(4,396)
<b>Total net assets</b>	<b>9,261</b>	<b>182,076</b>	<b>-</b>	<b>191,337</b>	<b>8,371</b>	<b>184,436</b>	<b>-</b>	<b>192,807</b>

Following a review, the Trustees have agreed to reallocate 1 Lamb's Passage to restricted funds and replace cash within unrestricted funds. There is no impact on the SoFA as a result of this reallocation.

Charity	31 December 2022				31 December 2021			
	Unrestricted Funds £'000	Restricted Funds £'000	Client/Agency Funds £'000	Total Funds £'000	Unrestricted Funds £'000	Restricted Funds £'000	Client/Agency Funds £'000	Total Funds £'000
Tangible assets	10	3,620	-	3,630	3,666	-	-	3,666
Church and charity loans	-	26,294	-	26,294	-	25,598	-	25,598
Other investments	1,427	96,882	-	98,309	13	102,747	-	102,760
Money market deposits and cash balances	7,429	53,228	6,445	67,102	4,431	54,411	18,496	77,338
Other current assets	817	1,793	-	2,610	503	1,022	-	1,525
Church and charity deposits	-	-	-	-	-	-	(12,995)	(12,995)
Funds held as agent	-	-	(1,675)	(1,675)	-	-	(1,709)	(1,709)
Other creditors	(632)	(70)	(4,770)	(5,472)	(516)	(54)	(3,792)	(4,362)
<b>Total net assets</b>	<b>9,051</b>	<b>181,747</b>	<b>-</b>	<b>190,798</b>	<b>8,097</b>	<b>183,724</b>	<b>-</b>	<b>191,821</b>

## 20 Analysis of charitable funds

Group	Unrestricted Funds				Restricted Funds			Total
	General £'000	Revaluation Reserve £'000	Legacy Funds £'000	Total Funds £'000	Giving Accounts £'000	Revaluation Reserve £'000	Total Funds £'000	£'000
Balance 1 January 2022	4,200	956	3,215	8,371	161,184	23,252	184,436	192,807
Income	5,988	-	-	5,988	108,535	-	108,535	114,523
Expenditure	(6,591)	-	-	(6,591)	(98,182)	-	(98,182)	(104,773)
Transfers	(46)	-	1,877	1,831	(1,831)	-	(1,831)	-
Investment (losses) / gains	8	(346)	-	(338)	1,453	(12,335)	(10,882)	(11,220)
<b>Balance 31 December 2022</b>	<b>3,559</b>	<b>610</b>	<b>5,092</b>	<b>9,261</b>	<b>171,159</b>	<b>10,917</b>	<b>182,076</b>	<b>191,337</b>

Charity	Unrestricted Funds				Restricted Funds			Total
	General £'000	Revaluation Reserve £'000	Legacy Funds £'000	Total Funds £'000	Giving Accounts £'000	Revaluation Reserve £'000	Total Funds £'000	£'000
Balance 1 January 2022	3,926	956	3,215	8,097	160,472	23,252	183,724	191,821
Income	6,070	-	-	6,070	108,903	-	108,903	114,973
Expenditure	(6,609)	-	-	(6,609)	(98,169)	-	(98,169)	(104,778)
Transfers	(46)	-	1,877	1,831	(1,831)	-	(1,831)	-
Investment (losses) / gains	8	(346)	-	(338)	1,455	(12,335)	(10,880)	(11,218)
<b>Balance 31 December 2021</b>	<b>3,349</b>	<b>610</b>	<b>5,092</b>	<b>9,051</b>	<b>170,830</b>	<b>10,917</b>	<b>181,747</b>	<b>190,798</b>

## Giving Accounts

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

## Legacy funds

Legacy funds are held as a separate unrestricted reserve under the unfettered discretion of the trustees.

## Revaluation reserve

The revaluation reserve includes investment gains or losses over the period and the share of the associate's loss.

## Analysis of charitable funds – prior year

Group	Unrestricted Funds				Restricted Funds			Total
	General £'000	Revaluation Reserve £'000	Legacy Fund £'000	Total Funds £'000	Giving Accounts £'000	Revaluation Reserve £'000	Total Funds £'000	£'000
Balance 1 January 2021	5,235	1,186	3,215	9,636	149,160	15,836	164,996	174,632
Income	5,428	-	-	5,428	96,811	-	96,811	102,239
Expenditure	(6,494)	-	-	(6,494)	(87,252)	-	(87,252)	(93,746)
Transfers	(74)	-	-	(74)	74	-	74	-
Investment (losses) / gains	105	(230)	-	(125)	2,391	7,416	9,807	9,682
<b>Balance 31 December 2021</b>	<b>4,200</b>	<b>956</b>	<b>3,215</b>	<b>8,371</b>	<b>161,184</b>	<b>23,252</b>	<b>184,436</b>	<b>192,807</b>

Charity	Unrestricted Funds				Restricted Funds			Total
	General £'000	Revaluation Reserve £'000	Legacy Fund £'000	Total Funds £'000	Giving Accounts £'000	Revaluation Reserve £'000	Total Funds £'000	£'000
Balance 1 January 2021	5,248	1,186	3,215	9,649	148,413	15,836	164,249	173,898
Income	5,250	-	-	5,250	96,812	-	96,812	102,062
Expenditure	(6,603)	-	-	(6,603)	(87,219)	-	(87,219)	(93,822)
Transfers	(74)	-	-	(74)	74	-	74	-
Investment (losses) / gains	105	(230)	-	(125)	2,392	7,416	9,808	9,683
<b>Balance 31 December 2021</b>	<b>3,926</b>	<b>956</b>	<b>3,215</b>	<b>8,097</b>	<b>160,472</b>	<b>23,252</b>	<b>183,724</b>	<b>191,821</b>

## 21 Transfers between funds

	Unrestricted Funds		Restricted Funds	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Investment income attributed to Donor Advised Fund accounts	(211)	(117)	211	117
Transfer of the legacy fund	1,877	-	(1,877)	-
Income transfer between funds [dormant balances]	112	-	(112)	-
Income transfer between funds [Generous Journey]	16	13	(16)	(13)
Donor Advisory Board Support	20	-	(20)	-
Mission Catalyst Fund support	17	30	(17)	(30)
	<b>1,831</b>	<b>(74)</b>	<b>(1,831)</b>	<b>74</b>

## Legacy fund

Following a review of legal advice which concluded that Stewardship had unconditional discretion over a legacy fund, the trustees approved for the fund (totalling £1.9m) to be transferred from restricted to unrestricted funds with the intention of bringing forward the use of these funds for charitable projects.

## 22 Operating lease commitments

The group leases an office under an operating lease agreement. The total future minimum lease payments under non-cancellable operating leases as are follows:

	2022	2021
	£'000	£'000
Within one year	8	52
Between one and five years	-	8
	8	60

## 23 Financial commitments and contingent liabilities

As at 31 December 2022 there were the following financial commitments to churches and charities:

Commitment	Funded from	31 December 2022			31 December 2021		
		Total £'000	Due within one year £'000	Due after one year £'000	Total £'000	Due within one year £'000	Due after one year £'000
Grants	Giving Account balances	7,760	3,382	4,378	9,973	7,053	2,920
Loan offers	Restricted cash balances	9,916	6,921	2,275	5,546	5,546	-

## 24 Indemnity insurances

The group has taken out indemnity insurance cover for trustees. Premiums due for the policies during the period totalled £43,740 (2021: £41,181).

## 25 Taxation

The trustees consider that Stewardship meets the charity tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and accordingly is potentially exempt from taxation in respect of income or capital gains within categories covered by Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge arose in the period.

Stewardship American Donor Fund US Inc has agreed to transfer Stewardship American Donor Fund UK Limited and its dual-qualified US-UK giving service to the International Generosity Foundation, a US public charity which is part of the TrustBridge Global Network. The transfer is expected to take place on or before 30 June 2023. Stewardship American Donor Fund US Inc will be dissolved in due course.



# Legal and Administrative Details

## Registered office

1 Lamb's Passage, London EC1Y 8AB

## Operating name

The charity operates under the name of Stewardship

## Auditors

### **Crowe UK LLP**

55 Ludgate Hill, London EC4M 7JW

## Investment managers

### **Sarasin & Partners LLP**

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

### **Rathbone Investment Management Ltd**

8 Finsbury Circus, London EC2M 7AZ

### **JP Morgan Bank Luxembourg SA**

1 Lochside View, Edinburgh EH12 9DH

### **Barclays Bank plc**

1 Churchill Place, London E14 5HP

### **Schroder & Co. Ltd**

1 London Wall Place, London EC2Y 5AU

## Solicitors

### **Bates Wells & Braithwaite London LLP**

10 Queen Street Place, London EC4R 1BE

### **Farrer & Co LLP**

66 Lincoln's Inn Fields, London WC2A 3LH

### **Coffin Mew LLP**

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

### **Anthony Collins Solicitors LLP**

134 Edmund Street, Birmingham B3 2ES

## Principal bankers

**Lloyds Bank plc**, Black Horse House, Progression Centre, 42 Mark Road, Hemel Hempstead HP2 7DW



## Registered charity number 234714

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

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Stewardship