



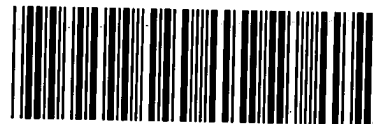
THE SOCIETY OF TRUST AND ESTATE PRACTITIONERS LIMITED

Company Number 02632423

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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THE SOCIETY OF TRUST AND ESTATE PRACTITIONERS LIMITED

Company Information

| | |
|-------------------------------|--|
| Directors | Simon Morgan, TEP - Chair Mark Walley, - CEO William Ahern, TEP (until 31st December 2019) Dayra Berby de Rojas, TEP (until 31st December 2019) Nancy Golding, TEP - Deputy Chair Ian Huddleston, TEP David Russell, TEP - Deputy Chair (until 31st December 2019) Patricia Wass, TEP Muhammad Abdullatiff (from 1st January 2020) Amanda Simmonds (from 1st January 2020) Anthony Pitcher (from 1st January 2020) |
| Company Secretary | Jim Walkinshaw |
| Company Number | 02632423 |
| Registered Head Office | Artillery House 11-19 Artillery Row London SW1P 1RT |
| Auditor | Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Victoria House 199 Avebury Boulevard Milton Keynes MK9 1AU |
| Principal Bankers | Barclays Bank 1 Churchill Place London E14 5HP |

THE SOCIETY OF TRUST AND ESTATE PRACTITIONERS LIMITED

Annual Report and Financial Statements for the year ended 31 March 2020

Contents

| Page | |
|------|---|
| 3 | Strategic Report |
| 5 | Directors' Report |
| 7 | Independent Auditor's Report |
| 10 | Principal Accounting Policies |
| 13 | Group Statement of Comprehensive Income |
| 14 | Group Statement of Financial Position |
| 15 | Company Statement of Financial Position |
| 16 | Statement of Changes in Equity |
| 17 | Group Statement of Cash Flows |
| 18 | Notes to Financial Statements |

Strategic Report

Results

The profit for the year after taxation amounted to £471,511 (2019: £445,020) on a turnover of £13,526,387 (2019: £12,536,968).

Review of Operations

Total group reserves now stand at £6,972,594 (2019: £6,382,376).

Given the prevailing economic conditions we have remained competitive against other membership organisations and have seen growth in membership of 4.22% in 2019/20.

Future developments

Like many organisations, the unprecedented health crisis caused by COVID-19 and the resulting impact to the global economy have fully tested our organisational agility and resilience. Very few, if any, organisations had mitigation plans ready and waiting for the extent of global crisis that we have seen unfold, and STEP has not been immune from the effects of COVID-19 on our organisation.

Since early March 2020 we have had to take extensive action on both health and wellbeing grounds and because of the economic impacts that we have faced.

Thanks to investment in our technology foundations over the last couple of years, we were able to respond with agility and accelerate support to the profession as well as ensuring every one of our people could work safely in a remote environment.

At the same time, we have faced new financial pressures. In March 2020, we realised that our commercial income would be significantly hit as a result of COVID-19. We needed to take action to safeguard the organisation in the short-term and ensure it had the resilience to withstand any further financial shocks that could come from secondary spikes and increased levels of economic instability. To mitigate the financial risks to STEP and the impacts this would have on cash flows, we have substantially reduced our operating cost.

We have been prudent with our underlying business plan assumptions, particularly future revenues, and will remain agile with the pace of our investment programme. Our past performance assumptions are unlikely to hold for the immediate future.

We have already reduced operating costs by circa £750K a year during the 20-21 financial year. However, in order to further support the profession and to recognise potential financial hardship whilst maintaining reserves for future organisational resilience, we have set ourselves an ongoing performance challenge which will help us mitigate against our worst case assumptions of reduced income. Our hope is that by the end of July 2021, we will have greater clarity on the business plan assumptions that we can safely use to establish more longer-term planning.

The assumptions that support the plan are:

Revenue

- For subscriptions renewals, we are assuming some deterioration in retention levels over the next 2 years and an increase on the need to offer concessions for financial hardship as well as a delayed payment cycle.
- Commercial income is expected to deteriorate further on our 20-21 forecast and then remain flat for the subsequent 2 years.

THE SOCIETY OF TRUST AND ESTATE PRACTITIONERS LIMITED

Costs

- Costs will remain tightly controlled throughout the next 12 months and maintain the level of savings made and planned in our Covid budget assumptions.
- Strategic investments will continue on key projects and we will continue to invest in digital delivery.

Reserves policy

- In light of the exceptional impact of COVID-19, we will review our reserves policy during the 2020/21 financial year and assess its adequacy in the context of such global economic shocks.

Using the assumptions stated above and stress testing each assumption by using a robust forecasting model, the directors are confident that the group can continue as a going concern for at least 12 months from the date of approval of the financial statements.

Risk Management (Financial)

The Group maintains a treasury function which operates under Board approved policies and guidelines.

Given the size of the Group, the Directors do not currently delegate the responsibility of monitoring financial risk management to a separate sub committee of the Board. This policy is however under review. The policies set by the Board of Directors are implemented by the Group's executive management team and finance department.

The Board has overall responsibility for the Group's risk management and internal control systems and for reviewing their effectiveness. The systems are designed to provide reasonable control over the activities of the Group and to enable the Board to comply with the Directors responsibilities

Principal financial risks are:

- Loss of major supplier - contracts and performance reviewed on a monthly basis, develop further relationships.
- Loss of advertising and/or sponsorship revenues - reviewed on a monthly basis with Think Publishing
- Loss of membership - reviewed on a monthly basis for any trends or jurisdictional variants
- Exchange gains/losses on foreign branch reserves - monitored and reviewed periodically
- Conferences and Events - reviewed periodically for delegates, costs and sponsorship


Financial key performance indicators

The Group relies on different KPIs at an operational level. Such KPIs are used by the executive management team to monitor performance on a regular basis and are reported to the Board.

The main KPIs are as follows:

- Membership Statistics - monthly monitoring of the membership mix including growth/wastage rates .
- Student enrolments - monitoring course sign ups .
- Conference and Event performance - delegate numbers, cost reviews, sponsorship income.
- Cash flow from operations of the Group after capital expenditure and tax.
- Membership satisfaction - monitoring of satisfaction levels from survey responses.

This report was approved by the board and signed on its behalf



Simon Morgan

Chair

17th December 2020

THE SOCIETY OF TRUST AND ESTATE PRACTITIONERS LIMITED

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31st March 2020 for The Society of Trust and Estate Practitioners Limited, which is incorporated in the United Kingdom.

Principal Activity

The principal activity of the company and its subsidiaries continues to be the provision of education programmes and support services to trust and estate practitioners.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

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

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

Directors

The Directors who held office during the year are listed on page 1.

The organisation has taken out third party liability insurance in respect of the Directors.

Matters covered by the Strategic Report

The business review and principal risks and uncertainties sections are not shown in the Directors' report because they are shown in the strategic report instead under S414C (11) of the Companies Act 2006.

THE SOCIETY OF TRUST AND ESTATE PRACTITIONERS LIMITED

Disclosure of information to auditor

Each of the persons who are Directors' at the time when this Directors' report is approved have confirmed that:

-so far as each Director is aware, there is no relevant audit information of which the company's auditor is unaware; and

-the Directors have taken all reasonable steps in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since year end.

Auditor

In accordance with S489 of the Companies Act 2006 a resolution to reappoint Grant Thornton UK LLP as auditor will be proposed at the Annual General Meeting.

On behalf of the board



Simon Morgan

Chair

17th December 2020

Independent auditor's report to the Members of The Society of Trust and Estate Practitioners Limited

Opinion

We have audited the financial statements of The Society of Trust and Estate Practitioners Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the Group Statement of Comprehensive income, the Group and Company Statements of Financial Position, the Group and Company Statements of Changes in Equity, the Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's and parent company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the group's and parent company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a group or parent company associated with these particular events.

Conclusions relating to going concern

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

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

In our evaluation of the directors' conclusions, we considered the risks associated with the group's and parent company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the group's and parent company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group and parent company will continue in operation.

Other information

The directors are responsible for the other information. 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.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report 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 have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 5, the directors 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 directors 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 directors are responsible for assessing the group's and the parent 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 directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Grant Thornton UK LLP

Gareth Norris FCA

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Milton Keynes

Date: **17 DECEMBER 2020**

THE SOCIETY OF TRUST AND ESTATE PRACTITIONERS LIMITED

Principal Accounting Policies

Basis of preparation of financial statements

The Society of Trust and Estate Practitioners ("STEP") is a company limited by guarantee, formed on 25 July 1991 otherwise than for profit. The liability of each member is restricted to £1.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries and other entities disclosed in note 10. The foreign associations controlled by local members for the Society are consolidated due to the dominant influence exercised by the Company. The dominant influence is exercised by the binding terms of the Society's branch regulations.

The preparation of the financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Company management to exercise judgement in applying the company's accounting policies (see note 1).

No Statement of Comprehensive Income is presented for the holding company as permitted by s.408 of the Companies Act 2006. The profit attributable to the parent company is £192,288 (2019 £149,919).

Going Concern

The company's business and activities, together with the factors likely to affect its future cash position are set out in the Strategic Report.

Due to the global COVID-19 pandemic, the Directors have had to review both its revenue and costs base. Full details can be found in the Strategic Report.

In considering going concern, the Directors have reviewed the future cash requirements and earnings projections of both the company and the group and have concluded that both the company and group as a whole will be able to operate without requiring any external funding and therefore believe it is appropriate to prepare the financial statements of the company and of the group on a going concern basis. This is supported by the liquidity position of both the company and the group at the year end.

Revenues

Revenue from fees and subscriptions is recognised in the accounting period to which the services covered by those subscriptions relate and is stated net of VAT where applicable. The total number of members at the end of the year was 22,434 (2019: 21,525).

All other income including course and lecture income, exam fees, publications and income relating to the provision of events including sponsorship of the events is recognised in the period in which the services are provided.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange as at the balance sheet date.

THE SOCIETY OF TRUST AND ESTATE PRACTITIONERS LIMITED

Principal Accounting Policies

Transactions in foreign currencies are recorded at the rate at the date of transaction. Exchange differences are dealt with through the Statement of Comprehensive Income.

Exchange differences arising on the translation of foreign subsidiaries are dealt with through Other Comprehensive Income.

Operating Leases

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Tangible & Intangible fixed assets and depreciation

Tangible & Intangible fixed assets are shown at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on a straight-line basis to allocate the cost of each asset less its estimated residual value over its estimated useful life on the following basis:

| | |
|--------------------------------|--------------------------|
| Tangible Fixed Assets | |
| Office Equipment | 10% on cost per annum |
| Computer Equipment | 33.33% on cost per annum |
| Video Conferencing Equipment | 20% on cost per annum |
| Leasehold Improvements | 10% on cost per annum |
| Intangible Fixed Assets | |
| Computer Software | 20% on cost per annum |

Current Taxation

Tax is recognised in the Statement of Comprehensive Income. The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Pension Costs

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

Financial instruments

The company only enters into basic financial instruments transactions that result in recognition of financial assets and liabilities like trade and other accounts receivable and payable. The company has no bank loans.

Debt instruments that are payable or receivable within one year, typically trade creditors or debtors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

THE SOCIETY OF TRUST AND ESTATE PRACTITIONERS LIMITED

Principal Accounting Policies

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

THE SOCIETY OF TRUST AND ESTATE PRACTITIONERS LIMITED
Group Statement of Comprehensive Income
for the year ended 31 March 2020

| | Notes | 2020 £ | 2019 £ |
|---|-------|-----------------------|-----------------------|
| Turnover | 2 | 13,526,387 | 12,536,968 |
| Operational expenses | | <u>(13,075,816)</u> | <u>(12,176,685)</u> |
| Operating profit | 3 | 450,571 | 360,283 |
| Interest receivable | 5 | <u>34,903</u> | <u>28,263</u> |
| Profit on ordinary activities before taxation | | 485,474 | 388,546 |
| Tax on profit on ordinary activities | 6 | (13,963) | 56,474 |
| Profit for the financial period | | <u>471,511</u> | <u>445,020</u> |
| Other comprehensive income for the year: | | | |
| Foreign exchange differences on translation of subsidiaries | | 118,707 | 161,202 |
| Total comprehensive income for the year | | <u>590,218</u> | <u>606,222</u> |

All amounts relate to continuing activities.

The notes on pages 18 to 25 form part of these financial statements.

THE SOCIETY OF TRUST AND ESTATE PRACTITIONERS LIMITED

Group Statement of Financial Position

as at 31 March 2020

| | Notes | 2020 £ | 2019 £ |
|--|-------|-------------------------|-------------------------|
| Fixed assets | | | |
| Intangible assets | 8 | 41,700 | 55,600 |
| Tangible assets | 9 | <u>675,278</u> | <u>752,596</u> |
| | | 716,978 | 808,196 |
| Current Assets | | | |
| Debtors: amounts falling due within one year | 11 | 3,513,578 | 2,717,823 |
| Cash at bank and in hand | 12 | <u>7,853,284</u> | <u>7,457,146</u> |
| | | 11,366,862 | 10,174,969 |
| Current Liabilities | | | |
| Creditors: amounts falling due within one year | 13 | <u>(5,111,246)</u> | <u>(4,600,789)</u> |
| Net current assets | | 6,255,616 | 5,574,180 |
| Total assets less liabilities | | <u>6,972,594</u> | <u>6,382,376</u> |
| Equity | | | |
| Branch Educational Funds | | 23,399 | 23,399 |
| Surplus of Unincorporated Branches | | 1,953,020 | 1,754,565 |
| Surplus of Subsidiaries | | 4,108,690 | 3,723,983 |
| Surplus of the Worldwide Office | | <u>487,485</u> | <u>480,429</u> |
| Total accumulated funds | 16 | 6,572,594 | 5,982,376 |
| Strategic funds | 16 | 400,000 | 400,000 |
| Total Equity | | <u>6,972,594</u> | <u>6,382,376</u> |

The notes on pages 18 to 25 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 17th December 2020.


Simon Morgan

Chair

Registered Company Number 02632423

THE SOCIETY OF TRUST AND ESTATE PRACTITIONERS LIMITED

Company Statement of Financial Position

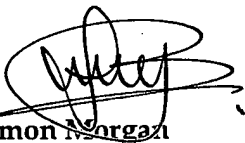
as at 31 March 2020

| | Notes | 2020 £ | 2019 £ |
|--|-------|-------------------------|-------------------------|
| Fixed assets | | | |
| Intangible assets | 8 | 41,700 | 55,600 |
| Tangible assets | 9 | 631,938 | 706,795 |
| Investments | 10 | <u>1,054</u> | <u>1,054</u> |
| | | 674,692 | 763,449 |
| Current Assets | | | |
| Debtors: amounts falling due within one year | 11 | 2,359,250 | 1,442,816 |
| Cash at bank and in hand | 12 | <u>3,809,198</u> | <u>3,862,122</u> |
| | | 6,168,448 | 5,304,938 |
| Current Liabilities | | | |
| Creditors: amounts falling due within one year | 13 | <u>(3,979,236)</u> | <u>(3,409,994)</u> |
| Net current assets | | 2,189,212 | 1,894,944 |
| Total assets less liabilities | | <u>2,863,904</u> | <u>2,658,393</u> |
| Equity | | | |
| Branch Educational Funds | | 23,399 | 23,399 |
| Surplus of Unincorporated Branches | | 1,953,020 | 1,754,565 |
| Surplus of the Worldwide Office | | <u>487,485</u> | <u>480,429</u> |
| Total accumulated funds | 16 | 2,463,904 | 2,258,393 |
| Strategic funds | 16 | 400,000 | 400,000 |
| Total Equity | | <u>2,863,904</u> | <u>2,658,393</u> |

The Company generated a profit for the year of £192,288 (2019: £149,919)

The notes on pages 18 to 25 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 17th December 2020



Simon Morgan
Chair

Registered Company Number 02632423

THE SOCIETY OF TRUST AND ESTATE PRACTITIONERS LIMITED

**Statement of changes in equity
for the year ended 31 March 2020**

| | Group Equity £ | Company Equity £ |
|--|-------------------------------|---------------------------------|
| At 1st April 2018 (as restated in prior year) | 5,776,154 | 2,471,348 |
| Comprehensive income for the year | | |
| Profit for the financial year | 445,020 | 149,919 |
| Other comprehensive income | 161,202 | 37,126 |
| Total comprehensive income for the year | 606,222 | 187,045 |
| At 31st March 2019 | <u><u>6,382,376</u></u> | <u><u>2,658,393</u></u> |
| At 1st April 2019 | 6,382,376 | 2,658,393 |
| Comprehensive income for the year | | |
| Profit for the financial year | 471,511 | 192,288 |
| Other comprehensive income | 118,707 | 13,223 |
| Total comprehensive income for the year | 590,218 | 205,511 |
| At 31st March 2020 | <u><u>6,972,594</u></u> | <u><u>2,863,904</u></u> |

The notes on pages 18 to 25 form part of these financial statements.

THE SOCIETY OF TRUST AND ESTATE PRACTITIONERS LIMITED

**Group Statement of Cash Flows
for the year ended 31 March 2020**

| | 2020 | 2019 |
|--|-------------------------|-------------------------|
| | £ | £ |
| Cash flow from operating activities | | |
| Profit for financial year | 471,511 | 445,020 |
| Adjustments for: | | |
| Depreciation of tangible assets | 118,478 | 118,044 |
| Amortisation of intangible assets | 13,900 | 13,900 |
| Loss on disposal of fixed assets | 3 | 16 |
| Interest Income | (34,903) | (28,263) |
| Taxation | 13,963 | (56,474) |
| Decrease/(increase) in debtors | (811,996) | 655,234 |
| (Decrease)/increase in creditors | 510,457 | (249,271) |
| Corporation tax paid | 2,278 | (28,083) |
| Net cash generated from operating activities | <u>283,691</u> | <u>870,123</u> |
| Cash flows from investing activities | | |
| Purchase of tangible assets | (41,163) | (786,569) |
| Purchase of intangible assets | - | (69,500) |
| Interest received | 34,903 | 28,263 |
| Net cash used in investing activities | <u>(6,260)</u> | <u>(827,806)</u> |
| Net increase in cash and cash equivalents | 277,431 | 42,317 |
| Effect of exchange rates on cash and cash equivalents | 118,707 | 161,202 |
| Cash and cash equivalents at beginning of the year | 7,457,146 | 7,253,627 |
| Cash and cash equivalents at the end of the year | <u>7,853,284</u> | <u>7,457,146</u> |
| Net debt reconciliation | | |
| | 2020 | 2019 |
| | £ | £ |
| Cash and cash equivalents at beginning of the year | 7,457,146 | 7,253,627 |
| Net change in cash and cash equivalents | 396,138 | 203,519 |
| Cash and cash equivalents at the end of the year | <u>7,853,284</u> | <u>7,457,146</u> |

The notes on pages 18 to 25 form part of these financial statements.

**Notes to the Financial Statements
for the year ended 31 March 2020**

1 Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

1.1 Critical management judgement in applying accounting policies

In the process of applying the company's accounting policies, management have made the following judgements, apart from those involving estimation, which have the most significant effect on the amounts recognised in the financial statements.

Determine whether leases entered into by the Company as a lessor are operating or lease or finance leases. The decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

1.2 Key sources of estimation

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

Tangibles fixed assets (see note 9)

Tangible fixed assets, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. On re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Bad Debt Provision

The recoverability of trade receivables has been assessed as at the period end and up until the date of signing these financial statements. Management have based the decision to provide for any amounts based on their judgement of all the available information and their experience of the specific nature of the trade receivable in question.

2 Income and expenditure

Turnover by geographical location is as follows:

| | 2020 | 2019 |
|-------------------|-------------------|-------------------|
| | £ | £ |
| UK | 7,763,502 | 7,452,091 |
| Rest of the world | 5,762,885 | 5,084,877 |
| | <u>13,526,387</u> | <u>12,536,968</u> |

Notes to the Financial Statements
for the year ended 31 March 2020

| 3 Operating profit | 2020 Group £ | 2019 Group £ | 2020 Company £ | 2019 Company £ |
|------------------------------------|--------------------|--------------------|----------------------|----------------------|
| This is stated after charging | | | | |
| Depreciation of owned fixed assets | 118,478 | 118,044 | 93,186 | 95,261 |
| Amortisation of intangible assets | 13,900 | 13,900 | 13,900 | 13,900 |
| Auditor's remuneration | | | | |
| - audit of company | 25,975 | 24,750 | 25,975 | 24,750 |
| - for non-audit services: taxation | 4,600 | 4,475 | 4,600 | 4,475 |
| - for non-audit services: other | 3,185 | - | - | - |
| - audit of subsidiaries | 13,649 | 11,483 | - | - |
| Loss on disposal of fixed assets | 3 | 16 | - | - |

| 4 Employees | 2020 Group £ | 2019 Group £ | 2020 Company £ | 2019 Company £ |
|-----------------------|--------------------|--------------------|----------------------|----------------------|
| Wages & Salaries | 2,727,881 | 2,648,161 | 2,265,121 | 2,190,431 |
| Social security costs | 302,785 | 286,138 | 244,964 | 240,414 |
| Other pension costs | 151,675 | 141,410 | 142,069 | 129,170 |
| | 3,182,341 | 3,075,709 | 2,652,154 | 2,560,015 |
| Staff training | 44,870 | 19,741 | 44,870 | 19,741 |
| Other staff costs | 429,633 | 463,338 | 232,686 | 263,222 |
| | 3,656,844 | 3,558,788 | 2,929,710 | 2,842,978 |

| Average number of employees during the year | 2020 Group No. | 2019 Group No. | 2020 Company No. | 2019 Company No. |
|---|----------------------|----------------------|------------------------|------------------------|
| Administration | 58.5 | 59.5 | 49.0 | 48.0 |

Directors' Remuneration

Total remuneration paid to Directors for the year was £221,732 (2018/19 £223,116).

The highest paid Director received remuneration of £221,732 (2018/19 £170,372) and contributions to a defined pension scheme of £nil (2018/19 £nil).

Key management personnel are the members of the senior leadership team. Total employment benefits including employer pension and national insurance contributions, of the key management personnel were £889,464 (2018/19 £837,595).

| 5 Interest receivable and similar income | 2020 £ | 2019 £ |
|--|-----------|-----------|
| Bank deposit interest | 34,903 | 28,263 |
| | 34,903 | 28,263 |

| 6 Taxation | 2020 £ | 2019 £ |
|------------------------------------|-----------|-----------|
| UK corporation tax | - | (12,856) |
| Overseas local taxes current year | 11,885 | 1,083 |
| Adjustment relating to prior years | 2,078 | (44,701) |
| | 13,963 | (56,474) |

**Notes to the Financial Statements
for the year ended 31 March 2020**

7 Reconciliation of tax charge

The tax assessed for the year is lower than (2019: lower than) the Standard rate of corporation tax in the UK of 19% (2019: 19%). The difference is explained below:

| | 2020 £ | 2019 £ |
|--|---------------|-----------------|
| Factors affecting the tax charge for the year | | |
| Surplus on ordinary activities before taxation | 485,474 | 388,546 |
| Tax on profit on ordinary activities at standard CT rate | 92,240 | 73,824 |
| Rate adjustments relating to overseas profits | (96,817) | (34,181) |
| Profit attributable to non members | - | (36,187) |
| Rounding in provision | - | - |
| Irrecoverable foreign tax | - | (8,300) |
| Fixed asset differences | 1,722 | 2,818 |
| Deferred tax not recognised | 14,740 | (8,721) |
| Adjust closing deferred tax to average rate | - | (813) |
| Adjust opening deferred tax to average rate | - | (213) |
| Adjustments to previous periods | 2,078 | (44,701) |
| | <u>13,963</u> | <u>(56,474)</u> |

Factors that may affect future tax charges.

The main rate of UK corporation tax will reduce to 17% with effect from 1 April 2020. This change has been substantively enacted at the statement of financial position date. Temporary differences have been measured using the enacted tax rates that are expected to apply when the liability is settled or the asset is realised.

8 Intangible assets

| Group and company | Computer £ | Total £ |
|-----------------------|-----------------|-----------------|
| Cost | | |
| At 1 April 2019 | 75,602 | 75,602 |
| Additions | - | - |
| Disposals | - | - |
| At 31 March 2020 | <u>75,602</u> | <u>75,602</u> |
| Depreciation | | |
| At 1 April 2019 | (20,002) | (20,002) |
| Charge for the year | (13,900) | (13,900) |
| On disposals | - | - |
| At 31 March 2020 | <u>(33,902)</u> | <u>(33,902)</u> |
| Net book value | | |
| At 31 March 2020 | <u>41,700</u> | <u>41,700</u> |
| At 31 March 2019 | <u>55,600</u> | <u>55,600</u> |

Notes to the Financial Statements
for the year ended 31 March 2020

9 Tangible assets

| | Office Equipment £ | Leasehold Improvement £ | Computer Equipment £ | Total £ |
|-----------------------|-----------------------|-------------------------------|----------------------------|------------|
| Group | | | | |
| Cost | | | | |
| At 1 April 2019 | 481,255 | 486,089 | 114,583 | 1,081,927 |
| Additions | 24,970 | - | 16,193 | 41,163 |
| Disposals | (25,726) | - | - | (25,726) |
| At 31 March 2020 | 480,499 | 486,089 | 130,776 | 1,097,364 |
| Depreciation | | | | |
| At 1 April 2019 | (182,299) | (48,605) | (98,427) | (329,331) |
| Charge for the year | (54,606) | (48,608) | (15,264) | (118,478) |
| On disposals | 25,723 | - | - | 25,723 |
| At 31 March 2020 | (211,182) | (97,213) | (113,691) | (422,086) |
| Net book value | | | | |
| At 31 March 2020 | 269,317 | 388,876 | 17,085 | 675,278 |
| At 31 March 2019 | 298,956 | 437,484 | 16,156 | 752,596 |

| | Office Equipment £ | Leasehold Improvement £ | Computer Equipment £ | Total £ |
|-----------------------|-----------------------|-------------------------------|----------------------------|------------|
| Company | | | | |
| Cost | | | | |
| At 1 April 2019 | 290,197 | 486,080 | 114,583 | 890,860 |
| Additions | 2,136 | - | 16,193 | 18,329 |
| Disposals | - | - | - | - |
| At 31 March 2020 | 292,333 | 486,080 | 130,776 | 909,189 |
| Depreciation | | | | |
| At 1 April 2019 | (37,033) | (48,605) | (98,427) | (184,065) |
| Charge for the year | (29,314) | (48,608) | (15,264) | (93,186) |
| Disposals | - | - | - | - |
| At 31 March 2020 | (66,347) | (97,213) | (113,691) | (277,251) |
| Net book value | | | | |
| At 31 March 2020 | 225,986 | 388,867 | 17,085 | 631,938 |
| At 31 March 2019 | 253,164 | 437,475 | 16,156 | 706,795 |

**Notes to the Financial Statements
for the year ended 31 March 2020**

10 Investments

The Company

| | Shares in Subsidiary undertakings £ |
|------------------|--|
| Cost | |
| At 1 April 2019 | 1,054 |
| Additions | - |
| At 31 March 2020 | <u>1,054</u> |

Additional information on principal subsidiary undertakings

| Name | Country of Incorporation | Class of Shares | Percentage of Shares |
|--|-----------------------------|--------------------|-------------------------|
| Companies with a share capital: | | | |
| STEP Business Services Ltd. | England | Ordinary | 100% |
| STEP Caribbean Conference Ltd. | Turks & Caicos. | Fully Paid | 100% |
| STEP LatAm Conference Ltd. | Belize | Ordinary | 100% |

The above subsidiaries organise conferences on behalf of STEP.
STEP Business Services Ltd did not trade during the year.

| Name | Country of Incorporation | Class of Shares | Percentage of Shares |
|---|-----------------------------|--------------------|-------------------------|
| The Society of Trust and Estate Practitioners (Cayman Is) | Cayman Is. | CI\$1.00 | 100% |
| STEP Cayman Events II Limited | Cayman Is. | CI\$1.00 | 100% |
| The Society of Trust and Estate Practitioners (Cyprus) | Cyprus | Ordinary | 100% |
| The Society of Trust and Estate Practitioners (Isle of Man) Ltd | Isle of Man | Ordinary | 100% |
| The Society of Trust and Estate Practitioners (Israel) Ltd | Israel | Ordinary | 100% |
| The Society of Trust and Estate Practitioners (Victoria) | Australia | Ordinary | 100% |
| The Society of Trust and Estate Practitioners (Miami) | USA | Ordinary | 100% |
| The Society of Trust and Estate Practitioners Australia Ltd | Australia | Ordinary | 100% |
| STEP Estate Planning India Private Ltd | India | Ordinary | 100% |
| The Society of Trust and Estate Practitioners (Hong Kong) Ltd | Hong Kong | Ordinary | 0% |

The above subsidiaries carry on STEP branch activities.

Non-Share Corporations incorporated in Canada with the Society as Sole Special Member:

| Name | Country of Incorporation | Percentage Owned |
|-------------|-----------------------------|---------------------|
| STEP Canada | Canada | 100% |

Companies limited by guarantee and not having a share capital:

| | | |
|--|---------|------|
| The Society of Trust and Estate Practitioners, Nassau, Bahamas Limited | Bahamas | 100% |
|--|---------|------|

**Notes to the Financial Statements
for the year ended 31 March 2020**

10 Investments (continued)

| | Country of Incorporation |
|--|-------------------------------------|
| Foreign Associations controlled by local members for the Society: | |
| STEP Basel | Switzerland |
| STEP Geneva | Switzerland |
| Verein STEP | Switzerland |
| Swiss & Liechtenstein STEP Federation | Switzerland |
| STEP USA | USA |
| The Society of Trust and Estate Practitioners (Italy) | Italy |
| The Society of Trust and Estate Practitioners (Monaco) | Monaco |
| The Society of Trust and Estate Practitioners (France) | France |
| STEP Deutschland e.v. | Germany |
| Society of Trust and Estate Practitioners (Arabia) NPIO | Dubai, UAE |
| Society of Trust and Estate Practitioners -Vereinigung Österreichischer Berater des Erb-, Stiftungs- und Trustrechtes (STEP Austria) | Austria |
| Step Benelux A.s.b.l | Luxembourg |
| Associacao Step Do Brasil | Brazil |
| Asociacion Step Columbia | Columbia |
| The Society Of Trust And Estate Practitioners Curacao | Curacao |
| Society Of Trust And Estate Practitioners Guernsey Branch | Guernsey |
| Step Hungary - Magyarorszagi Bizalmi Vagyonkezelok | Hungary |
| Association Step Lausanne | Switzerland |
| Persatuan Pengurus Amanah Dan Pentadbir Aset Pusaka Malaysia (Step Malaysia) | Malaysia |
| Step Capitulo Mexico A.C. | Mexico |
| STEP-Panama (Society Of Trust And Estates Practitioners-Panama) | Panama |
| The Society Of Trust And Estate Practitioners Western Australia Inc. | Australia |

The above associations carry on STEP branch activities and are consolidated on the basis that STEP exercises dominant influence over them through its Branch Regulations.

Unincorporated branches not classed as separate entities are not listed within this note as these form part of the UK company.

Notes to the Financial Statements
for the year ended 31 March 2020

11 Debtors: amounts falling due within one year

| | 2020 Group £ | 2019 Group £ | 2020 Company £ | 2019 Company £ |
|--------------------------------|--------------------|--------------------|----------------------|----------------------|
| Trade debtors | 954,892 | 572,630 | 820,709 | 400,893 |
| Prepayments and accrued income | 1,668,591 | 1,295,031 | 1,469,008 | 961,405 |
| Corporation Tax | 41,316 | 57,557 | 41,316 | 57,557 |
| Other debtors | 848,779 | 792,605 | 28,217 | 22,961 |
| | <u>3,513,578</u> | <u>2,717,823</u> | <u>2,359,250</u> | <u>1,442,816</u> |

12 Cash at bank and in hand

| | 2020 Group £ | 2019 Group £ | 2020 Company £ | 2019 Company £ |
|---------------------------|--------------------|--------------------|----------------------|----------------------|
| Cash and cash equivalents | 7,853,284 | 7,457,146 | 3,809,198 | 3,862,122 |
| | <u>7,853,284</u> | <u>7,457,146</u> | <u>3,809,198</u> | <u>3,862,122</u> |

13 Creditors: amounts falling due within one year

| | 2020 Group £ | 2019 Group £ | 2020 Company £ | 2019 Company £ |
|------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Trade Creditors | 763,206 | 601,358 | 601,859 | 460,937 |
| Amounts owed to group undertakings | - | - | 106,042 | 82,470 |
| Other taxes and social security | 80,052 | 69,448 | 80,052 | 69,448 |
| Corporation Tax | - | - | - | - |
| Other creditors | 642,258 | 433,401 | 530,506 | 225,019 |
| Accruals and deferred income | 3,625,730 | 3,496,582 | 2,660,777 | 2,572,120 |
| | <u>5,111,246</u> | <u>4,600,789</u> | <u>3,979,236</u> | <u>3,409,994</u> |

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

14 Operating lease commitments

At 31 March 2020 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | 2020 Group £ | 2019 Group £ | 2020 Company £ | 2019 Company £ |
|--|--------------------|--------------------|----------------------|----------------------|
| Operating lease which expires within one year | | | | |
| Land and Buildings | 372,330 | 217,065 | 372,330 | 217,065 |
| Plant and Machinery | 25,388 | 25,388 | 25,388 | 25,388 |
| | <u>397,718</u> | <u>242,453</u> | <u>397,718</u> | <u>242,453</u> |
| Operating lease which expires within 2 to 5 years | | | | |
| Land and Buildings | 1,489,320 | 1,489,320 | 1,489,320 | 1,489,320 |
| Plant and Machinery | 57,447 | 82,835 | 57,447 | 82,835 |
| | <u>1,546,767</u> | <u>1,572,155</u> | <u>1,546,767</u> | <u>1,572,155</u> |

**Notes to the Financial Statements
for the year ended 31 March 2020**

14 Operating lease commitments (continued)

| | 2020 Group £ | 2019 Group £ | 2020 Company £ | 2019 Company £ |
|--|--------------------|--------------------|----------------------|----------------------|
| Operating lease which expires greater than 5 years | | | | |
| Land and Buildings | 1,241,100 | 1,613,430 | 1,241,100 | 1,613,430 |
| Plant and Machinery | - | - | - | - |
| | <u>1,241,100</u> | <u>1,613,430</u> | <u>1,241,100</u> | <u>1,613,430</u> |

15 Pension commitments

The company operates a qualifying defined workplace pension scheme. Employee membership of this scheme is governed by the rules and regulations of current pension legislation and in particular the Pensions Act 2008.

By law, all employees will be auto-enrolled into the scheme after 3 months, should they be eligible to do so. The employee may however, choose to "opt-out" should they wish to do so. Employees who are not eligible may still "opt-in" to the scheme.

In the first instance, the Company will match the minimum contributions, in line with legal requirements, however, should the employee wish to increase their contribution, the Company will match the amount paid by the employee within a defined range dependent upon service.

The pension cost charge represents contributions payable by the company to the fund and amounted to £142,069 (2019: £129,170). Contributions totalling £19,082 (2019: £17,018) were payable to the fund at the balance sheet date.

16 Reserves

Total Accumulated funds

Accumulated funds include all current and prior period retained profits and losses.

Strategic funds

Strategic Funds are in place to enable STEP to take advantage of any development opportunities that may arise or to cover any short term setback.

17 Transactions with Board Members

There have been no transactions with any Board Members during 2019/20 (2018/19 Nil).

The Company has taken advantage of the exemption available under FRS 102 from disclosing transactions with wholly owned subsidiaries.

18 Control

During the year and the previous year, the company was under the control of the directors. In common with many other professional bodies, the Society operates a branch and regional structure whereby financial control is devolved to local committees. A material proportion of the Society's financial reserves rest with the regions and branches and are used to meet local needs. These reserves would not normally be called upon by the Society's central office.