



## STEP (UK)

### Annual Report and Financial Statements

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*Period: 1<sup>st</sup> April 2020 – 31<sup>st</sup> March 2021*

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Registered Charity Number: 1125183. Principal Address: PO Box 801, Southsea, Hampshire, PO1 9EJ  
Company Registration Number: 6285570, incorporated in England and Wales Registered Address:  
Market House, 21 Lenten Street, Alton, Hants, GU34 1HG

## STEP (UK)

***FOR THE YEAR ENDED 31 MARCH 2021***

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## **Introduction**

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The Trustees, who are also directors, present their report and accounts for the year ended 31 March 2021.

The accounts have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Charities Act 2011, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102)(effective 1 January 2019)".

## **Description**

STEP (UK) Ltd is an international development charity, working to improve the lives of vulnerable children and young people in the Kurdish region of Iraq. STEP's mission is to help the most vulnerable children in the region in a way that becomes locally sustainable through working in the areas of child protection, child rights and education. The organisation implements front line work, including a drop-in centre for working children and those excluded from school in a major city in the Kurdish region of Iraq. It also implements strategic work, such as the development of Foster Care Instructions and supports the government in the implementation of a foster care project in the region. STEP's work includes advocacy on Child Rights and various training around the protection of children.

The organisation responds to the needs of displaced and refugee children, in response to the crisis in Syria and Iraq. STEP delivers child protection services and safe spaces for displaced and refugee children, including provision of psychosocial, educational and recreational services.

## **Reporting Period**

This report covers the period from the 1st April 2020 to 31st March 2021

## **Directors/Trustees**

The trustees, who are also the directors for the purpose of company law, and who served during the period were:

Megan Dalton (Chair)

Ian Wilson (Treasurer)

Andy Elliott

Paul Susans

Werner Nijman

## Structure, Governance, and Management

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STEP (UK) Ltd is a charitable company, limited by guarantee. The company was incorporated in 2007 as 'STEP (UK) 2007 Ltd', and subsequently adopted its present name and is referred to as STEP. The company memorandum and articles form the organisation's governing documents.

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

The charity recruits new trustees by advertising among a network of supporters and contacts and gives due consideration to the need to advertise widely in a cost-effective manner. Decisions are made on a consensus basis by the trustees/directors. Where training needs are identified, these are met either on a peer-to-peer basis utilising existing skills within the charity, or where appropriate, sourced externally.

The trustees/directors met regularly through the period to set and monitor the strategic direction of the organisation, review income and expenses and consider risks and mitigations. The directors received reports from the operating region at each meeting, providing assurance that funds are used appropriately and correctly for the benefit of children and young people in the Kurdish Region of Iraq. Day to day operations are delegated to the Projects Co-ordinator and Country Director.

There have been no significant organisational changes in the period.

### Covid 19 Pandemic

The Covid 19 pandemic has had a significant impact on the operations of the charity. Local restrictions necessitated closing the child friendly spaces during the various local lockdown periods. The work adapted to providing online and remote support, outreach to children to ensure they were educated about corona virus and the need for hand hygiene, and outreach and support to families.

The charity has taken advantage of the exemption from the audit requirement contained in section 477 of the Companies Act 2006. The charity has been entitled to this exemption for a number of years, but the trustees have preferred to have an audit carried out to provide additional reassurance. A field audit was not practical this year due to global and local travel restrictions, so the accounts have been the subject of an independent examination. Our largest funders carry out their own reviews and examinations, and these have continued. In addition, the Treasurer has performed a number of additional controls to ensure the integrity of the financial data received from Iraq.

### Financial Review

Total income for the year was £669,000 (2020: £771,000), of which £608,000 (2020: £701,000) was restricted money for humanitarian projects. The reduction in income is attributable to lower funding in the year for the program in the Arbat Refugee Camp. This has led to a reduction in this program. Going forward, thanks to a new grant from the Stanley T Johnson Trust, the continuing support from the Saint James's Place Charitable Foundation and the commitment of smaller trusts and private donors, we should be able to maintain this program at current levels. The annual grant from UNHCR to support the Mobile Child Protection teams remains at about the same level. This

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

### FOR THE YEAR ENDED 31 MARCH 2021

project is the most significant grant of the charity's income (and expenditure). Caritas Germany have continued to support the Drop In Centre, again at around the same level as previous years. The funding position for our work in foster care remains challenging. Fortunately, we have secured a small grant for the next year which along with the balance carried forward should enable us to meet our objectives in the coming year. An explanation of each restricted funding stream is included in note 15 in the accounts. Unrestricted donations were £57,000 up from £46,000 in the previous year.

Operating expenditure for year at £650,000 (2020: £813,000) fell in line with the reduction in income. The net movement in funds for the year is a deficit of £11,000, a reduction from prior years. The charity's management has adapted well to the lower level of funding compared to previous years. Provided the main key funding streams remain in place, the charity's operations are sustainable going forward. Total funds at 31 March 2021 stood at £299,000 of which £82,000 was restricted for humanitarian projects.

### Reserves policy

The charity has a policy of maintaining adequate unrestricted cash reserves in Iraq to permit an orderly exit of international staff and a settling of the charity's financial obligations, if for some reason the charity had to cease operations. The charity's obligations to local staff would in those circumstances be fulfilled by payments from the Staff Benevolent Fund, for which there is a separate cash reserve that mirrors the liability included in the balance sheet. The level of reserves required in the UK to permit an orderly wind up of the charity's affairs is minimal.

### Public Benefit

The board has taken due regard of the guidance on public benefit published by the charity commission in exercising its powers and duties. It is confident that the aims of the organisation and allocation of resources fully satisfy the public benefit requirements.



The child centre in the refugee camp

## Objectives and Activities

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Agreed strategic objectives for the period:

1. Continue the provision of the existing drop-in centres for children in the region
2. Continue supporting the government in the piloting of a government implemented foster care system
3. Deliver child protection services and psychosocial support for internally displaced persons (IDPs) and refugees located in the Sulaymaniyah governorate in the Kurdish region of Iraq
4. Continue to operate child and youth friendly spaces for refugees and local vulnerable children

## Safe Spaces for Children

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We continued to operate the Drop-in Centre for working children and those excluded from the formal education system. The centre provides a safe place for play, relaxation and informal small-group education. The centre provides psychosocial, educational, peacebuilding, recreational activities and medical support. The centre welcomes internally displaced (IDP), refugee and local children; the majority of the beneficiaries are IDP children. During the Covid pandemic the centre needed to adapt and provide outreach support to children.

More girls are now working in the bazaar and accessing services provided in the drop-in centre. The building within the bazaar allows us to cater for the growing diversity and demand of the children wanting to use our facility.

## Foster Care

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STEP has continued to work with the Kurdish Regional Government to develop and pilot a foster care system. Progress has been made on the delivery and implementation of this exciting, strategic change in the region.

As part of a pilot project, a government Foster Care Unit was established in 2016. The Unit is part of the Social Care Directorate structure. It has been functioning for six years and is staffed by a manager, six social workers, an administrator and lawyer. Currently there are 23 foster families approved, and 17 children placed within 15 foster families.

## Child Welfare Services and Sustainability Programming

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STEP continued to support families that fled due to conflict and are now in the Sulaymaniyah Governorate of Iraq. STEP has established a successful partnership with UNHCR, enabling us to meet the needs of non-camp vulnerable children and their families, Internally Displaced People (IDPs) and refugees. In the Syrian refugee camp STEP provides direct services to children through our child friendly spaces and a Child Protection Unit (CPU). The displaced people who live across the region (not in camps) are provided with STEP's support through four mobile child protection teams that bring a wide range of services to children and families in need. Each mobile team covers a specific area where displaced families live, they identify vulnerable children and families, then provide suitable support and advice. These activities have enabled STEP to deliver child protection procedures for children arriving in the area including regular psychosocial activities for children and professional trauma counselling provided by locally employed social workers with multi-lingual capabilities.

STEP sees capacity building as a strategic priority for sustainable programming and therefore over this reporting period has increased the training, mentoring and awareness raising of Child Protection issues across all projects.

## Achievements by Program

### Drop in Centre

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STEP's first project, a Child Friendly Space (CFS) in the heart of the Sulaymaniyah bazar called the Drop-in Centre (DIC), opened its doors to working children on the 2nd January 2002. The centre provides psychosocial, educational, and medical support as well as recreational activities. This continued during the COVID pandemic and restrictions, but with limitations; support was provided via telephone calls, via the internet, and on the streets.

As a response to the needs identified, STEP staff distributed food packages to 55 vulnerable families.

This financial year there were 2,919 visits to the DIC by 467 different children (58 girls and 409 boys). Due to covid restrictions, only small groups of children were allowed to visit at one time. This reduced the number of visits in comparison with other years. The staff reached out to the working children and talked with 1,523 children on the streets, providing awareness as well as a listening ear.

The Drop in Centre remained a safe place for many of the most vulnerable children in the city and surrounding area. The centre is located in the middle of the Bazaar where most of the children work or beg. This has allowed STEP to provide specific rooms and activities for girls as well as more targeted therapeutic and psychosocial activities for the children. It has also become a place where children learn tolerance and acceptance of those who are different.

Teaching the children rock climbing is one of the activities we use to empower the children and to build confidence. This has been made possible by a certified Mountain Climbing Instructor, volunteering for STEP, who is able to provide training and supervision. STEP is in a unique position to be able to provide this activity, which has had a big impact in empowering youth to take responsibility, address fears and learn to trust other people who are not from their ethnic background.



TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

**FOR THE YEAR ENDED 31 MARCH 2021**

The drop-in centre was open for 120 days during the period 1 April 2020 - 31 March 2021 (the centre was closed due to COVID -19 during April, May, July, August and part of September) and provided the following:

- 73 art sessions.
- 28 children attended homework support sessions
- Literacy classes, with 2610 visits by children to participate in literacy classes
- 35 children received first aid
- 97 children received case management due to child protection concerns or risks
- 486 group activity sessions, 2,712 children visited these sessions
- 4 peace building sessions, with 53 children
- 410 (health) awareness raising sessions
- many children participated in 328 dance sessions

**Supporting the Kurdish Regional Government in Establishing a Foster Care System.**

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Foster Care is a new term for the Kurdish region and the literal translation in Sorani Kurdish is 'Substitute Family'. We refer to the Foster Family System and use foster families instead of Foster Carers.

The development of a foster care system within the Kurdish region, in cooperation and partnership with the Ministry of Labour and Social Affairs (MOLSA) is ongoing. STEP provided technical support, training and mentoring to the Foster Family Unit (FFU) social workers and staff. The FFU is part of the department of Social Care & Development in Sulaimany.

24 training sessions, mostly online, were delivered to the social workers

28 online practice support sessions were delivered to the social workers

11 (online) training sessions with foster families took place

There are 21 approved foster families, and 15 families have children placed with them.

The Governmental Department of Social Care and Development is implementing and running the foster family programme.



## Child Welfare Services and Sustainability Programming

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In the Syrian Refugee camp in Arbat, STEP operated a Little Friendly Space (LFS) for children aged 3-5, a Child Friendly Space (CFS) for the age group 6-13 and Youth friendly space (YFS) for the age group 14-17. STEP has been providing child protection services in the Arbat Refugee camp since 2013. During this reporting period STEP has implemented the activities and services in partnership with PLC (Pre-emptive Love Coalition) and St. James's Place Charitable Foundation, as well as individual donations. The LFS, CFS & YFS run structured activities specifically designed for the age range of children.

The child protection mobile teams have also set up various Child Support Centres in response to the needs identified in areas where many IDPs and Refugees are living in informal settlements. These activities also enable all the social workers to find and support the most vulnerable children through a case by case approach, as well as provide a safe child friendly space where children are engaged in psychosocial, recreational and educational activities.



## Child Protection Awareness Raising

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Awareness raising, training and mentoring participants - these include government workers, NGO child protection actors and key community stakeholders including parents and children themselves, in Sulaymaniyah governorate.

Awareness raising activities are run across all STEP projects. Different awareness activities are used to meet the needs of the audience and they vary according to the message we aim to communicate. Specific topics covered in awareness sessions include: neglect, sexual harassment, puberty, child labour, dropping out of school, difficult behaviour in children, child marriage, domestic violence against children, responses for child survivors of gender based violence (GBV) and social education - resilient participatory discussions on health, safety and security, domestic violence and personal hygiene.

## Training

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**Formal Training & Workshops:** STEP provided 13 training sessions / workshops government staff, Department of Education (DOE) social workers, juvenile police, residency department, NGO staff and STEP staff. Training was provided for 178 professionals working with children on the following topics:

- Communicating with children,
- Child marriage,
- Child protection approaches and child protection concepts.

More specific training and mentoring has been delivered as part of the Foster Care Project and details of awareness raising, training and mentoring will be covered as part of the achievements stated below per project.

## Refugee Camp

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1,112 different children and youths were provided age and gender appropriate community based psychosocial activities in the Arbat Refugee Camp, Sulaymaniyah. A total of 11,615 visits (were made to the child and youth friendly spaces. The centres consist of the Little Friendly Space (LFS – ages 4-6), Child Friendly Space (CFS – ages 7-13) and Youth Friendly Space (YFS – ages 14-18).

Case management follow-up was provided for 378 different vulnerable and at-risk children. There were 91 new cases. This included children who experienced displacement, conflict, violence, abuse, exploitation (including child survivors of Gender Based Violence (GBV), and children who need professional psychosocial support services).

Staff developed and produced 15 activity/information leaflets, which were distributed in the camp. A total of 4864 children received and benefitted from the leaflets.



### **Art Therapy & Art Hive:**

Our aim is to provide a space where the beneficiaries can relax and enjoy each other's company, whilst engaging in therapeutic creative projects. The objective of the Art-Hive is to help meet the psychological and social needs of all who participate; to facilitate the restorative and healing processes involved in building the capacity and resilience needed to promote good mental health, as well as to rekindle and rebuild the joy of working together; of being a community.

Working in liaison with STEP's Child Protection Unit (CPU), our Psychosocial Consultant and Art-Therapist has continued regular art therapy sessions 518 children have participated in the activities and have come to the art therapy sessions. Some targeted sessions with small groups of children also have taken place; providing a therapeutic context where the children are invited to do free-style painting to facilitate free-expression in a safe and professional context. This is pioneering mental-health work within STEP's CFS and the Art-therapist, alongside the CPU team leader is planning a structure that can facilitate this on an ongoing basis.



Our aim is to build on and develop this vital work as much as possible over the foreseeable future.

### **Special Needs Unit (SNU):**

STEP works with children with special needs in the refugee camp, in cooperation with the Child Protection Unit.

The difficulties that the children face include autism, global delay, speaking disorder, cerebral palsy, ADHD, Downs syndrome and post-traumatic stress disorder. Relevant training and treatments were provided, including breathing training for speaking disorder cases, cognitive skills development for global delay and autistic cases and training on how to pronounce letters and sounds for the children who have speaking difficulties. Home visits were made to provide services to children who cannot visit the space. Children that struggled with social skills were encouraged to participate in the LFS, CFS and YFS activities according to their ages with the goal of integrating them with their peers, to help them build friendships and to decrease their isolation. STEP promotes a mainstreaming approach in all our programming.

## Child Protection Mobile Teams

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In partnership with UNHCR, STEP operated four mobile child protection teams to identify and provide support and assistance to IDP or refugee children at risk. The mobile teams worked in 61 locations in the Sulaymaniyah governorate. The social workers identified and supported 203 vulnerable displaced children through case management, 51 separated children were supported.

As part of supporting families and in order to ensure that displaced children and refugee children have a safe and friendly space to spend time in, STEP continued to operate 5 child support centres (CSC). Through the five child support centres, 630 refugee and internally displaced children received psychosocial support., mostly remotely. The staff of the child support centres provided 200 awareness sessions on child protection related issues. A total of 104 children and 133 parents participated. They covered 68 different topics.

335 children participated in online English lessons and 366 children participated in other online educational lessons and activities.

4 youth committees were established comprising of a mix of local, internally displaced and refugee youth. The youth were encouraged and supported to be involved in providing relevant activities for youth, such as sport and arts as well as facilitate youth led initiatives.

## Thanks and Appreciation

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STEP would like to thank the following donors for their support and partnership over this reporting period.

- UNCHR
- Caritas Germany
- Pre-emptive Love Coalition (PLC)
- St. James's Place Charitable Foundation
- The Big Give

Appreciation is also given to the **many individual supporters** of STEP who have:

- Donated financially
- Given of their time
- Knitted trauma teddies
- Given in kind gifts to the project

## Risk Management

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The directors have considered the major risks to which the organisation is exposed and identified appropriate mitigating actions where possible. The directors have a security advisor on an advisory board in order to ensure that security in the region and that local events are being monitored closely. A security update is given at every trustee meeting and a security plan and protocols are in place. All risks are reviewed at trustees meetings as well as intermittently when advised of any major change. Covid has been a significant risk to health and we have tried to mitigate the impact through introducing processes to minimise the risk of contracting or spreading the virus. The largest risks relate to security of staff and protection of cash assets in the project. There is a risk of difficulties of liquidity for banks in the project. We have bank accounts locally with different banks to spread the risk of the impact



of bank failure and retain a proportion of funds in the UK, making a larger number of payments through the UK where possible. Other risks are reviewed periodically by directors and project leaders and in trustee meetings.

## Case Studies

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### Hawre

Hawre is 12 years old. His family came to Sulaimaniyah from Mosul in 2010. Four years ago, his father passed away from cancer and since then his family has been in an extremely difficult situation with no income.

His mother spends her time begging and Hawre is trying to earn some money by working in the bazar. STEP's staff noticed that he was not looked after well, his clothes were dirty and old, and he didn't look after himself. He told the staff that things at home were out of control, and he was sad all the time. He earns 2000-3000 IQD per day (1-2 USD) which is only enough to buy bread for his family.

He lives with his mother, one older sister (15), a brother aged 10, and a sister and brother both aged 5. Hawre is a quiet boy with good behaviour, all he thinks about or cares about is providing and caring for his family. Most of the times that Hawre visited the DIC, he brought his brothers. His mother tells him to look after the boys, while she is begging. Hawre finds it a big responsibility and stressful.

He told our staff: *"I do not know what to do with them and I am quite unhappy about the situation."*



They live in a tent at the outskirts of the city, the tent is leaking and very cold in the winter. Hawre's mother told our staff that the tent is not legal or safe; the owner of the tent told them to move out. They had been allowed to stay there for free, and they have nowhere else to go. They have hardly any household materials, and with three of them working/begging they usually only make around 4000 Iraqi dinar per day (less than 3USD) which is used for food.

During the Covid-19 pandemic STEP provided a food package for the family as they were so vulnerable, and we also decided to do a home visit to look at other ways to support them and understand their situation.

During the home visit, they learnt that none of the members of the family have been in school; education is not a priority. Hawre's mother stated that she cannot cover any expenses related to school.

Tears were streaming down Hawre's mother's face when she told our staff that in order to work in the market, Hawre walks at least 1.5 hours each way to the bazar and back every day. It is a long walk, but he has no money for the bus. She has a kidney problem, but no money for treatment. Her 5-year-old son has a heart problem and needs surgery, but

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

### FOR THE YEAR ENDED 31 MARCH 2021

they do not have money for medication or surgery. They have poor relationships with the rest of their family. The grandfather, on the father's side, is apparently quite wealthy, but after the death of their father, he does not care about them and has never visited or provided any financial help. Both Hawre's mother's parents have died. Her siblings live abroad and told her she could join them but without any of the children. They are willing to help her, but not the children.

STEP staff provided clothes and new shoes for the children, as well as the food package. They also were able to advocate for the family and convince the owner of the tent to let the family stay while they look for better accommodation.

They encouraged Hawre to continue to come the drop-in centre, as there he can get support for himself and his siblings, relax, access learning, play and talk with somebody he trusts.

Staff will continue to follow up and monitor the situation, providing as much support as possible going forward.

### Rosa



Rosa is 7, and her family has lived in the refugee camp since 2016. Rosa was referred to the child protection unit by the primary care health centre in the camp, due to mental health problems. The mother tells the staff that Rosa was not able to walk until she was 3, and only recently started talking. Her mother shared that Rosa is always very angry and has a sleeping disorder. Rosa started having one-to-one sessions with the special needs social worker, as well as participating in activities in the child friendly space, and she benefitted a lot. Rosa's mother says: *"thank you God, my daughter is now communicating with other children, and playing with them. Her attention and comprehension has improved, she is not angry all the time anymore. If it wasn't for the lock down because of the corona virus, my daughter would be even better now. We do not want to return to Syria, there is nothing there for us. Here my daughter is happy now, she has friends and is learning and improving and she really likes to come to the centre."*

### For more information

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Please contact – [UKADMIN@STEP-UK.ORG](mailto:UKADMIN@STEP-UK.ORG)

Please do **not** reproduce any of this report without contacting the UK office – [UKADMIN@STEP-UK.ORG](mailto:UKADMIN@STEP-UK.ORG)

The report was approved by the trustees on 20<sup>th</sup> November 2021



**Megan Dalton** – Chair of Trustees  
For and on behalf of the Board of Trustees

## **STEP (UK)**

### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

#### ***FOR THE YEAR ENDED 31 MARCH 2021***

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The trustees, who are also the directors of Step (UK) for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that 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;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the 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.



## STEP (UK)

### INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF STEP (UK)

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I report to the trustees on my examination of the financial statements of Step (UK) (the charity) for the year ended 31 March 2021.

#### **Responsibilities and basis of report**

As the trustees of the charity (and also its directors for the purposes of company law) you are responsible for the preparation of the financial statements in accordance with the requirements of the Companies Act 2006 (the 2006 Act).

Having satisfied myself that the financial statements of the charity are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the charity's financial statements carried out under section 145 of the Charities Act 2011 (the 2011 Act). In carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

#### **Independent examiner's statement**

Since the charity's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the Association of Chartered Certified Accountants, which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- 1 accounting records were not kept in respect of the charity as required by section 386 of the 2006 Act; or
- 2 the financial statements do not accord with those records; or
- 3 the financial statements do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination; or
- 4 the financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the financial statements to be reached.



Frances Wilde FCCA DChA

Warner Wilde  
Chartered Certified Accountants  
4 Marigold Drive  
Bisley  
Surrey  
GU24 9SF

Dated: 21 November 2021

# STEP (UK)

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021

		Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
	Notes						
<b>Income and endowments from:</b>							
Donations	3	56,859	607,944	664,803	45,877	701,446	747,323
Other income	4	3,821	-	3,821	23,344	-	23,344
<b>Total income</b>		<b>60,680</b>	<b>607,944</b>	<b>668,624</b>	<b>69,221</b>	<b>701,446</b>	<b>770,667</b>
<b>Expenditure on:</b>							
Raising funds	5	5,539	-	5,539	4,338	-	4,338
Charitable activities	6	65,269	579,506	644,775	38,529	770,022	808,551
<b>Total resources expended</b>		<b>70,808</b>	<b>579,506</b>	<b>650,314</b>	<b>42,867</b>	<b>770,022</b>	<b>812,889</b>
Gross transfers between funds		-	-	-	(6,861)	6,861	-
<b>Net (expenditure)/income for the year/ Net (outgoing)/incoming resources</b>		<b>(10,128)</b>	<b>28,438</b>	<b>18,310</b>	<b>19,493</b>	<b>(61,715)</b>	<b>(42,222)</b>
<b>Other recognised gains and losses</b>							
Other gains or losses	10	(3,233)	(26,142)	(29,375)	(256)	-	(256)
<b>Net movement in funds</b>		<b>(13,361)</b>	<b>2,296</b>	<b>(11,065)</b>	<b>19,237</b>	<b>(61,715)</b>	<b>(42,478)</b>
Fund balances at 1 April 2020		230,450	79,346	309,796	211,213	141,061	352,274
<b>Fund balances at 31 March 2021</b>		<b>217,089</b>	<b>81,642</b>	<b>298,731</b>	<b>230,450</b>	<b>79,346</b>	<b>309,796</b>

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

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

# STEP (UK)

## BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Tangible assets	11		12,604		17,479
<b>Current assets</b>					
Debtors	12	15,660		11,454	
Cash at bank and in hand		397,850		381,192	
		<u>413,510</u>		<u>392,646</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(127,383)</u>		<u>(100,329)</u>	
Net current assets			286,127		292,317
<b>Total assets less current liabilities</b>			<u>298,731</u>		<u>309,796</u>
<b>Income funds</b>					
Restricted funds	15		81,642		79,346
Unrestricted funds			217,089		230,450
			<u>298,731</u>		<u>309,796</u>


The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2021.

The trustees acknowledges his responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Trustees on 20th November 2021



Ian Wilson (Treasurer)  
Trustee

Company Registration No. 6285570

## STEP (UK)

### STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED 31 MARCH 2021**

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	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	18		16,658		(43,164)
<b>Investing activities</b>					
Purchase of tangible fixed assets		-		(9,927)	
Proceeds on disposal of tangible fixed assets		-		4,096	
<b>Net cash used in investing activities</b>			-		(5,831)
<b>Net cash used in financing activities</b>			-		-
<b>Net increase/(decrease) in cash and cash equivalents</b>			16,658		(48,995)
Cash and cash equivalents at beginning of year			381,192		430,185
<b>Cash and cash equivalents at end of year</b>			397,850		381,192

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# STEP (UK)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2021

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#### 1 Accounting policies

##### Charity information

Step (UK) is a private company limited by guarantee incorporated in England and Wales. The registered office is Market House, 21 Lenten Street, Alton, Hampshire, GU34 1HJ.

##### 1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The accounts are prepared in sterling, the functional currency of the charity is US Dollars. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

##### 1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

##### 1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

##### 1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

# STEP (UK)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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### 1 Accounting policies

(Continued)

#### 1.5 Expenditure

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Overheads are apportioned to activities on a reasonable basis for example, hours engaged in different activities for staff costs or floor area for premises costs.

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	20% reducing balance
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

#### 1.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

#### 1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

# STEP (UK)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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### 1 Accounting policies

(Continued)

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

#### **1.10 Employee benefits**

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.11 Foreign exchange**

Transactions denominated in foreign currencies are recorded at the average rate of exchange during the accounting period.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are included in net outgoing resources.

### 2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.



# STEP (UK)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 3 Donations

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2021 £	2021 £	2021 £	2020 £	2020 £	2020 £
Donations and gifts	56,859	63,893	120,752	45,877	35,474	81,351
Project funding for humanitarian relief	-	544,051	544,051	-	665,972	665,972
	<u>56,859</u>	<u>607,944</u>	<u>664,803</u>	<u>45,877</u>	<u>701,446</u>	<u>747,323</u>

### 4 Other income

	Unrestricted funds	Unrestricted funds
	2021 £	2020 £
Other income	<u>3,821</u>	<u>23,344</u>

### 5 Raising funds

	Unrestricted funds	Unrestricted funds
	2021 £	2020 £
<u>Fundraising and publicity</u>		
Staff costs	<u>5,539</u>	<u>4,338</u>
	<u>5,539</u>	<u>4,338</u>

## STEP (UK)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

#### 6 Charitable activities

	2021 £	2020 £
Staff costs	456,714	646,318
Depreciation and impairment	3,297	4,272
Drop in Centre	15,547	17,069
Refugee children in camps	16,394	32,790
Foster Care	1,043	3,372
Mobile Team Internally Displaced Persons	59,525	43,581
Distribution of Emergency Support	-	687
	<u>552,520</u>	<u>748,089</u>
Share of support costs (see note 7)	86,821	57,522
Share of governance costs (see note 7)	5,434	2,940
	<u>644,775</u>	<u>808,551</u>
<b>Analysis by fund</b>		
Unrestricted funds	65,269	38,529
Restricted funds	579,506	770,022
	<u>644,775</u>	<u>808,551</u>

# STEP (UK)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 7 Support costs

	Support costs £	Governance costs £	2021 £	Support costs £	Governance costs £	2020 £
Staff costs	72,314	-	72,314	-	-	-
Office, general administration and bank charges	14,507	-	14,507	57,522	-	57,522
Audit fees - Iraq	-	2,374	2,374	-	-	-
Accountancy	-	2,305	2,305	-	2,200	2,200
Independent Examination Fees	-	755	755	-	740	740
	<u>86,821</u>	<u>5,434</u>	<u>92,255</u>	<u>57,522</u>	<u>2,940</u>	<u>60,462</u>
Analysed between Charitable activities	<u>86,821</u>	<u>5,434</u>	<u>92,255</u>	<u>57,522</u>	<u>2,940</u>	<u>60,462</u>

### 8 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year, or was reimbursed expenses.

## STEP (UK)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

#### 9 Employees

##### Number of employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
Office	11	12
Drop in Centre	6	10
Arbat Refugee Camp	13	22
Mobile Teams	33	39
	<u>63</u>	<u>83</u>

##### Employment costs

	2021 £	2020 £
Wages and salaries	534,567	646,903
Social security costs	-	3,753
	<u>534,567</u>	<u>650,656</u>

Staff numbers include part time staff and some posts were not filled for the whole of the accounting period.

There were no employees whose annual remuneration was £60,000 or more.

#### 10 Other gains or losses

	Unrestricted funds	Restricted funds	Unrestricted funds
	2021 £	2021 £	2020 £
Foreign exchange gains	<u>3,233</u>	<u>26,142</u>	<u>256</u>

# STEP (UK)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 11 Tangible fixed assets

	Plant and machinery £
<b>Cost</b>	
At 1 April 2020	43,738
Exchange adjustments	(4,322)
	<hr/>
At 31 March 2021	39,416
	<hr/>
<b>Depreciation and impairment</b>	
At 1 April 2020	26,259
Depreciation charged in the year	3,297
Exchange adjustments	(2,744)
	<hr/>
At 31 March 2021	26,812
	<hr/>
<b>Carrying amount</b>	
At 31 March 2021	12,604
	<hr/>
At 31 March 2020	17,479
	<hr/>

### 12 Debtors

	2021 £	2020 £
<b>Amounts falling due within one year:</b>		
Other debtors	8,231	8,148
Prepayments and accrued income	7,429	3,306
	<hr/>	<hr/>
	15,660	11,454
	<hr/>	<hr/>

### 13 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Other taxation and social security		1,138	871
Deferred income	14	44,796	34,977
Other creditors		74,975	53,041
Accruals		6,474	11,440
		<hr/>	<hr/>
		127,383	100,329
		<hr/>	<hr/>

## STEP (UK)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) *FOR THE YEAR ENDED 31 MARCH 2021*

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#### 14 Deferred income

	2021 £	2020 £
Arising from Project Funding	44,796	34,977

## STEP (UK)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 MARCH 2021

#### 15 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds				Movement in funds					
	Balance at 1 April 2019	Incoming Resources	Resources Expended	Transfers	Balance at 1 April 2020	Incoming Resources	Resources Expended	Transfers	Foreign exchange gains and losses	Balance at 31 March 2021
	£	£	£	£	£	£	£	£	£	£
UNDP	6,823	-	-	-	6,823	-	(6,823)	-	-	-
PLC	115	115,670	(115,785)	-	-	49,500	(62,251)	15,593	(2,842)	-
Stanley Thomas Johnson Foundation	11,347	57,752	(69,099)	-	-	-	-	-	-	-
UNHCR	13,217	365,502	(369,841)	-	8,878	370,061	(362,683)	-	(16,556)	(300)
UNICEF	14,948	-	(14,948)	-	-	-	-	-	-	-
Step KRI	94,611	-	(94,611)	-	-	-	-	-	-	-
St James's Place Charitable Foundation	-	-	-	-	-	19,293	(16,078)	-	(734)	2,481
Other donors	-	35,474	-	-	35,474	63,251	(34,326)	(15,387)	(1,567)	47,445
CARITAS Germany	-	96,119	(102,980)	6,861	-	105,839	(82,194)	-	(3,752)	19,893
US Foundation	-	30,929	(2,758)	-	28,171	-	(15,151)	(206)	(691)	12,123
	<u>141,061</u>	<u>701,446</u>	<u>(770,022)</u>	<u>6,861</u>	<u>79,346</u>	<u>607,944</u>	<u>(579,506)</u>	<u>-</u>	<u>(26,142)</u>	<u>81,642</u>



## STEP (UK)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2021**

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#### 15 Restricted funds

(Continued)

UNDP – equipping diverse communities for peace through mediation and alternatives to violence programs.

PLC – supporting displaced Syrian refugee children in a refugee camp.

Stanley Thomas Johnson Foundation – building resilience for Syrian refugee children in Iraq.

UNHCR – child protection and promoting community cohesion through psychosocial support for children. Child protection and response service to internally displaced children at risk in the Sulymaniyah Governate.

UNICEF – to support program of cooperation with the government of Iraq to improve the lives of women and children.

Step KRI – the balance of the activities in KRI before transfer to STEP (UK), restricted to KRI (rather than UK) expenditure.

St James's Place Charitable Foundation - child protection work in a Syrian refugee camp in Iraq.

CARITAS Germany – emergency child protection for Syrian refugee children and youth in non-camp areas. Set up of comprehensive and inclusive child protection system in Northern Iraq.

US Foundation - to fund capacity building for a foster program in Northern Iraq.

Other Donors - these funds are donations from individuals, trusts and other donations that are given to support one particular program or in response to a specific appeal to support one of our programs.

## STEP (UK)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

#### 16 Analysis of net assets between funds

	Unrestricted funds 2021 £	Restricted Funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted Funds 2020 £	Total 2020 £
Fund balances at 31 March 2021 are represented by:						
Tangible assets	12,604	-	12,604	17,479	-	17,479
Current assets/ (liabilities)	204,485	81,642	286,127	212,971	79,346	292,317
	<u>217,089</u>	<u>81,642</u>	<u>298,731</u>	<u>230,450</u>	<u>79,346</u>	<u>309,796</u>

#### 17 Related party transactions

There were no disclosable related party transactions during the year (2020 - none).

## STEP (UK)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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18	Cash generated from operations	2021 £	2020 £
	Deficit for the year	18,310	(42,222)
	Adjustments for:		
	Foreign exchange differences	(27,797)	(1,367)
	Depreciation and impairment of tangible fixed assets	3,297	4,272
	Movements in working capital:		
	(Increase)/decrease in debtors	(4,206)	345
	Increase in creditors	17,235	10,435
	Increase/(decrease) in deferred income	9,819	(14,627)
	<b>Cash generated from/(absorbed by) operations</b>	<u>16,658</u>	<u>(43,164)</u>
19	<b>Analysis of changes in net funds</b>		
	The charity had no debt during the year.		