



EMBRACE THE MIDDLE EAST ANNUAL REPORT & ACCOUNTS 2021



EMBRACE
the Middle East



Chair of Embrace John Mitchell (left), alongside former Chair of Embrace, Canon Anthony Ball

A MESSAGE FROM THE CHAIR OF TRUSTEES

As the new Chair of Embrace the Middle East Board of Trustees, I am delighted to commend to you our latest Annual Report. By any reckoning 2021 was an unusual year. That was true for Embrace and every other charity in the UK. It was also true for our partners in the Middle East.

I am powerfully struck by how well we, but also our partners, managed to navigate the challenges of 2021, not to mention 2020. You will see in this report why I feel confident in saying that. Through the herculean efforts of our partners, Embrace continued last year to have a life-changing impact on the lives of tens of thousands of children, families, aunts, uncles and entire communities. With the wonderfully generous assistance of our supporters and donors, we continued to raise the levels of income we

needed to fund our commitment to £2.5 million of grants annually. And we found new and creative ways to inform, engage and advocate on behalf of Christians across the Middle East and their social witness as well as the fragile, and often abused rights, of Palestinians in the Occupied Territories.

This was achieved by the hard work and faith-led commitment of our staff, volunteers and partners. The Trustees are proud of the charity's achievements and its continuous striving for

improvement, even in the most challenging circumstances, and of a shared and unyielding commitment to Embrace's long-term vision and mission. Embrace's work is fuelled not just by a worthy desire to help to change the world for the better. It is inspired by something even more potent: a vision of radical equality which we believe reflects God's vision for His creation, and the injunction to ensure that all whose dignity is impaired by exclusion or marginalisation have that dignity restored through re-inclusion in education and the health care system; by the provision of better, or any, housing especially for the displaced, of livelihood support for the dispossessed, and of much needed trauma counselling for those who have experienced violence, neglect or abuse.

In May of 2021 a war erupted, yet again, between Israel and Gaza. Hundreds of lives were lost, including scores of children, and massive damage to infrastructure was inflicted. Embrace's supporters responded with incredible generosity. Our appeal for Gaza raised over £250,000 - a repeat of the generous response to our appeal in the wake of the Beirut Port blast in 2020. Sadly, debilitating political instability and economic collapse continued to blight the lives of millions in Lebanon again last year.

In addition to thousands of individual donations, a number of particularly generous major donors and legators helped us to raise just under £3.5 million, in a year when fundraising was especially difficult for everyone. Embrace's Board of Trustees wishes to express our profound gratitude, shared by all Embrace's staff, for the generosity of all our benefactors without whom we could not make the difference we do with our Christian partners in the Middle East. This report shows what we were able to achieve with your help.

Thank you.

John Mitchell OBE,
Chair of Trustees

The Trustees of Embrace the Middle East, who are also Directors of the Charity for the purpose of the Companies Act 2006, are pleased to present their Annual Report, and the charity's audited consolidated financial statements, for the year ending 31 December 2021.

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Embrace the Middle East Group: Embrace the Middle East

Registered charity number: 1076329. **A company limited by guarantee:** 3706037

Registered office: Embrace the Middle East, 24 London Road West, Amersham, Buckinghamshire, HP7 0EZ

We change the name of children and vulnerable adults whose stories we have included in the report. Pictures are for illustrative purposes unless otherwise stated. All content is the copyright of Embrace the Middle East and our partners and may only be reproduced with permission.

WHO WE ARE & WHAT WE DO...

OUR VISION

To bring healing and hope to all who face marginalisation and injustice in the Middle East.

Our vision is rooted in Christ's invitation to care for those most in need. Where there is a need – for refuge, for health care, for education, for safeguarding, for economic empowerment, for justice and human rights – we want, with and through our partners, to respond.

OUR MISSION

To support the social witness of Middle East Christians as they work to transform lives.

We encourage all, regardless of faith, to join us in supporting and sustaining our partners, and the Middle Eastern churches, in their social witness and their particular and vital contribution to building cultures of inclusion, justice and peace in the suffering and war-torn Middle East. We build strong and lasting relationships with our partners, nurtured by mutual respect and a shared commitment to excellence.

OUR VALUES

Respect, Compassion, Trust and Integrity.

We are guided by four core values, which are inspired and informed by our Christian faith, as well as a commitment to meet all professional and regulatory standards relevant to our work.



RESPECT

We respect the human dignity and value of every person and all peoples – no matter what their beliefs or background – as made in God's own image.



TRUST

Just as we trust that God cares for us and sustains us in our work, we work with a generous and positive spirit, trusting that God desires to see all of humanity flourish.



COMPASSION

Our Christian faith teaches us to treat every person with compassion, especially anyone who suffers from social or economic marginalisation or from having their basic human rights withheld or compromised.



INTEGRITY

We see honesty and integrity as foundational to Embrace's way of working with partners, supporters and donors and have high expectations of all who work for, and with, the charity in any capacity.

WHAT WE DID IN 2021

Thanks to our generous supporters, in 2021 we were able to:



EGYPT

Give: £595,000

Support: 19 projects

Help: 33,532 people

Key areas of work:

- Women's empowerment
- Education
- Healthcare for mothers and young children
- Social inclusion of people living with disabilities



ISRAEL / PALESTINE

Give: £1,184,000

Support: 23 projects

Help: 65,599 people

Key areas of work:

- Primary healthcare
- Specialist disability services
- Education
- Reconciliation
- Human rights advocacy



IRAQ

Give: £40,000

Support: 2 projects

Help: 1,421 people

Key areas of work:

- Livelihoods support
- Healthcare
- Humanitarian assistance



LEBANON

Give: £525,000

Support: 14 projects

Help: 15,742 people

Key areas of work:

- Primary healthcare
- Education
- Livelihoods support
- Humanitarian assistance
- Specialist disability services
- Women's empowerment



SYRIA

Give: £80,000

Support: 2 projects

Help: 1,366 people

Key areas of work:

- Healthcare
- Wellbeing and psychological support

THE CHARITY IN NUMBERS

The table below contains key financial data for the charity. These summary numbers are taken from the financial statements on pages 35 to 51, but for the purposes of clarity exclude the income and costs of our Trading subsidiary and the gain/losses on sale of investments.

Year ending 31 December	2017 £'000	2018 £'000	2019 £'000	2020 £'000	2021 £'000
Donations*	5,094	4,875	2,874	2,869	2,757
Legacies	1,437	1,269	1,288	823	1,022
Investment income	56	60	107	96	105
Other	57	71	77	72	79
Total Income	6,643	6,275	4,346	3,860	3,963
Grants	2,732	2,683	3,040	2,467	2,424
UK staff costs	984	1,165	1,238	1,206	1,331
Other costs	926	784	945	555	609
Total resources expended	4,642	4,632	5,223	4,228	4,364
Net surplus/(deficit)	2,001	1,643	(877)	(368)	(401)
UK charity income less costs	2,001	1,643	(877)	(368)	(401)

Assets as at 31 December	2017 £'000	2018 £'000	2019 £'000	2020 £'000	2021 £'000
Investments	1,905	2,129	3,579	3,589	3,914
Cash at bank and in hand	4,741	6,198	4,416	4,005	3,494
Other net assets	950	761	575	618	756
Total funds	7,596	9,088	8,570	8,212	8,164

* Total donations for 2017 and 2018 include a single exceptional donation received between 2016-18 of £6.9m.

Further commentary on the 2021 results can be found in the 'Financial review' section on **pages 24 to 25**. In the pages that follow, we give details of what we and our partners achieved in 2021, compare our outcomes to the plan we set ourselves for the year, and set out our plans for 2022 and beyond.

OUR IMPACT

In 2021 we faced multiple challenges: the Covid-19 pandemic continued to have a significant impact; in Lebanon the economic crisis deepened; increased tension in Israel/Palestine led to an outbreak of hostilities in May; and in Syria the continued conflict and impact of sanctions led to deteriorating conditions for many.

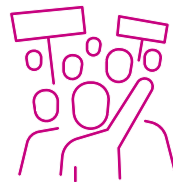
This made 2021 another difficult and challenging year across the Middle East meaning that, for many, Embrace-supported projects were vital.

In 2021, we continued to support programmes in Egypt, Lebanon, Iraq, Israel/Palestine, and Syria, working to transform lives by:



TACKLING POVERTY & INJUSTICE

Working with communities at risk of marginalization and exclusion.



RESPONDING TO CRISIS

Providing for practical needs and psychological support.



SPEAKING OUT

Raising awareness of injustice and amplifying the voices of our Christian partners.



INVESTING IN THE FUTURE

To ensure the continuation of Christian social witness in the region.

TACKLING POVERTY & INJUSTICE

Embrace supports Middle East Christians serving those in their communities whose lives are marred by social and economic marginalisation and exclusion.



In 2021 we promised to:

- Support and strengthen essential health and social care services for marginalised communities
- Support livelihood and income generation projects, providing for immediate needs and opportunity in the future
- Support work which empowers people who are excluded or displaced (women, girls, disabled people, refugees), bringing inclusion, engagement, and equality

In 2021 we:

- Supported 30 health & social care programmes
- Gave over £530,000 to livelihood projects
- Supported 43 projects serving excluded and displaced people

How we kept our promise:

THE pandemic continued to have a profound affect in the Middle East throughout 2021.

Covid-19 restrictions made access to healthcare and education increasingly difficult for many in the most vulnerable communities. We supported our partners as they adapted their projects to keep them running safely and reach those most in need.

The projects we supported were a vital lifeline, as economic turmoil meant many suffered the loss of

their livelihood or faced rapidly rising prices. While the increased pressure on families fuelled rising tensions in some communities.

For our partners, our funding became increasingly important as they responded to these rising needs and the growing unpredictability of other funding sources.

In the UK, we also increased our support for marginalised communities through our webshop, working with five new Middle Eastern suppliers, selling products produced by refugee women.



Left to right: Winter relief in Lebanon (Photo credit: MERATH); The Deaf Unit, Egypt; Maryamana Hospital, Iraq.



HEMEDE'S STORY:

THE GIFT OF COMMUNICATION

PART of the Anglican Church in Egypt, the Deaf Unit is a school and vocational training centre. In 2021, with Embrace support, the school provided quality education and training for 42 children and young adults who would otherwise struggle to access these things.

Hemede was 9 months old when doctors discovered he was deaf. Despite their best efforts – and two operations – Hemede's hearing could not be restored. Unwilling to accept her son's condition, Hemede's mother was initially reluctant to send him to the Deaf Unit, particularly as it was run by the church. But now she's so pleased that she was brave enough to. Now aged 6, Hemede is a happy, outgoing boy, confident in using sign-language to talk to his mother – particularly to tell her what food he would like!



I was afraid because the Deaf Unit is inside a church. It is sensitive for some Muslims to be inside churches. At the beginning I was feeling uncomfortable but now I feel that they are my second family.

Hemede's mother

HERE ARE JUST A FEW HIGHLIGHTS OF THE PROJECTS WE SUPPORTED IN 2021

WORKING FOR FREEDOM OF MOVEMENT FOR ALL IN THE WEST BANK

Restrictions on freedom of movement in the Occupied Territories can deny Palestinians access to rights, including healthcare, education, and work. In 2021 Embrace supported the Society of St Yves as it campaigned for equality, raised awareness of the issue and provided free legal aid to Palestinians. In 2021 St Yves gave legal advice, support and court representation in 480 cases and helped 160 individuals and their families successfully contest their restrictions.



LIFESAVING HOSPITAL TREATMENT IN IRAQ

In the villages of Northern Iraq, the unemployment rate is as high as 80%. People are forced to survive on hand-outs and few can afford medical treatment. In 2021 we supported the Chaldean Archdiocese of Erbil as they ensured free treatment at the Maryamana Hospital for those in urgent need. Our funds helped to pay for lab tests, operations and medication for 576 people.



“We need to foster, build and forge more similar partnerships like Embrace The Middle East... If there are more ETMEs, then there is hope.”

WINTER SUPPLIES TO SURVIVE FREEZING CONDITIONS IN LEBANON

As Lebanon's economic crisis deepened, we supported MERATH's winter relief project, which included providing blankets, stoves and fuel to families struggling to afford the basics. In response to the growing need, the project was enlarged and between 1 October 2020 and 30 April 2021 gave vital supplies to over 9,000 families – almost triple the original target. This included 8,000 blankets, 5,700 winter coats and 1,600 electric heaters, as well as almost 4,000 fuel vouchers.



IMPROVING CHILD HEALTH IN GAZA

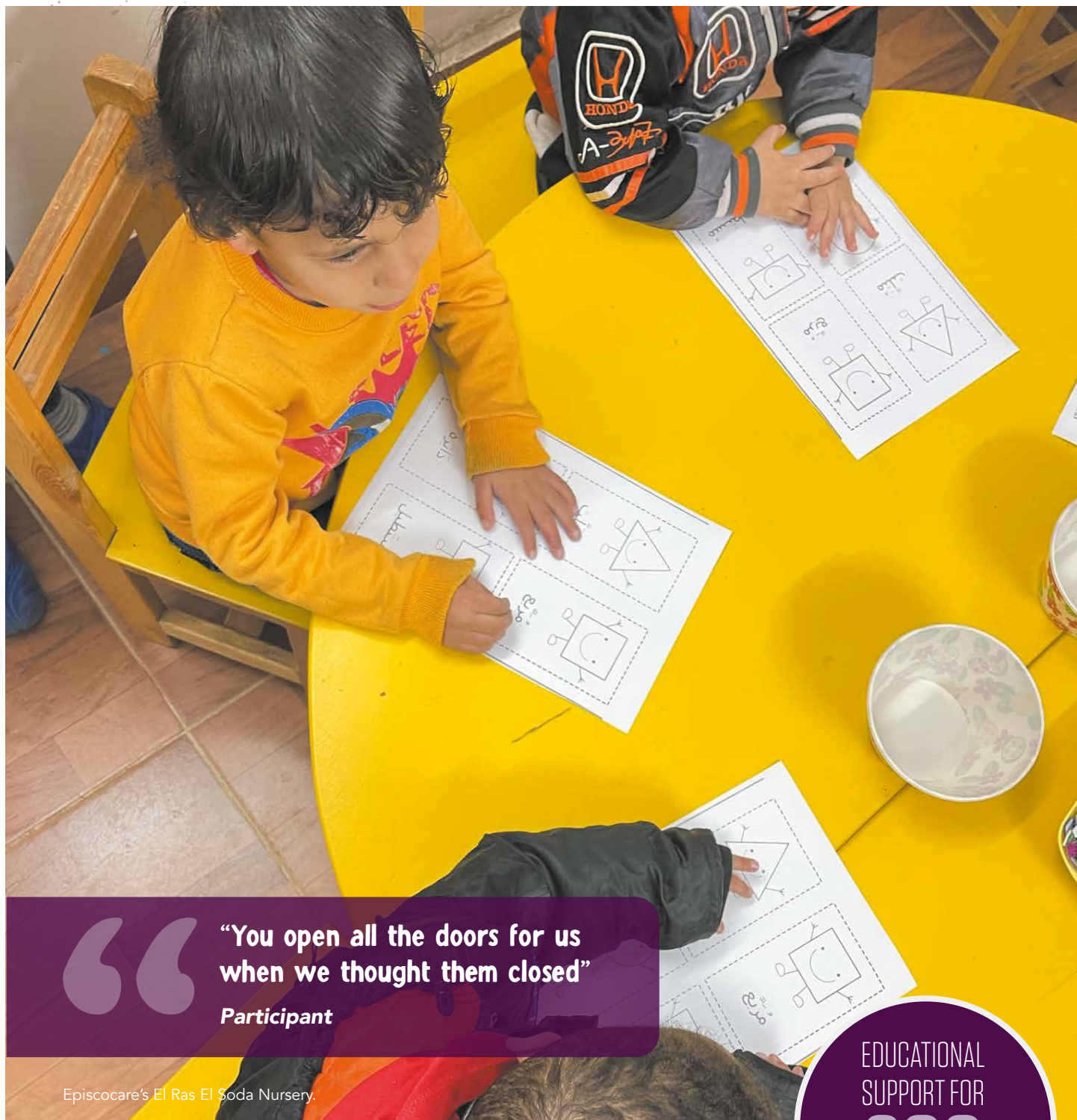
In Gaza, poor diet and living conditions mean many children suffer from malnutrition and anaemia. We've been tackling this by supporting the NECC's Well-Baby Clinic. In 2021 the clinic gave health checks to over 15,000 young children and babies. Almost 4,000 were found to be anaemic or malnourished and altogether 11,854 children needed some form of medication. Regular follow up checks were given to ensure each child's recovery and 75% of those suffering with anaemia recovered within three months.



“The well-baby service provided by NECC are the best in Gaza, thanks for NECC and Embrace the Middle East.”

Mother from Darraj





**“You open all the doors for us
when we thought them closed”**

Participant

Episcocare's El Ras El Soda Nursery.

EDUCATIONAL
SUPPORT FOR
200
CHILDREN

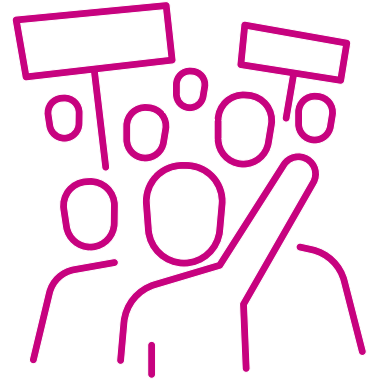
ENSURING EDUCATIONAL OPPORTUNITIES FOR ALL IN EGYPT

Many who live in the slum areas of Egypt's cities struggle to access good-quality education. In 2021 we supported Episcocare as they brought educational support to six communities. Over 200 children were helped with nursery or school fees and supplies, while weekly after school mentoring sessions were held to help those in danger of dropping out of school. Adult literacy classes were also run in all six communities, helping over 80 people learn to read.



RESPONDING TO CRISIS

Ours is a vision of faith, hope and love in action. It is rooted in and inspired by Christ's invitation to care for those most in need.



In 2021 we promised to:

- Provide targeted grants that enable partners to keep services going and deliver essential support in emergency situations and crisis
- Support projects which enable people to re-establish their lives after a crisis

In 2021 we:

- Supported 9 projects in Gaza, providing ongoing care and responding to the conflict
- Funded 10 projects supporting refugees
- Expanded support for mental health and wellbeing projects

How we kept our promise:

2021 was another year of unpredictability and unprecedented challenge.

In Lebanon we helped our partners enlarge their programmes to meet growing needs amid an economic crisis that the World Bank has labelled as one of the world's worst in 150 years. With inflation averaging at 145% in 2021, the projects we supported were vital to many suddenly struggling to afford the basics.

In Syria we funded emergency medical care and child-support services as civilians faced an equally severe economic crisis as well as the continual threat of conflict.

A rapid rise in tensions between Israel and Gaza tragically resulted in 11 days of fighting in May – the worst escalation of violence since the 2014 war. Rocket attacks from both sides killed 256 Palestinians and 13 Israelis, and hundreds more were injured. We responded with emergency funds to help Al Ahli hospital treat more patients and to support Caritas' emergency response programme. We also helped pay for repair work to Gaza YMCA's damaged building and fund basic supplies such as water for those most badly affected.



Left to right: English courses for refugees, Egypt (Photo credit: Refuge Egypt); Child Friendly Spaces, Syria. (Photo Credit: MERATH); Water distribution in Gaza. (Photo credit: Caritas Jerusalem)



KABIR'S STORY: LEARNING TO SMILE ONCE AGAIN

Therapeutic activities help children recover from their trauma. (Photo credit: Caritas Jerusalem)

In response to the Gaza conflict, our partner Caritas Jerusalem implemented a support programme to help children traumatised by their experience.

8-year-old Kabir lives in a Bedouin village close to the Gaza border. His home was badly damaged in the May 2021 conflict and many of his belongings were destroyed. The bombing traumatised young

Kabir and he became extremely withdrawn, avoiding social interaction, and his schoolwork deteriorated. In October he began attending the support programme. For the first few sessions he remained virtually silent but, little by little, thanks to the support of the team's psychologists, he began to interact again, both during the sessions and at home. His mother was overjoyed at the change she saw in him.



Thanks Caritas who helped my child overcome his sadness. His smile shines every time he attends the PSS sessions. I hope this project continues.

Kabir's mother

HERE ARE JUST SOME OF THE WAYS WE AND OUR PARTNERS RESPONDED TO THE EVENTS OF 2021

GIVING SHELTER IN EGYPT TO THOSE FORCED TO FLEE THEIR HOMES

In 2021 we helped our partner Refuge Egypt assist over 4,000 newly arrived refugees, giving out emergency food and clothing and helping with their medical needs, as well as providing longer-term assistance to help with qualifications and employment. Almost 800 people received vocational training and over 300 were helped into work, giving them a chance to support themselves and rebuild their lives.



HELP FOR
4,000
REFUGEES

FOOD, CLOTHING AND MEDICINE FOR THOSE STRUGGLING WITH ADDICTION IN ISRAEL

The pandemic restrictions meant many medical and support services were reduced, severely impacting those in personal crisis, battling alcohol and drug addiction. Our partner Aviv Ministry kept their centre open every single day in 2021, ensuring vital food, clothing and medicine could be given to those living on the streets in Tel Aviv. Medical aid was given in the centre while, to comply with Covid-19 restrictions, the soup kitchen and clothes distribution was moved outside.

OVER
26,000
HOT MEALS
DISTRIBUTED

“We hang up second-hand clothes on the fence of the park opposite Aviv Centre. People snap up the clothes very quickly, often putting them on right away.”

Aviv Centre volunteer

OFFERING A SAFE HAVEN FOR SYRIA'S CHILDREN

Syrian children are living with the physical and psychological scars of growing up amid civil war. In 2021 we helped over 800 children and young people by supporting three Child Friendly Spaces, in Damascus, Homs and Mardeh. The centres give children a safe place to play, with art and games as well as psychosocial activities to help heal their trauma, and support for their families.

PSYCHOLOGICAL
SUPPORT FOR
800
CHILDREN

“They have a safe space where they can forget their anxieties and just play like any other children.”

DELIVERING CLEAN DRINKING WATER IN BOMB-DAMAGED GAZA

The hostilities in May left 2,400 houses uninhabitable, a further 50,000 damaged, and severely affected Gaza's already fragile infrastructure. Villages in the North Governorates of the Gaza Strip were particularly badly affected, and many families did not have access to clean drinking water. Through our partner Caritas Jerusalem, we ensured the regular delivery of filtered water to vulnerable households, as well as providing tanks for safe water storage and distributing chlorine tablets, helping over 400 families.

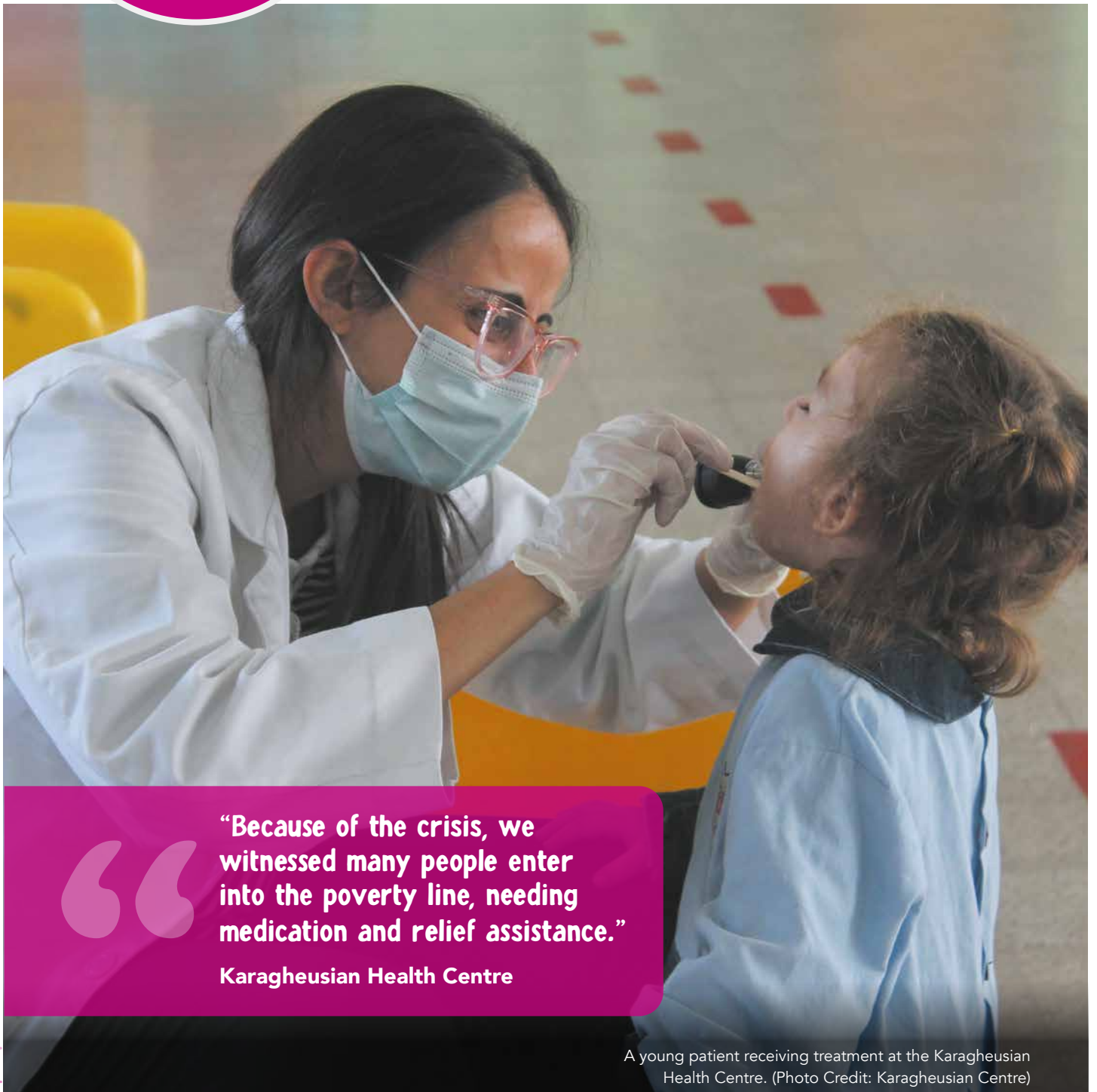


CLEAN WATER
FOR OVER
400
FAMILIES

PROVIDING VITAL MEDICAL CARE AMID LEBANON'S ECONOMIC CRISIS

MEDICAL SUPPORT
FOR NEARLY
3,000
PEOPLE

Lebanon's devastating economic crisis meant millions could no longer afford medical care. Our partner the Karagheusian Health Centre, which provides subsidised healthcare, saw patient numbers double from 5,000 to 10,000 a month. The Embrace Medical Programme gave assistance in medical, laboratory and hospital bills to 2,970 people.



“Because of the crisis, we witnessed many people enter into the poverty line, needing medication and relief assistance.”

Karagheusian Health Centre

A young patient receiving treatment at the Karagheusian Health Centre. (Photo Credit: Karagheusian Centre)

SPEAKING OUT

We work to inspire and encourage Christians in the UK to engage with their sisters and brothers in the Middle East, advocate on their behalf, stand in solidarity with them and support their social witness.



In 2021 we promised to:

- Share powerful blogs, social media posts, infographics and news bulletins that generate support for, and active engagement with, the challenges of our partners in the region
- Increase the number of people accessing and engaging with our on-line advocacy

In 2021:

- We published 32 blogs, 8 context pieces, and over 1,000 social media posts
- Our online advocacy had over 11,000 unique views while in print we reached over 18,000 people
- We developed a network of like-minded organisations in the UK and the US advocating for positive change in Israel, Palestine and Lebanon in particular

How we kept our promise:

IN 2021, we continued to find ways to advocate for and alongside our local partners, giving voice where we can to the lived experiences of Christians in the Middle East.

In particular we argued strongly – in public and in private, including with peers and on coalition platforms – in support of equal rights and an end to occupation and conflict in Israel and Palestine. We have begun to work on a third advocacy pillar, which flows directly from our partners' experience working with vulnerable people on the margins of society.



Left to right: The May 2021 Gaza conflict. (Photo credit: Caritas Jerusalem); Gillian Mosely's film Tinderbox; Agricultural workers in Lebanon.

SUMAYAH'S STORY:

WAITING FOR BAD NEWS

THE Embrace blog played a key role in our advocacy work throughout 2021. This extract, from a blog by Rami Khader, the Director of the East Jerusalem YMCA's Rehabilitation Programme, was one of 32 posts we published. It focussed on the psychological impact of home demolitions in the Occupied Palestinian Territories.

Every human needs a place that is theirs, where they can enjoy privacy, as well as feeling safe and protected. For many families in Palestine, these basic human needs become impossible after they receive a demolition order.

Sumayah is a 9-year-old-girl from Albustan, Silwan, Jerusalem. Her family received a demolition notice from the Israeli authorities and for the last five months she has been waiting for bad news. Every night she says she dreams about soldiers coming to take her stuff away. She lives with constant fear and feeling of isolation, she experiences anxiety, and she hasn't been able to communicate properly with her classmates or her family. Sumayah's mother told us that the demolition notice has transformed all their lives into a nightmare.

You can read the full blog at embraceme.org/blog/hope-under-the-rubble



A recently demolished house in Silwan, East Jerusalem

HERE ARE A FEW MORE HIGHLIGHTS OF OUR ADVOCACY WORK THIS YEAR:

ENSURING A UNITED RESPONSE TO THE LEBANESE CRISIS

Our advocacy network comprising Embrace, the Church of England and the Catholic Bishops in England and Wales, as well as a US umbrella group of churches, Churches for Middle East Peace (CMEP) convened an online briefing from Embrace partners for church leaderships in the UK and US, on the dire and deteriorating economic and political situation in Lebanon.



CALLING FOR AN END TO THE GAZA CONFLICT



Together with a network of church and civil society leaders convened by Embrace, we wrote to the UN Security Council during the outbreak of the deadly violence between Israel and Gaza which cost hundreds of lives in May 2021. We argued that the spiral of violence would continue until and unless the international community addressed root causes. Contacts with Security Council members continued throughout the year via the intermediary of the Irish Ambassador to the UN then occupying the role of President of the Council.



INCREASING UNDERSTANDING OF THE ISRAEL/PALESTINE CONFLICT

Israel, Palestine and Lebanon featured prominently in our advocacy in 2021. We were delighted to host over 200 participants at a viewing of the Tinderbox documentary tracing the history of the conflict between Israelis and Palestinians back to the late nineteenth and early twentieth centuries.

Embrace CEO Tim Livesey hosted the film's maker Gillian Mosely, and regional expert Harry Hagopian, in discussion of the issues raised by the film, and by participants in interactive debate.

Left: The aftermath of a missile strike in Gaza, May 2021. (Photo credit: Shutterstock)

LOBBYING ON BEHALF OF OUR PARTNERS

We held on-line briefings on regional issues for Westminster MPs and Members of the House of Lords during the year and worked in close collaboration with sister charities Christian Aid, Cafod, Amos Trust and Kairos Sabeel as well as ecumenical colleagues in the Methodist, Baptist and URC churches and the Church of Scotland. Embrace played a full and active part in the ongoing advocacy of the Palestine Platform, including meetings with FCO Minister James Cleverly. We believe that building a collective approach to advocacy with like-minded colleagues, and wherever possible speaking with one voice, is more powerful than speaking and working alone.





“What is required is not a temporary ceasefire, but a permanent and lasting solution that will guarantee equality and human rights for all.”

Extract from letter to the UN Security Council

Damage in Gaza following the violence in May 2021. (Photo credit: Caritas)



LETTER TO THE UN SECURITY COUNCIL

‘Every effort to secure an immediate ceasefire, including direct pressure from international governments and multilateral bodies, must be pursued. Every hour without a ceasefire leads to more suffering and civilian deaths...

Extreme violence will remain a constant threat until and unless the root causes of the conflict are properly addressed...



We urge the United Nations Security Council (UNSC), to act immediately to address the continuing underlying causes of injustice that will otherwise remain a constant threat to peace in the Holy Land: occupation, land dispossession, displacement, and the withholding of basic human rights we take for granted. What is required is not a temporary ceasefire, but a permanent and lasting solution that will guarantee equality and human rights for all.’

Extract from Embrace’s letter to the UN Security Council

INVESTING IN THE FUTURE

In line with our 5-year strategy, Hope in Action, we are committed to being an effective and innovative grant maker, fostering a culture of learning and development and working to sustain and strengthen Christian service in the Middle East.



In 2021 we promised to:

- Develop our systems and build on the lessons we learned about remote working, digital transformation and improved connectivity during the Covid-19 pandemic
- Focus our efforts on partner learning and development

In 2021:

- Over 200 registered for our online Embrace Day
- The new Embrace website attracted over 36,000 users
- We committed over £130,000 to support 9 capacity-building projects to help our partners increase and improve the support services they offer

How we kept our promise:

WITH Covid-19 restrictions still affecting many aspects of life in the UK, we were able to build on our innovations and learning of 2020 to continue to improve our ways of working, increasing our connectivity and efficiency.

We diversified and enhanced our digital presence and streamlined our systems to make it easier for supporters to contact us online.

We held Embrace Day online for the first time, enabling supporters to join in fellowship with us from the comfort of their own homes. A highlight was a live Q&A session with our partner LSESD/ MERATH from Lebanon. Over 200 registered - a record for Embrace Day - and the feedback from supporters was overwhelmingly positive.

Supporting partner development was also a key priority this year and we helped fund a range of programmes to improve partner capacity and training.



Left to right: The Jerusalem Princess Basma Centre's virtual Home Care Plan; Harpur Nursing School, Egypt (Photo credit: David Uttley, Compelling Story); Gender equality training in Egypt. (Photo credit: CEOSS)

INVESTING IN LIFE-SAVING MEDICAL TRAINING

In 2021 our funding allowed Nazareth School of Nursing to invest in new training equipment, including prosthetic training mannequins, and improve their online tuition. Student numbers have now almost doubled, from 45 to 80.

In Egypt we continued to fund Harpur Nursing School. In 2021 a cohort of 12 students graduated and a further 12 began the two-year course. The nursing school was set up in 2017 as many nurses in Egypt do not have formal medical training.

Picture (right):
Graduate of Harpur Nursing School.

Picture (below):
Training at Harpur Nursing School.

Photo credit:
David Uttley, Compelling Story



TRAINING FOR
24
NURSES

HERE ARE JUST SOME
OF THE WAYS WE
INVESTED IN THE
FUTURE IN 2021



LAUNCHING THE NEW EMBRACE WEBSITE

We know how important our website is. It acts as a 'shop window', allowing us to show our valuable supporters all the ways in which their support makes an impact. So, in January 2021, Embrace launched its brand-new website, with a clean, modern look and a focus on a smooth user experience. The new website features an updated blog, information about the context of the Middle East and a virtual prayer room. In its first year the site had 137,235 page views and 36,141 users.

OVER
137,000
WEBPAGE VIEWS



INCREASING TECHNOLOGY FOR BETTER DISABILITY CARE IN THE WEST BANK

Israeli checkpoints and restrictions mean that travelling to access disability care is difficult for many families in the West Bank. In 2021 we helped our partner The Jerusalem Princess Basma Centre increase their capacity for online assessments and follow up sessions. Our funds allowed them to buy a new server, software and five laptops as well as pay for training for both staff and the patients' families. The centre can now offer a mix of in-person treatment and virtual 'Home Care Plan', tailored to the needs of each child.

"It is a joy for him to see the therapists in between admissions."

Mother of Baashir, patient at JPBC

150
FAMILIES

HELPED THROUGH THE
HOME CARE PLAN

BETTER SPORTS FACILITIES FOR THE CHILDREN OF GAZA

Sports, health and social activities are vital for all but safe places to play are few in Gaza. This is why, in 2021, we helped fund the refurbishment of Gaza YMCA's football pitch. The natural grass pitch, which had required constant irrigation (something impossible with Gaza's limited water supply), was replaced with an artificial one and new fencing and seating was constructed. 250 footballers from across the Gaza Strip are now enjoying the new pitch, and it can also be used by the YMCA for activities promoting physical and psychological wellbeing.

"The renovated pitch will serve as a place for events which will allow Gazans to escape the stress of daily life and come together as a community."

Gaza YMCA



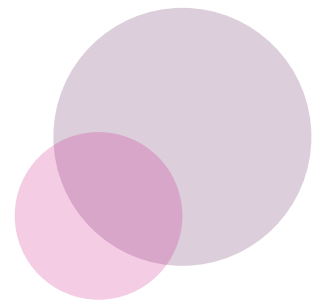
INVESTING IN COMMUNITY TRAINING IN EGYPT

In 2021 we helped our partner CEOSS invest in skills training and guidance materials as part of their Gender Equality Programme. Our funds allowed them to produce a new manual on gender issues in development work, which will be used throughout the organisation. In addition, they provided training to the board members of 10 local community-based organisations, to enable them to take an inclusive and gender-sensitive approach to activities. They also ran training for 72 community volunteers, giving in-depth knowledge of women's rights along with skills in communication and facilitating, so they can run counselling and awareness sessions for women.

SKILLS TRAINING
FOR OVER
100
PEOPLE



PRIORITIES FOR 2022



Our plans for 2022 are based on **Hope in Action: Strengthening Christian Service in the Middle East**, our strategic plan 2021-25. The plan can be downloaded from our website: embraceme.org/five-year-strategy



TACKLING POVERTY & INJUSTICE

- Support and strengthen essential health and social care services for marginalised communities
- Support livelihood and income generation projects, providing for immediate needs and opportunity in the future
- Support work which empowers people who are excluded or displaced (women, girls, disabled people, refugees), bringing inclusion, engagement, and equality
- Focus our efforts on partner learning and development



RESPONDING TO CRISIS

- Provide targeted grants that enable partners to keep services going and deliver essential support in emergency situations and crisis
- Support projects which enable people to re-establish their lives after a crisis



SPEAKING OUT

- Share powerful blogs, social media posts, infographics and news bulletins that generate support for, and active engagement with, the challenges of our partners in the region
- Increase the number of people accessing and engaging actively with our on-line advocacy



INVESTING IN THE FUTURE

- Develop our systems and build on the lessons we learned about remote working, including investing to further improve our digital resilience, and introducing new channels for giving

FINANCIAL REVIEW OF 2021

Unless otherwise stated, figures in this section are expressed in £k (thousands) consistent with the charity's financial statements which follow.

OVERVIEW

Due to the wonderful generosity of our supporters, and with a lot of excellent work by the whole Embrace team, the charity was able to deliver exceptional financial results in 2021. General donations were £178k higher than budget. In addition, reduced costs meant our deficit for the year was significantly lower than budget. This was a tremendous outcome, demonstrating the charity's resilience and ability to adjust to new challenges.

The Trading Company also delivered strong results in 2021. Turnover was £469k (2020: £383k) with a net profit of £56k. There was also £194k of Alternative Gift sales on behalf of charity during 2021.

Our investments portfolio, managed by Investec, performed well in 2021 adding £105k to turnover.

INCOME

Total income received in 2021 was £4.43m (2020: £4.24m), with underlying donations to the charity holding up. Legacy income was £199k higher than 2020, indicative of some easing in the probate system delays

caused by Covid-19. Donation income (donations to the charity excluding legacy income) totalled £2,757k in 2021, £112k lower than the 2020 figure of £2,869k. This is still an excellent result considering the ongoing impacts of the Covid-19 pandemic in 2021.

Donation income benefited from the exceptionally generous response to a summer appeal for Lebanon, which coincided with the anniversary of the explosion in Beirut.

EXPENDITURE

Total expenditure during 2021 amounted to £4.78m (2020: £4.56m) slightly higher than 2020, but this includes the cost of implementing a new customer relationship and accounting software. Grants paid to our partners totalled £2.42m, £80k under the budget of £2.5m. A list of grant spend, by partner, can be found in the notes to the consolidated financial statements (page 44).

The cost of direct fundraising and other overheads was £0.586m, slightly lower than 2020: £0.613. The charity's total expenditure excluding grants but including non-grant charitable expenditure in 2021

was £1,941k (2020: £1,761k) with the increase due in part to increased additional staff support available to partners in 2021 compared to 2020. Overhead costs especially on premises is lower due to an increase in homeworking.

BALANCE SHEET

The charity, including the trading subsidiary, continues to show a strong balance sheet. It ended 2021 with total funds of £8,263k, (2020: £8,309k). General unrestricted free reserves amounted to £3,728k at the end of 2021, an increase of £893k on the 2020 year-end figure of £2,835k. This increase in general unrestricted free reserves is a result of a significantly lower designation for future deficits, reflecting the latest financial model underlying the remaining period of the five year plan 2021-2025.

EMBRACE THE MIDDLE EAST WOULD LIKE TO ACKNOWLEDGE THE GENEROSITY OF THE FOLLOWING CHARITABLE ORGANISATIONS DURING 2021:

- The Mosawi Foundation
- The Bernard Sunley Charitable Foundation
- The Hillier Trust
- The St Clare & St Francis Trust
- The World Day of Prayer

RESERVES AND INVESTMENT POLICY

Trustees keep the charity's reserves policy under regular review. During 2020 the Board agreed to move from free-reserves based on a quotient of budgeted income, to one calculated as a quotient of non-grant expenditure.

The reserves policy is summarised as follows: 'Mindful of their responsibility to spend the charity's funds in fulfilment of the charity's objects and in a timely manner, but also to build the charity's resilience to unforeseen and detrimental hazard or risk, the trustees of Embrace the Middle East have determined that for the foreseeable future the charity's free reserves (cash and investments less restricted and designated funds) should not exceed the equivalent of fifteen months, or fall below nine months of non-grant expenditure. If the level of free reserves is likely to rise above this ceiling, or fall below the floor, the trustees will take action to restore the appropriate operational equilibrium between income and expenditure that this range of reserves is intended to secure.'

In line with the policy, the trustees have agreed designations to cover funds for eighteen months of our committed multi-annual core grants programme in 2022-23 (£2,700k), projected deficits from 2022 to 2025 (£846k) and our fixed assets (£890k).

Our grant commitment to the Helen Keller School ended in 2021 with a final payment of £136k. At the end of 2021 the audited figure for free reserves was £3,728k (2020: £2,835k), approximately equal to nineteen months of budgeted non-grant expenditure which exceeds the charity's revised reserves ceiling of 15 months. The increase is mainly due to an unplanned reduction in the projected deficit designation due to much lower than expected expenditure in both 2020 and 2021 as a result of Covid-19 restrictions. The charity's projected deficits (up to 2025) reduced from £1.6m in Dec 2020 to £846k in Dec 2021. The rise in the level of free reserves is temporary. Trustees anticipate it falling back below the policy ceiling in 2022.

2021 IMPACT OF COVID-19

In response to the initial lockdown in March 2020 the charity closed the Amersham office and required all staff to work from home. During 2021 the organisation continued to implement a flexible and remote working policy. Staff have mostly continued to work at home only going to the office for team meetings, to open post and prepare cheques and cash for banking.

Throughout 2021 we maintained our normal rhythm of communications and appeals.

GOING CONCERN

The charity ended 2021 in a strong position financially. With most Covid-19 restrictions being lifted the outlook for 2022 is positive. However, the current turbulence in the economy and global markets will have some negative impact on our investment portfolio. Also we expect some impact on donations and expenditure due to higher inflation and rising costs.

Notwithstanding this more cautious forecast both charity donations and trading subsidiary income and sales were performing well in 2022 up to the point of writing. Year to date legacy income was higher than at the same period in 2021 indicating our legacy pipeline is healthy.

Taken together with our healthy reserves position the Board therefore has every reason to feel confident that Embrace the Middle East is a going concern.

OUR CHARITABLE OBJECTIVES AND OUR ORGANISATIONAL STRUCTURE

LEGAL BASIS

Embrace the Middle East is a registered charity (no. 1076329), and a company limited by guarantee and not having share capital (no. 3706037). The Company is governed by a Memorandum and Articles of Association dated 2 February 1999 and amended by special resolutions on 5 December 2006, 18 October 2011, 16 June 2015 and 9 October 2020.

OBJECTIVES, PRINCIPAL ACTIVITIES AND PUBLIC BENEFIT

The work of Embrace began in 1854 when what was then known as the Turkish Missions' Aid Society was founded. Our charitable objective today is set out in our Articles of Association:

Inspired by the compassionate ministry of Christ, to work with, support and raise awareness of local Christians in the lands of the Bible as they seek to improve the lives of vulnerable and disadvantaged people, with an emphasis on healthcare, disability, education and community development.

Our main purpose is to work in partnership with Christian-led organisations involved in education, healthcare and community development in Israel, Palestine, Lebanon, Egypt, Syria and Iraq.

We raise funds in the UK to support this work, primarily through a large body of individual donors, but also through a number of generous

trusts. These funds are used to support our partners and their work through short-term and multi-annual grants. As part of our commitment to long-term partnership non-financial assistance may also be provided. This includes capacity building, advocacy for positive change, as well as facilitating encounters between UK Christians and our partners and their beneficiaries.

While the charity works exclusively through Christian-led agencies in the Middle East, the faith identity of beneficiaries is never an issue: we and our partners seek to support those in most need, regardless of faith.

The trustees confirm that in agreeing the objectives and planned activities of the charity in 2021, they have had regard to the Charity Commission's guidance on public benefit, including the guidance 'public benefit: running a charity (PB2)'. In September 2020, following consultation with the Charity Commission, the trustees voted to amend the charity's charitable object to better reflect the role that educating the public about the social outreach of Middle East Christians plays in the charity's overall mission. Also in September 2020, the trustees agreed a five-year strategy (Hope in Action: 2021-25). Underpinned by an agreed financial framework, this strategy will guide and support the aims, and ambition, of the charity through to 2025.

GOVERNANCE

The governing body of the company is the Board of Trustees, whose members are also Directors of the company. Trustees who served during 2021, and up to the date of this report, are listed under 'Who we are' on p.30.

The Board delegated powers to two standing committees – Governance and Resources (largely concerned with the internal workings of the charity) and Programmes and Public Engagement (concerned with external matters) – and an ad hoc Officers and Chairs Committee. This committee comprises the officers of the charity (Chair, Vice Chair and Treasurer) and the Chairs of the two standing committees.

It meets, as required, to ensure effective coordination between Board committees and working groups, to set and keep under review the Chief Executive's objectives, performance and remuneration, and to manage Trustee recruitment, development and deployment.

Terms of reference for all Board committees, role descriptions for officers and the Chief Executive, and a detailed scheme of Board powers, both reserved and delegated, were agreed by the Board, prior to the implementation of the new committee structure in 2016, and are subject to periodic review.

In 2021 the Governance and Resources and Programmes and Public Engagement Committees each met twice, and the Officers and Chairs Committee four times.

The Board met four times during the year – in March, June, September and December.

TRUSTEE RECRUITMENT AND TRAINING

Five new trustees formally began their term of office in 2021, including two co-opted regional trustees. Trustees are generally recruited through an open and transparent process, including by public advertisement on charity job websites, and are selected on the basis that they have the professional skills and experience required for the charity to operate effectively. The charity strives to ensure that the Board is both gender-balanced and diverse, and includes trustees from a range of denominations. Trustees are elected for a three-year term which may be renewed, up to a maximum of nine years.

The Articles of Association of the charity requires all trustees to be practising Christians. The maximum number of trustees is set at 12, with provision for an additional two co-opted trustees, if required, to fill skills gaps - as in the case of the newly appointed regional trustees.

New trustees receive an induction from the Chief Executive, covering their legal obligations under charity and company law, the procedures of the Board and its committees, the strategic plan and Trustees' Annual Report, and the recent financial performance of the charity. Trustees are encouraged to attend appropriate external training events where these will facilitate or enhance their capacity to fulfil their role. Typically, training is focused on good governance, legal and financial compliance and safeguarding. Trustees are expected to make a familiarisation visit to one of the countries in which the charity operates to better understand

the work of Embrace the Middle East and our partners. Longer serving trustees may make more than one visit. In 2021 no trustees were able to travel because of lockdown restrictions.

MANAGEMENT AND ORGANISATIONAL STRUCTURE

Trustees, working through the Board and its committees, are the ultimate decision makers for Embrace the Middle East. They entrust day-to-day management of the Charity to a senior leadership team, which operates within a framework, and a specified Scheme of Delegation, set by the trustees. The senior leadership team (known as the Leadership Group) is led by the Chief Executive and comprises a Director of Programmes and Engagement, and Heads of Finance, Human Resources, Trading and Information Systems and Security. Members of the Leadership Group and other senior staff members may attend Board meetings, but do not vote.



Left to right: Nutrition classes at the Salaam Centre, Egypt; Psychological support for children in Gaza. (Photo credit: Caritas Jerusalem); Fairhaven School, Egypt

OUR CHARITABLE OBJECTIVES AND OUR ORGANISATIONAL STRUCTURE (CONTINUED)

PAY POLICY FOR KEY MANAGEMENT

The key management personnel of the charity comprise the trustees, the Chief Executive, the Director of Programmes and Engagement, and the Heads of Information Systems and Security, Finance, HR and Trading.

The total employee benefits of the Leadership Group in 2021 were £341k (2020: £378k). Details can be found in note 7 to the accounts found on page 45. Remuneration and benefits for executive management are determined on the basis of performance and periodic peer sector benchmarking. In the case of the Chief Executive this power is delegated by the Board to the Officers and Chairs Committee. In the case of other management personnel, pay and benefits are determined by the Chief Executive, subject to an overall budget agreed by the trustees.

In 2020 the charity undertook a fundamental review of its safeguarding policy and practice in a determined effort to maintain the highest possible standards, in line with best practice. Signature of, and adherence to, new codes of conduct by all staff, volunteers and third parties coming into contact with partners, or their beneficiaries, is mandatory. The charity has instituted a revised and updated safeguarding policy and framework for the reporting of concerns, or suspicions, of abuse, neglect or malpractice. A Safeguarding Committee comprising staff

from all parts of the charity, including – but operationally independent of – senior management, is responsible for advising on all matters related to safeguarding best practice, and the adjudication of cases of concern referred to it.

The Chair of the Committee is the charity's designated Safeguarding Officer. The Committee meets regularly, or as required, and reports directly to the CEO and the trustees (at a minimum twice annually), or if circumstances dictate, direct to the Chair, or Vice Chair, of Trustees. The Vice Chair of Trustees is the Board's designated Safeguarding Officer. The charity's revised safeguarding policy and reporting mechanism has been professionally peer reviewed by Keeping Children Safe, of which the charity is an associate member. As a charity, Embrace the Middle East aspires to the highest standards of safeguarding, in line with its ethos and values. Safeguarding policy and practice is a key element in our due diligence process with regard to partners and, where appropriate, an area where we offer capacity building support and advice through our safeguarding partner, Viva. The trustees are clear about their statutory responsibilities with respect to safeguarding and remain abreast of the Charity Commission's ongoing concerns in this area of governance. A copy of the charity's safeguarding policy is available on the website embraceme.org/safeguarding.

RISK MANAGEMENT

The charity's Risk Management policy is reviewed annually and the risk register as a whole, or where appropriate particular risks, are reviewed each time the Board, or one of its standing committees meets. During 2021 risks arising from the Covid-19 pandemic merited special attention. The Board describes its overall approach to risk as follows:

'In pursuit of its charitable purpose Embrace the Middle East is required to work with partners in inherently complex and pressured environments. We embrace risk as a condition of partnership, of our mission to tackle poverty and injustice in the Middle East and of our ambition for growth in our impact. Working to transform the lives of vulnerable and marginalised people precludes an undue or exaggerated aversion to risk. In accepting risk as a necessary part of our work we undertake at all times to seek to mitigate and manage risk to our staff, our partners, their beneficiaries and the sustainability of the charity and its work. We will not shy away from reasonable risks that further the purpose of the charity and are consistent with our values.'



Left to right: Syrian refugee in Lebanon. (Photo credit: MERATH); Makeshift shelter for a bombed-out family in Gaza. (Photo credit: Caritas Jerusalem); Students training at Harpur Nursing School. (Photo credit: David Uttley, Compelling Story)

Consistent with this overall approach the charity's risk policy:

- Establishes a general approach to the management of risk, based on the identification, analysis, evaluation, and treatment of specific risks. The policy describes how risks will be analysed.
- Categorises risks as recommended by the Charity Commission: governance, operational, financial, environmental or external, and compliance (law or regulation).
- Sets out how the charity's risk register will be compiled and kept up-to-date.
- Sets out a detailed process for the monitoring and review of risks by the Board, its committees and the Leadership Group.

New risks, new variants of existing risks, and additional mitigation added to the register

in 2021 included risks to income, staff welfare, data and financial controls related to the Covid-19 pandemic and the introduction of a new CRM and financial accounting system, as well as the risk to the charity's trading operations.

STATEMENT OF FUNDRAISING PRACTICE

In accordance with the Charities (Protection and Social Investment) Act 2016, the following statement outlines the fundraising practice of Embrace the Middle East in 2021:

'Embrace the Middle East is registered with the Fundraising Regulator and adheres strictly to their Code of Fundraising Practice and all legal obligations. In 2021 there were no failures to comply with this Code of Practice. In addition, we do not sell or swap data with other charities or organisations or make any cold telephone calls to the general public. We have not used SMS as part of our fundraising portfolio.'

In 2021 Embrace did not contract the services of any professional fundraisers as defined by section 58 of the Charities Act 1992. During the year we received 4 complaints about our fundraising practice (2020: 8) in response to over 203,654 pieces of fundraising direct mail that were sent out. We are pleased by this reduction. We received no other complaints about fundraising. We do not engage in persistent or intrusive fundraising practices and are especially sensitive to the interests of older and more vulnerable supporters or potential supporters. We act promptly on requests from supporters to change their contact preferences, and comply with all requests to cease contact received through the Fundraising Preference Service.

Embrace the Middle East maintains a team of specialist staff dedicated to maintaining excellent and respectful relationships with all of our supporters.

WHO WE ARE

TRUSTEES

Canon Anthony Ball

(Chair of Trustees until the end of September 2021)

Dr Souraya Bechealany

(co-opted March 2021)

Anne Clayton *(Vice Chair of Trustees)*

Madeleine Radford

Rev Dr James Hawkey

(Chair of Programmes and Public Engagement Committee from September 2021)

Katie Hodgkinson

Rev Dr Munther Isaac

(co-opted from March 2021)

Dr Kathryn Shah

John Mitchell OBE

(Chair of Programmes and Public Engagement Committee until September 2021, then Chair of Trustees)

Ben Morgan

(Chair of Governance and Resources Committee)

Mary Oakes

Victoria Smith *(Treasurer)*

Katharine von Schubert

Chris Woo

PATRONS

His Eminence Archbishop

Angaelos OBE, Bishop of the Coptic Orthodox Diocese of London

Rt Rev Christopher Chessun,

Anglican Bishop of Southwark

Rev David Coffey OBE, former President, Baptist World Alliance

Rt Rev Dr Michael Langrish,

former Anglican Bishop of Exeter

Very Rev Dr Andrew McLellan

CBE, Convener, World Mission Council of the Church of Scotland

Most Rev Timothy Radcliffe

OP, former Master of the Order of Preachers *(Dominicans)*

LEADERSHIP GROUP

Tim Livesey *(Chief Executive Officer and Company Secretary)*

Jamie Eyre *(Director of Programmes and Engagement)*

Jim Buckley *(Head of Finance until April 2021)*

Faramade Rees *(Head of Finance from April 2021)*

Lucy Insua *(Human Resources Manager)*

Sam Mackwell *(Head of Information Systems & Security)*

Amy Parr *(Head of Trading)*

REGISTERED OFFICE

24 London Road West
Amersham
Buckinghamshire
HP7 0EZ

AUDITORS

Azets Audit Services

Statutory Auditor
Greytown House
221-227 High Street
Orpington, Kent
BR6 0NZ

BANKERS

NatWest Bank plc

2nd Floor
Rapid House
40 Oxford Road
High Wycombe
HP11 2EE

Close Brothers Limited
10 Crown Place
London
EC2A 4FT

INVESTMENT ADVISORS

Investec Wealth and Investments

2 Gresham Street
London
EC2V 7QN

Epworth Investments Management Limited

9 Bonhill Street
London
EC2A 4PE

Investment Management Limited

Senator House
85 Queen Victoria Street
London
EC4V 4ET

STATEMENT OF TRUSTEES' RESPONSIBILITY

The trustees (who are also the directors of Embrace the Middle East for the purposes of company law) are responsible for preparing the annual report and financial statements of the charity in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the financial statements to give a true and fair view of the state of affairs of the charitable company including income and expenditure for the year. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP 2015 (FRS102).
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose, with reasonable

accuracy at any time, the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of all corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware.
- The trustees have taken all appropriate steps to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the Board of Trustees on 30 June 2022 and signed on its behalf by:

John Mitchell OBE,
Chair of Trustees



INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF EMBRACE THE MIDDLE EAST

OPINION

We have audited the financial statements of Embrace the Middle East (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, 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 parent charitable company's affairs as at 31 December 2021, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF EMBRACE THE MIDDLE EAST (CONTINUED)

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 parent charitable 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.

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 group's or parent charitable company'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 other information comprises the information included in the trustees annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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 course of 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 the audit:

- the information given in the trustees' report (incorporating the strategic report and the trustees' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the trustees' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the trustees' responsibilities statement set out on page 31, the trustees (who are also the directors of the parent 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 groups and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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.

Irregularities, including fraud, are instances of noncompliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to

the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements of the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or noncompliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding

irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure

and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (i.e. gives a true and fair view).

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

USE OF OUR REPORT

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Michelle Wilkes FCA

For and on behalf of Azets Audit Services

Senior Statutory Auditor *Azets Audit Services Limited*
Greytown house
221-227 High Street
Orpington
Kent
BR6 0NZ

22 July 2022

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2021 (incorporating an income and expenditure account)

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2021 £'000	Total Funds 2020 £'000
Income:					
Donations and legacies	3	2,630	1,149	3,779	3,692
Charitable activities	3	61	-	61	55
Trading activities	2	469	-	469	383
Investments		105	-	105	96
Other income		18	-	18	17
Total Income		3,283	1,149	4,432	4,243
Expenditure:					
Cost of fundraising	4	586	-	586	613
Trading activities	2	413	-	413	329
Investment management		24	-	24	23
Charitable activities	3	2,568	1,186	3,754	3,592
Total Expenditure	4	3,591	1,186	4,777	4,557
Net gains on investments	10	299	-	299	10
Net Income / Expenditure on operations		(9)	(37)	(46)	(304)
Net movement in funds		(9)	(37)	(46)	(304)
Reconciliation of funds:					
Total funds brought forward		8,271	38	8,309	8,613
Total fund carried forward		8,262	1	8,263	8,309

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The notes on pages 39 to 51 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES 2020

For the year ended 31 December 2020 (incorporating an income and expenditure account)

2020 SOFA for comparative purposes	Note	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2020 £'000
Income:				
Donations and legacies	3	2,259	1,433	3,692
Charitable activities	3	55	-	55
Trading activities	2	383	-	383
Investments		96	-	96
Other income		17	-	17
Total Income		2,810	1,433	4,243
Expenditure:				
Cost of fundraising	4	613	-	613
Trading activities	2	329	-	329
Investment management		23	-	23
Charitable activities	3	2,079	1,513	3,592
Total Expenditure	4	3,044	1,513	4,557
Net gains (losses) on investments	10	10	-	10
Net Income / Expenditure on operations		(224)	(80)	(304)
Net movement in funds		(224)	(80)	(304)
Reconciliation of funds:				
Total funds brought forward		8,495	118	8,613
Total fund carried forward		8,271	38	8,309

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The notes on pages 39 to 51 form part of these financial statements.


CONSOLIDATED AND CHARITY BALANCE SHEETS

As at 31 December 2021

	Note	2021 Group £'000	2020 Group £'000	2021 Charity £'000	2020 Charity £'000
Fixed Assets					
Tangible assets	9	890	901	890	901
Investments	10	3,913	3,588	3,914	3,589
		4,803	4,489	4,804	4,490
Current assets:					
Stocks		51	24	-	-
Debtors: amounts falling due within 1 year	11	223	110	221	108
Cash at bank and in hand		3,603	4,181	3,494	4,005
		3,877	4,315	3,715	4,113
Creditors					
Amounts falling due within 1 year	12	(417)	(495)	(355)	(391)
Net current assets		3,460	3,820	3,360	3,722
Net assets		8,263	8,309	8,164	8,212
Funds					
Restricted funds	17	1	38	-	38
Designated funds	16	4,436	5,339	4,436	5,339
Reserves available for charitable purposes		3,728	2,835	3,728	2,835
Non charitable trading funds	2	98	97	-	-
Total funds	15	8,263	8,309	8,164	8,212

The financial statements were approved by the Board of Trustees on 30 June 2022 and were signed on its behalf by:

John Mitchell OBE
Chair of Trustees



The notes on pages 39 to 51 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Cash flows from operating activities:			
Cash generated from operations	19	(646)	(427)
Net cash from operating activities		(646)	(427)
Cash flows from investing activities:			
Income from investments		105	96
Sale of property, plant and equipment		-	29
Purchase of property, plant and equipment		(11)	(5)
Purchase of investments		(689)	(721)
Proceeds from the sale of investments		663	721
Net cash from investing activities		68	120
(Decrease) / Increase in cash and cash equivalents		(578)	(307)
Cash and cash equivalents at beginning of year	20	4,181	4,488
Cash and cash equivalents at end of year	20	3,603	4,181

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. ACCOUNT PRACTICES

Basis of preparation

Embrace the Middle East is a company limited by guarantee in the United Kingdom. In the event of the Charity being wound up, the liability in respect to the guarantee is limited to £1 per member of the Charity. The address of the registered office is given in the charity information on page 3 of these financial statements. The nature of the Charity's operations and principal activities are set out on page 26.

The charity constitutes a public benefit as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their account in accordance with Financial Reporting Standard applicable in the UK (FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom (FRS 102), and UK Generally Accepted Practice as it applies from 1 January 2015 and updated for Bulletin 1&2.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Basis of consolidation

The financial statements consolidate on a line-by-line basis the results of the Charity and its wholly owned subsidiary, Embrace the Middle East Trading Limited.

Funds accounting

The Charity's reserves are classified in the following three ways:

Restricted funds – funds that have been received by the Charity with specific restrictions imposed by donors or which have been raised by the Charity for specific purposes. The costs of raising and administering these funds are charged against the

unrestricted, or free, reserves of the Charity and accordingly Gift Aid tax reclaimed on these funds is included in unrestricted reserves.

Designated funds – these are funds that trustees from time to time set aside for specific purposes. These are normally when expenditure outside of the normal activity of the Charity is planned or when unrestricted funds have arisen from asset realisations and they are set aside for a specific use.

Unrestricted funds – funds, also termed free reserves, which are available for the trustees to use in the normal activity of the Charity in furtherance of its charitable objectives.

Income recognition

All income is included in the Statement of Financial Activities (SOFA) when the Charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Donations – Donations are brought into the financial statements when the receipts have been deposited into the bank. Gift Aid tax reclaimable is recognized in the accounts when a claim has been submitted. Gifts in kind donated are included at the value at the date of the gift.

Legacies – The amount shown for legacy income includes accruals where the Charity is advised by the personal representative of an estate that payment will be made and the amount involved has been quantified.

Grants – Grants are recognized when paid out of the bank account or when deposited into the bank. Grants agreed to be made but which have not been paid by year-end are accrued. Grants offered subject to conditions which have not been met at the year-end are not accrued as expenditure.

Investment income – Investment income is recognized using the effective interest method.

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

Expenditure is recognized where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorized under the following headings:

- Costs of raising funds are those costs incurred in attracting voluntary income and include employment costs of fundraising employees along with the direct costs of publications and advertising.
- Investment management fees are the fees charged by the fund managers who manage the investment portfolio.
- Charitable expenditure comprises those costs incurred by the Charity in the delivery of its activities and services for its beneficiaries. It includes both costs allocated directly to such activities and those costs of an indirect nature necessary to support them.

Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the Charity. Where support costs cannot be directly attributed to particular headings they have been allocated to costs of raising funds and expenditure of charitable in proportion to allocations of hours worked by employees on the above headings.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

The analysis of these costs is included in note 4.

Tangible fixed assets

Depreciation is provided at the following rates on assets costing £1k or over, in order to write off each asset over its estimated useful life:

UK freehold property – 1% per annum on a straight line basis

Fixtures and fittings – 10% per annum on a straight line basis

Motor vehicles – 25% on a straight line basis

Computer equipment – 25% per annum on a straight line basis

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in the Statement of Financial Activities.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in the Statement of Financial Activities (SOFA).

Fixed asset investments

Investments are recognized initially at fair value, which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value with changes recognized in 'net gains/(losses) on investments' in the SOFA if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment.

Stock

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Costs include all aspects of purchase and other costs incurred in bringing stock to its present location and condition. Cost is calculated using the first in, first out basis. Provision is made for damaged, obsolete and slow-moving stock where appropriate.

Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognized in expenditure.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity date of three months or less.

Trade and other creditors

Trade and other payables with no stated interest rate or payable within one year are recorded at transaction price. Any losses arising from impairment are recognized in the Statement of Financial Activities. If the arrangement constitutes a financing transaction in which case the transaction is measured at present value of future payments discounted at prevailing market rate of interest. Other financial liabilities are initially measured at fair value net of their transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Taxation

The company is a registered charity and is therefore entitled to the exemptions from corporation tax afforded by section 505 of the Income and Corporation Taxes Act 1988. Accordingly, there is no corporation tax charge in these financial statements.

Foreign currency

Foreign currency transactions are initially recognized by applying to the foreign currency amount of the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are translated using the closing rate.

Employee benefits

Short-term employee benefits, including holiday entitlement and other non-monetary benefits, and contributions to defined contribution plans are recognized as an expense in the period in which they are incurred.

The company recognizes an accrual for accumulated annual leave accrued by employees as a result of services rendered in the current period for which employees can carry forward and use within the next year. The accrual is measured at the salary costs of the respective employee in relation to the period of absence.

Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

Judgements and key sources of estimation uncertainty

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following judgements (apart from those involving estimates) have been made in the process of applying the above accounting policies that have had the most significant effect on amounts recognized in the financial statements.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual value of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilization and the physical condition of the assets. See note 9 for the carrying amount of the tangible fixed assets.

Bad debt provision

Bad debts are provided for specific debts when required, there is no estimation in use. There are no other key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

2. COMMERCIAL TRADING ACTIVITIES OF THE TRADING SUBSIDIARY

Embrace the Middle East Trading Limited is a wholly owned subsidiary, incorporated in England and Wales (company number 00901022).

A summary of the Trading company's results for 2021 is shown below:

SUMMARY PROFIT AND LOSS ACCOUNT	2021 £'000	2020 £'000
Turnover	469	383
Cost of sales and administrative expenses	(413)	(329)
Tax	-	-
Profit / (loss) for the year after tax	56	54

SUMMARY BALANCE SHEET	2021 £'000	2020 £'000
Current assets		
Stock	51	24
Debtors	8	52
Cash	109	176
	168	252
Creditors falling due within one year	69	154
Net current assets	99	98
Called up share capital	1	1
Capital redemption reserve	8	8
Profit and loss account	90	89
Shareholders' funds	99	98

3. CHARITABLE ACTIVITIES

The major activities of the charity are the provision of grants to our Christian partners in the Middle East and raising awareness of their work.

	Total 2021 £'000	Total 2020 £'000
Income:		
Donations		
Unrestricted funds	1,632	1,461
Restricted funds	1,125	1,408
Legacies		
Unrestricted funds	998	798
Restricted funds	24	25
Other income	61	55
Total charitable income	3,840	3,747
Grants paid (note 5)	2,424	2,467
Charitable activities	1,330	1,125
Total charitable activity expense	3,754	3,592
Net surplus for the year	86	155
Transfers between activities	-	-
Surplus / (deficit) on charitable activities	86	155

3. CHARITABLE ACTIVITIES (CONTINUED)

	Total 2021 £'000	Total 2020 £'000
Reconciliation to SOFA		
Total charitable income as above	3,840	3,747
Trading activities income	469	383
Investment income	105	96
Other income	18	17
Total income as SOFA	4,432	4,243

	Total 2021 £'000	Total 2020 £'000
Total charitable activity expense as above	3,754	3,592
Cost of fundraising	586	613
Trading activities expenditure	413	329
Investment management expenses	24	23
Total expenditure as SOFA	4,777	4,557

4. ANALYSIS OF EXPENDITURE

	Direct staff costs £'000	Direct costs £'000	Support costs £'000	Total 2021 £'000	Total 2020 £'000
Cost of generating funds	268	214	104	586	613
Charitable activities					
Information and education	244	100	71	415	396
Grants to partners	-	2,424	498	2,922	2,942
Other support to partners	296	50	71	417	254
Total charitable activities	540	2,574	640	3,754	3,592
Total costs of the charity	808	2,788	744	4,340	4,205
Trading company	-	-	-	413	329
Investment management	-	24	-	24	23
Total group costs	808	2,812	744	4,777	4,557

Staff costs have been allocated based on percentage of time spent on the various activities. Direct costs at the level of cost centre and expenditure type have been allocated across activities based on the purpose of the activity.

The £744k (2020:£683k) of support costs, which includes Governance costs of £75k (2020:£75k), have been allocated across the activities based on relative amount of direct costs.

Support costs excluding governance for 2021 amounts to £669k of which £500k (2020:£469k) is staff costs.

The £213k (2020:£139k) balance of support costs covers administrative and running costs such as insurance, IT systems maintenance costs, pension administration, training and recruitment.

Governance costs of £75k comprise £58k (2020:£51k) of staff costs, £17k of charity audit costs, and £4k of trustees meeting and travel expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

5. DETAILS OF GRANTS WE PAID TO OUR PARTNERS

	2021 £'000	2020 £'000		2021 £'000	2020 £'000
Egypt			Palestine and Israel		
Anafora	25	21	Al Ahli Arab Hospital	90	60
BLESS (Coptic Orthodox Bishopric, Ecumenical & Social Services)	107	86	Aviv Ministries	21	21
CEOSS (Coptic Evangelical Organisation of Social Services)	71	100	Bethlehem Arab Society for Rehabilitation	44	45
Episcopcare	88	94	Bursary Scheme (Secretariat of Solidarity)	125	125
Fairhaven School	15	32	Caritas Jerusalem	113	111
Harpur Memorial Hospital	41	18	East Jerusalem YMCA	118	118
Life Vision for Development	30	-	Four Homes of Mercy	58	58
Refuge Egypt	60	61	Helen Keller School	136	153
Salaam Center	45	62	International Christian Committee in Israel	33	25
Shams El Birr	-7	-	Olive Tree Project (Joint Advocacy Initiative)	3	33
The Deaf School	10	20	MECC Department of Service to Palestinian Refugees	12	3
Think & Do	110	100	Musalaha	27	22
Total of Egypt	595	594	Nazareth School of Nursing	15	17
Lebanon and Syria			Near East Council of Churches	95	95
Al Kafaàt	80	166	Palestinian Bible Society	44	54
Beit El Nour	28	48	Pontifical Mission of Palestine	70	35
DI	-	24	Princess Basma Centre	90	50
Habitat for Humanity	-	-	SIRA School	18	17
Ecumenical Relief Services (formerly ICNDR)	37	40	Society of St Yves	50	50
Howard Karagheusian Commemorative Corporation	83	20	St Luke's Hospital	22	17
Johan Ludwig Schneller School	10	14	Talitha Kumi	-	-
Joint Christian Committee	57	55	Total of Palestine and Israel	1,184	1,109
Learning Centre for the Deaf	38	40	Iraq		
Lebanese Society for Social Education and Development	170	180	CAPNI (Christian Aid Program Nohadra Iraq)	40	86
Pontifical Mission for Lebanon	43	31	Chaldean Archdiocese of Erbil	-	30
Tahaddi	62	-	Total of Iraq	40	116
The Awareness Foundation	-	-	Multi-country		
Zvartnotz Centre	-3	20	Viva Network	-	10
Total of Lebanon and Syria	605	638	Total of Multi-country	-	10
			Grand Total	2,424	2,467

6. NET INCOMING/(OUTGOING) RESOURCES

	Year ended 2021 £'000	Year ended 2020 £'000
Net resources are stated after charging:		
Auditors' remuneration	22	22
Depreciation - owned assets	22	32
Staff pension contributions	197	171
Services provided by the Charity's auditor during the year:		
Audit of the Charity and consolidated financial statements	17	15
Audit of the Trading subsidiary including provision of annual report and accounts	5	5
Corporation tax calculation for Charity & Trading subsidiary	2	2
	22	22

7. TRUSTEES' AND KEY MANAGEMENT PERSONNEL REMUNERATION AND EXPENSES

The trustees neither received nor waived any emoluments during the year.

Trustees' expenses

During the period the Charity reimbursed necessary travel expenses incurred by trustees.

The total of these expenses was

	2021 £'000	2020 £'000
Trustee travel expenses	1	3

The key management personnel of the charity comprise the trustees, and the Senior Leadership Team which at the end of 2021 comprised the Chief Executive, the Director of Programmes & Engagement and the Heads of Information Systems Data & Security, Finance & HR.

The total employee benefits of the Senior Leadership Team in 2021 were £341k (2020: £378k). During the year our Head of Finance left the organisation, and a new appointment was made in April 2021.

Remuneration and benefits for executive management are determined on the basis of performance and periodic peer sector benchmarking.

In the case of the Chief Executive this power is delegated by the Board to the Officers and Chairs Committee. In the case of other management personnel by the Chief Executive, subject to the overall budget agreed by trustees.

8. GROUP STAFF COSTS

	2021 £'000	2020 £'000
Wages and salaries	1,068	1,000
Social Security costs	101	93
Pension plan contributions	197	171
	1,366	1,264

The average monthly headcount of employees during the year was as follows:

	2021	2020
UK management staff	7	6
UK administrative staff	28	29
	35	35

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

8. GROUP STAFF COSTS (CONTINUED)

Number of employees receiving total employee benefits (gross pay and company pension contributions), in the ranges:

	2021 £'000	2020 £'000
£60,000 - £70,000		
£70,000 - £80,000	1	1
£80,000 - £90,000	-	-
£90,000 - £100,000	1	1

9. TANGIBLE FIXED ASSETS

Group	UK freehold property £'000	Fixtures and fittings £'000	Computer related £'000	Totals £'000
Cost				
At 1 January 2021	968	119	181	1,268
Additions	-	11	-	11
Disposals	-	8	-	8
At 31 December 2021	968	122	181	1,271
Depreciation				
At 1 January 2020	97	106	164	367
Charge for the year	10	4	8	22
Disposals	-	8	-	8
At 31 December 2021	107	102	172	381
Net Book Value				
At 31 December 2021	861	20	9	890
At 31 December 2020	871	13	17	901

Charity	UK freehold property £'000	Fixtures and fittings £'000	Computer related £'000	Totals £'000
Cost				
At 1 January 2021	968	119	181	1,268
Additions	-	11	-	11
Disposals	-	8	-	8
At 31 December 2021	968	122	181	1,271
Depreciation				
At 1 January 2021	97	106	164	367
Charge for the year	10	4	8	22
Disposals	-	8	-	8
At 31 December 2021	107	102	172	381
Net Book Value				
At 31 December 2021	861	20	9	890
At 31 December 2020	871	13	17	901

10. FIXED ASSET INVESTMENTS

Group	Listed investments £'000	Unlisted investments £'000	Total £'000
Market value as at 31 December 2020	3,580	8	3,588
Additions	689	-	689
Disposals	(663)	-	(663)
Revaluations	299	-	299
Market value as at 31 December 2021	3,905	8	3,913
Historical cost of the investments were:			
31 December 2020	2,881	3	2,884
31 December 2021	3,018	3	3,021

Charity	Listed investments £'000	Unlisted investments £'000	Holding in trading company £'000	Total £'000
Market value as at 31 December 2020	3,580	8	1	3,589
Market value as at 31 December 2021	3,905	8	1	3,914

Listed investments were comprised of the following:

	2021 £'000	2020 £'000
UK equities	1,651	1,404
Overseas bonds	109	-
UK bonds	315	515
Property	332	333
North American equities	584	538
Infrastructure	-	278
International equities	158	228
European equities	128	-
Far East and Australasian equities	205	144
Emerging economies	67	36
Other investments	356	104
Total	3,905	3,580

The following holdings were over 5% of the total market value of the portfolio.

	Market Value at 31 December 2021 £'000	Market Value at 31 December 2020 £'000
Charities Property Fund	178	199
Baillie Gifford & Co American	127	265
Polar Capital Funds Global Technology	158	210
Vanguard S&P 500 ETF	315	-

Of the unlisted investments, £8k was invested overseas.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade debtors	-	25	-	-
Other debtors	193	48	192	74
Prepayments	30	37	29	34
Total	223	110	221	108

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade creditors	92	106	58	25
Amount due to group undertaking	-	-	7	24
Social security and other taxes	31	71	32	32
Other creditors	35	23	6	22
Accruals	259	295	252	288
Total	417	495	355	391

13. ACCRUED GRANTS

	2021 £'000	2020 £'000
At 1 January 2021	231	419
New grants committed (note 5)	2,424	2,467
Grants paid in year	(2,443)	(2,655)
At 31 December 2021	212	231

14. PENSION COMMITMENTS

The charity operates a defined contribution pension scheme for its UK employees. The assets are held separately from those of the Charity in an independently administered fund. The pension costs charged represents contributions to the fund payable by the charity and amounted to £191k (period to 31 December 2020 £166k). These contributions include employee salary sacrifice contributions. There were no contributions outstanding at 31 December 2021 (period to 31 December 2020 £2k).

15. 2021 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	2021 total funds £'000
2021				
Fixed assets	-	890	-	890
Investments	3,913	-	-	3,913
Current assets	330	3,546	1	3,877
Current liabilities	(417)	-	-	(417)
Total Funds	3,826	4,436	1	8,263

15. 2021 ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

2020 Comparatives	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	2020 total funds £'000
Fixed assets	-	901	-	901
Investments	3,414	174	-	3,588
Current assets	13	4,264	38	4,315
Current liabilities	(495)	-	-	(495)
Total Funds	2,932	5,339	38	8,309

16. DESIGNATED FUNDS

2021	As at 1 January 2021 £'000	New Designations £'000	Designations Released £'000	As at 31 December 2021 £'000
Fixed Assets ¹	901	-	(11)	890
Programme Fund ²	2,700	-	-	2,700
Helen Keller School Grants ³	136	-	(136)	-
Projected Deficits ⁴	1,602	-	(756)	846
	5,339	-	(903)	4,436

1. **Fixed Assets** - Trustees have resolved to designate funds to the value of £890k to reflect the value of fixed assets being unavailable for use in the Charity's usual operations.
2. **Programme Fund** - Trustees have designated funds to cover 18 months of expenditure (subject to other grant conditions being met) on committed multi-annual grants to partners.
3. **Helen Keller School Grants** - The final payment due under this grant was paid in 2021.
4. **Projected Deficits** - Trustees have designated funds to cover projected operating deficits 2020-2025.

2020 comparatives	As at 1 January 2020 £'000	New Designations £'000	Designations Released £'000	As at 31 December 2020 £'000
Fixed Assets ¹	949	-	(48)	901
Programme Fund ²	2,551	149	-	2,700
Helen Keller School Grants ³	273	-	(137)	136
Projected Deficits ⁴	3,302	-	(1,700)	1,602
	7,075	149	(1,885)	5,339

1. **Fixed Assets** - Trustees have resolved to designate funds to the value of £901k to reflect the value of fixed assets being unavailable for use in the Charity's usual operations.
2. **Programme Fund** - Trustees have designated funds to cover 18 months of expenditure (subject to other grant conditions being met) on committed multi-annual grants to partners.
3. **Helen Keller School Grants** - Trustees have designated funds to the value of £136k to reflect the current sterling value (at an exchange rate of 4.40 New Israeli Shekels to the £) of the charity's grant commitments to the Helen Keller School for 2021. These were agreed, subject to certain conditions being met, as part of the transfer of the school to the Franciscans in September 2016.
4. **Projected Deficits** - Trustees have designated funds to cover projected operating deficits 2020-2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

17. 2021 RESTRICTED FUNDS

The table below shows the income and expenditure, with opening and closing balances where appropriate, for the main categories of restricted funds which were received by the Charity in the United Kingdom.

	Opening balance £'000	Income during 2021 £'000	Spending during 2021 £'000	Closing balance £'000
General funds ¹				
Education	-	181	181	-
Health	-	23	23	-
Community development	24	302	325	1
Refugees	5	14	19	-
Special needs and disability	-	89	89	-
Women's education and empowerment	-	-	-	-
Country specific funds	-	403	403	-
Partners working within the following fields ²				
Education	-	27	27	-
Health	9	10	19	-
Community development	-	36	36	-
Special needs and disability	-	31	31	-
Other restricted funds	-	33	33	-
Total restricted funds	38	1,149	1,186	1

1. General funds are funds restricted either by field of work or by country. | 2. Partner restricted funds have been categorised by type of work.

2020 comparatives

The table below shows the income and expenditure, with opening and closing balances where appropriate, for the main categories of restricted funds which were received by the Charity in the United Kingdom.

	Opening balance £'000	Income during 2020 £'000	Spending during 2020 £'000	Closing balance £'000
General funds ¹				
Education	-	241	241	-
Health	-	45	45	-
Community development	116	370	462	24
Refugees	-	21	16	5
Special needs and disability	-	26	26	-
Women's education and empowerment	-	-	-	-
Country specific funds	-	504	504	-
Partners working within the following fields ²				
Education	2	66	68	-
Health	-	20	11	9
Community development	-	26	26	-
Special needs and disability	-	53	53	-
Other restricted funds	-	61	61	-
Total restricted funds	118	1,433	1,513	38

1. General funds are funds restricted either by field of work or by country. | 2. Partner restricted funds have been categorised by type of work.

18. RELATED PARTY DISCLOSURES

Embrace the Middle East is an incorporated charity which has no controlling party. All transactions with group companies are eliminated on consolidation.

Embrace the Middle East Trading Limited collected donations on behalf of the charity throughout its catalogue and website sales and also sold alternative gifts which are a form of donation.

	2021 £'000	2020 £'000
Donations received on behalf of the charity	73	72
Alternative gifts sold on behalf of the charity	227	239
Total	300	311

As at 31 December 2021 a net figure of £7k was owed by the Charity to the Trading company.

As at 31 December 2020 a net figure of £3k was owed by the Trading company to the Charity.

19. RECONCILIATION OF SURPLUS ON ORDINARY ACTIVITIES TO CASH GENERATED FROM OPERATIONS

	2021 £'000	2020 £'000
Net Deficit for year	(46)	(304)
Income from investments	(105)	(96)
Net (gains)/losses on investments	(299)	(10)
(Profit)/loss on disposal of fixed assets	-	(8)
Depreciation and impairment of tangible fixed assets	22	(32)
(Increase)/decrease in stocks	(28)	8
Decrease/(increase) in debtors	(113)	70
(Decrease)/increase in creditors	(77)	(119)
Net cash flow from operating activities	(646)	(427)

20. CASH AND CASH EQUIVALENTS

The amounts disclosed on the cash flow statement in respect of cash and cash equivalents are in respect of these balance sheet amounts:

Year ended 31 December 2021	31 December 2021 £'000	01 January 2021 £'000
Cash and cash equivalents	3,603	4,181

Year ended 31 December 2020	31 December 2020 £'000	01 January 2020 £'000
Cash and cash equivalents	4,181	4,488

21. COMPANY LIMITED BY GUARANTEE

The liability of each member is limited to £1 by guarantee.

22. POST BALANCE SHEET EVENTS

There were no post balance sheet events.



EMBRACE
the Middle East

We would like to thank every person and church that has supported our work in the past year. It is through your kind generosity that the achievements in this report have been possible.

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Back cover image: Café in Old City of Hebron, West Bank | Annual Report designed by www.fisherdesign.co.uk