



**STEP (UK)**

**Annual Report and  
Financial Statements**

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*Period: 1<sup>st</sup> April 2021 – 31<sup>st</sup> March 2022*

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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

	<b>Page</b>
Trustees' report	1 - 13
Statement of trustees' responsibilities	14
Independent auditor's report	15
Statement of financial activities	16
Balance sheet	17
Statement of cash flows	18
Notes to the financial statements	19 - 30

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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 2022.

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) 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 is based in Sulaymaniyah in the Kurdish region of Iraq, implementing front line work, including a drop-in centre for working children and those excluded from school. 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. Additionally, STEP's work includes advocacy on Child Rights and a variety of training around the protection of children.

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

## Reporting Period

This report covers the period from the 1st April 2021 to 31st March 2022

## 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) is a Charitable company, limited by guarantee. The company was incorporated in 2007 as 'STEP (UK) 2007 Ltd', and subsequently adopted its present name. It 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. Reports were also received from visitors to the operating region, confirming the success of the work to which funds were applied. Day to day operations are delegated to the Projects Co-ordinator and Country Director.

There have been no significant organisational changes in the period.

The charity has taken advantage of the exemption from the audit requirement contained in section 477 of the Companies Act 2006. The statutory accounts are the subject of an independent examination rather than a full audit. In addition, our largest funders carry out their own reviews and examinations, and the results of these examinations are reviewed by the trustees and made available to the independent examiner. The Treasurer also performs additional controls to ensure the integrity of the financial data received from Iraq.

### Financial Review

Total income for the year was £629,000 (2021: £669,000), of which £578,000 (2021: £608,000) was restricted money for humanitarian projects. The reduction in income is attributable to lower funding in the year for the programme in the Arbat Refugee Camp. This has led to a reduction in this programme. Going forward, thanks to a new grant from the Stanley Thomas 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 programme at current levels. The annual grant from UNHCR to support the Mobile Child Protection teams remains at about the same level. This grant now makes up more than 50% 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. The restricted and unrestricted funds raised from the general public were similar year on year, with a successful annual appeal run through the Big Give.

Operating expenditure for year at £654,000 (2021: £650,000) was similar year on year. The net movement in funds

for the year is a deficit of £15,000, up marginally from the previous years. The charity's management has adapted well to the lower level of funding in the last couple of years compared to previous periods. Provided the main key funding streams remain in place, the charity's operations look sustainable going forward. Total funds as at 31 March 2022 stood at £284,000 of which £112,000 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.

## 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 development of a government implemented foster care system
3. Deliver child protection services and psychosocial support for internally displaced persons (IDPs), refugees and local children 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 establish and develop 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 21 foster families approved, and 18 children placed within 16 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 Programme

### Drop in Centre

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STEP's first project, a Child Friendly Space (CFS) in the heart of the Sulaymaniyah bazaar 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.

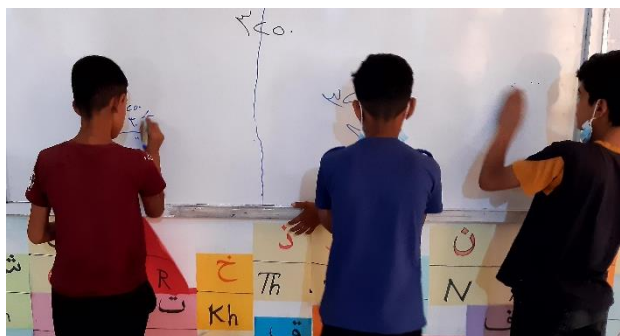
As a response to the needs identified, STEP staff distributed food packages to 57 vulnerable families.

This financial year there were 12,477 visits to the DIC by 996 different children (136 girls and 860 boys). Due to covid restrictions, only small groups of children were allowed to visit at one time until early 2022. This reduced the number of visits in comparison with other years. The staff reached out to the working children and talked with over 300 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.

The drop-in centre was open for 233 days during the period 1 April 2021 - 31 March 2022 and provided the following:

- 123 art sessions.
- 634 children attended homework support sessions
- Literacy classes, with 7,582 visits by children to participate in literacy classes



- 104 children received first aid
- 101 children received case management due to child protection concerns or risks
- 94 home visits by social workers
- 28 group therapy sessions took place with 200 children participating
- 1,856 group activity sessions
- 32 peace building sessions were conducted, with 259 children participating
- daily (health) awareness raising sessions were delivered to all children attending the centre
- many children participated in 312 dance sessions
- 446 children received clothes and/or shoes

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



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 the term 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 Section (FFS) social workers and staff. The FFS is part of the department of Social Care & Development in Sulaymaniyah.



2 training sessions were delivered to the social workers

11 practice support sessions were delivered to the social workers

There are 21 approved foster families – 16 families have children placed with them.

Writing of procedural documents was ongoing.

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

## Child Welfare Services and Sustainability Programme

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In the Syrian Refugee camp in Arbat, STEP implemented child protection services and the provision of psychosocial and educational support for children and youth. STEP operated a Little Friendly Space (LFS) for children aged 3-5. The LFS provides structured activities specifically designed for this age group. STEP has been providing child protection services in the Arbat Refugee camp since 2013.

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. 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.

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.



## 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 as well as parents and children themselves, in the 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 12 training sessions/workshops for government staff, Department of Education (DOE) social workers, juvenile police, residency department, NGO staff and STEP staff. Training was provided for 139 professionals working with children on the following topics:

- Communicating with children
- Child labour
  - Child marriage
  - Child protection approaches and child protection concepts

## Refugee Camp

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1,739 different children and youths were provided age and gender appropriate community based psychosocial activities in the Arbat Refugee Camp, Sulaymaniyah. A total of 23,568 visits were made to the child and youth friendly spaces.

Case management follow-up was provided for 233 different vulnerable and at-risk children, as well as follow up case management for 867 children. 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).

242 literacy sessions took place with 1394 visits of children

45 children benefitted from homework support

Staff developed and produced 8 activity/information leaflets, which were distributed in the camp. A total of 2,420 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.

There was a total of 1,262 attendances (706 girls/ 556 boys) at 232 art therapy sessions.

Some targeted sessions with small groups of children also took 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. 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. 88 sessions for children with special needs were provided and 18 different children and their families benefitted.

### **Climbing:**

Climbing was an important activity, provided for children and youth; it helps them build trust – getting them to work together promotes life skills such as teamwork and communication. Tackling the challenge of a steep uphill climb with a team will help them realise that they can achieve far more together than as individuals. Being in an outdoor environment has also been shown to have significant benefits for mental health. 144 children/youth were trained in rock climbing, and 5 outdoor activities were carried out in different sites of the Sulaymaniyah mountains. The activities were provided by a qualified instructor.



## 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 and refugee children at risk. The mobile teams worked in 60 locations in the Sulaymaniyah governorate. The social workers identified and supported 264 vulnerable displaced children through case management.

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, 900 refugee and internally displaced children received psychosocial support. Additionally, thirty children participated in peacebuilding activities.

Four 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
- Stanley Thomas Johnson Foundation
- St. James's Place Charitable Foundation
- The Big Give (and their Champion Funders)

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 and Outlook

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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 to ensure that security in the region is monitored closely. A security update is given at every trustee meeting – a security plan and protocols are in place. All risks are reviewed at trustee meetings as well as intermittently when advised of any major change. 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. We retain a proportion of funds in the UK, and payments are made through the UK where possible. Other risks are reviewed periodically by directors and project leaders and in trustee meetings.

The charity's finances have been quite stable over the last two years and funding in the current year remains at a similar level. Nevertheless, the charity is experiencing a considerable challenge as a result of exchange rate changes. A significant portion of the charity's income is in European currencies, while its expenses are either in U S dollars or Iraqi dinars (which is linked to the U S dollar).

Another significant development for the charity is that in the coming financial year, one of its funding streams will be moving to a partner charity - STEP Iraq. STEP Iraq has been set up as a local NGO working in parallel with STEP (UK). STEP Iraq will receive the Caritas Germany funding for the Drop-In Centre, and the staff on that project will be transferred to STEP Iraq. STEP (UK) will provide support to STEP Iraq as it develops its operations.

## Case Studies

### Abbas

Abbas is a 12-year-old boy who was internally displaced from Yathrib. His father has 3 wives, and he left with 2 of his wives and their children to live in Erbil. Abbas, his mother and his 6 siblings are living in Sulaimany. The father is not supporting them in any way. There is little or no contact with their father. Abbas and his brother (age 13) are providing for the family. Two older brothers work as cleaners and pay for the rent for their house (approx. GBP 175).

Abbas works long hours to help provide for his family. He told the staff that if he does not bring home enough money his three brothers and/or mother will beat him. In the last 2 months Abbas' behaviour has changed. He stays out late into the night. His mother and older brother's response was more physical violence, sometimes they chain him to the house. As a result, Abbas has become violent with his younger siblings. He does not want to go home and continues to stay out until very late at night.

Abbas told the staff he feels bad, hates himself and hates his family and does not want to go home.

The staff conducted a home visit and talked with Abbas's mother. The mother told the staff that she has a bad feeling about the situation. She said we are in such a terrible financial situation, and we have nobody that supports us. *"I am obliged to send the children to work, including Abbas"*. Her youngest child is a girl, who is 2 years old. This girl has a heart problem and needs an operation which would cost around USD 20,000. The family does not have this money.

During the visit, the information that that the staff received from the mother was in line with what they heard from Abbas. His mother mentioned that Abbas' s behaviour had always been very good, and he was an easy child. But recently he became bad. According to his mother this is because Abbas has now friends who are older than him and are having a bad influence. They encouraged him to start smoking, which according to the mother is unacceptable in their family and for a child. He spends the money he earns, so he does not bring much money home anymore, which really worries the mother. She explained that was the cause for family members starting to beat him and treat him badly and it was only

after that Abbas started to stay out until very late at night.

After a discussion with Abbas and his mother, he promised not to repeat these things. The mother promised also not to treat him like before and not to beat him anymore. There was more of an understanding between them. The centre provided some food packages for the family and the staff continues to provide follow up and support for Abbas. But the situation is much better now.

## Ary

Ary is a Syrian refugee. He fled the war in Syria with his family (7 people) to the Kurdish region of Iraq in 2013. His family lives in the Arbat Refugee camp. The STEP child protection social worker has been involved with this family and has provided psychosocial support to the children since 2013.

In 2017, Ary, who was 10 at that time, was diagnosed with cancer. He has a tumour in his spine, which resulted in him becoming paralysed. There is no treatment for him that is available in Iraq. His family is trying for repatriation to another country where he can receive treatment. The tumour is growing, and this means that Ary's disability is increasing, and functional activities continue to decrease.

Aryhe became very isolated due to his paralysis. STEP staff worked with him and his family to get him involved in activities in the child friendly space. He really liked learning English and participated in English lessons, as well as other educational activities for small groups of children.

With the support and encouragement of the STEP social worker, his family also became more involved in the community. There is a lot of support from the camp community for Ary and his family.

Ary is 15 now and because of his disability it is very difficult for him to come to the centre now. The staff provide support via home visits, video calls and occasionally he comes in for certain activities that he really likes.

The social workers continue to support the family in trying to be re-patriated, so that they can access medical services for Ary.





## For more information

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Please contact: [info@step-uk.org](mailto:info@step-uk.org) or visit our website [www.step-uk.org](http://www.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 22 September 2022

A handwritten signature in black ink that reads "MDalton". The letters are cursive and fluid, with the "M" and "D" being particularly prominent.

**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 2022***

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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 2022.

### 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: 25 September 2022

## STEP (UK)

### STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £
<b>Income and endowments from:</b>							
Donations	3	49,278	577,777	627,055	56,859	607,944	664,803
Other income	4	2,229	-	2,229	3,821	-	3,821
<b>Total income</b>		<b>51,507</b>	<b>577,777</b>	<b>629,284</b>	<b>60,680</b>	<b>607,944</b>	<b>668,624</b>
<b>Expenditure on:</b>							
Raising funds	5	5,552	-	5,552	5,539	-	5,539
Charitable activities	6	71,159	577,574	648,733	65,269	579,506	644,775
<b>Total expenditure</b>		<b>76,711</b>	<b>577,574</b>	<b>654,285</b>	<b>70,808</b>	<b>579,506</b>	<b>650,314</b>
<b>Net (outgoing)/incoming resources before transfers</b>		<b>(25,204)</b>	<b>203</b>	<b>(25,001)</b>	<b>(10,128)</b>	<b>28,438</b>	<b>18,310</b>
Gross transfers between funds		(25,899)	25,899	-	-	-	-
<b>Net (expenditure)/income for the year/ Net (outgoing)/incoming resources</b>		<b>(51,103)</b>	<b>26,102</b>	<b>(25,001)</b>	<b>(10,128)</b>	<b>28,438</b>	<b>18,310</b>
<b>Other recognised gains and losses</b>							
Other gains or losses	10	6,382	4,020	10,402	(3,233)	(26,142)	(29,375)
<b>Net movement in funds</b>		<b>(44,721)</b>	<b>30,122</b>	<b>(14,599)</b>	<b>(13,361)</b>	<b>2,296</b>	<b>(11,065)</b>
Fund balances at 1 April 2021		217,089	81,642	298,731	230,450	79,346	309,796
<b>Fund balances at 31 March 2022</b>		<b>172,368</b>	<b>111,764</b>	<b>284,132</b>	<b>217,089</b>	<b>81,642</b>	<b>298,731</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 2022

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Tangible assets	11		10,548		12,604
<b>Current assets</b>					
Debtors	12	15,340		15,660	
Cash at bank and in hand		451,705		397,850	
		<u>467,045</u>		<u>413,510</u>	
<b>Creditors: amounts falling due within one year</b>	13	(193,461)		(127,383)	
Net current assets			273,584		286,127
<b>Total assets less current liabilities</b>			<u>284,132</u>		<u>298,731</u>
<b>Income funds</b>					
Restricted funds	15		111,764		81,642
Unrestricted funds			172,368		217,089
			<u>284,132</u>		<u>298,731</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 2022.

The director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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 22 September 2022

K.L. Wilson

Ian Wilson (Treasurer)  
Trustee

Company registration number 6285570

## STEP (UK)

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

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	Notes	2022 £	£	2021 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	18		53,855		16,658
<b>Net cash used in investing activities</b>			-		-
<b>Net cash used in financing activities</b>			-		-
<b>Net increase in cash and cash equivalents</b>			<u>53,855</u>		<u>16,658</u>
Cash and cash equivalents at beginning of year			397,850		381,192
<b>Cash and cash equivalents at end of year</b>			<u><u>451,705</u></u>		<u><u>397,850</u></u>



# STEP (UK)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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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 2022

---

### 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 the statement of financial activities.

#### 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 2022

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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 2022

### 3 Donations

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2022 £	2022 £	2022 £	2021 £	2021 £	2021 £
Donations and gifts	49,278	57,048	106,326	56,859	63,893	120,752
Project funding for humanitarian relief	-	520,729	520,729	-	544,051	544,051
	<u>49,278</u>	<u>577,777</u>	<u>627,055</u>	<u>56,859</u>	<u>607,944</u>	<u>664,803</u>

### 4 Other income

	Unrestricted funds	Unrestricted funds
	2022 £	2021 £
Other income	<u>2,229</u>	<u>3,821</u>

### 5 Raising funds

	Unrestricted funds	Unrestricted funds
	2022 £	2021 £
<u>Fundraising and publicity</u>		
Staff costs	<u>5,552</u>	<u>5,539</u>
	<u>5,552</u>	<u>5,539</u>

## STEP (UK)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

#### 6 Charitable activities

	2022 £	2021 £
Staff costs	474,250	456,714
Depreciation and impairment	2,546	3,297
Drop in Centre	15,444	15,547
Refugee children in camps	21,559	16,394
Foster Care	1,000	1,043
Mobile Team Internally Displaced Persons	42,612	59,525
Distribution of Emergency Support	751	-
	<u>558,162</u>	<u>552,520</u>
Share of support costs (see note 7)	83,940	86,821
Share of governance costs (see note 7)	6,631	5,434
	<u>648,733</u>	<u>644,775</u>
<b>Analysis by fund</b>		
Unrestricted funds	71,159	65,269
Restricted funds	577,574	579,506
	<u>648,733</u>	<u>644,775</u>

# STEP (UK)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 7 Support costs

	Support costs £	Governance costs £	2022 £	Support costs £	Governance costs £	2021 £
Staff costs	57,122	-	57,122	72,314	-	72,314
Office, general administration and bank charges	26,818	-	26,818	14,507	-	14,507
Audit fees - Iraq	-	3,267	3,267	-	2,374	2,374
Accountancy	-	2,452	2,452	-	2,305	2,305
Independent Examination Fees	-	912	912	-	755	755
	<u>83,940</u>	<u>6,631</u>	<u>90,571</u>	<u>86,821</u>	<u>5,434</u>	<u>92,255</u>
Analysed between Charitable activities	<u>83,940</u>	<u>6,631</u>	<u>90,571</u>	<u>86,821</u>	<u>5,434</u>	<u>92,255</u>

### 8 Trustees

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

### 9 Employees

The average monthly number of employees during the year was:

	2022 Number	2021 Number
Office	10	11
Drop in Centre	9	6
Arbat Refugee Camp	14	13
Mobile Teams	38	33
Total	<u>71</u>	<u>63</u>

#### Employment costs

	2022 £	2021 £
Wages and salaries	517,414	534,567
Social security costs	19,510	-
	<u>536,924</u>	<u>534,567</u>



# STEP (UK)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 9 Employees

(Continued)

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 more than £60,000.

### 10 Other gains or losses

	Unrestricted funds	Restricted funds	Unrestricted funds	Restricted funds	Total
	2022 £	2022 £	2021 £	2021 £	2021 £
Foreign exchange gains	(6,382)	(4,020)	3,233	26,142	29,375

### 11 Tangible fixed assets

	Plant and machinery £
<b>Cost</b>	
At 1 April 2021	39,416
Exchange adjustments	1,850
At 31 March 2022	41,266
<b>Depreciation and impairment</b>	
At 1 April 2021	26,811
Depreciation charged in the year	2,546
Exchange adjustments	1,361
At 31 March 2022	30,718
<b>Carrying amount</b>	
At 31 March 2022	10,548
At 31 March 2021	12,604

### 12 Debtors

	2022 £	2021 £
<b>Amounts falling due within one year:</b>		
Other debtors	8,480	8,231
Prepayments and accrued income	6,860	7,429
	15,340	15,660

## STEP (UK)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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

	Notes	2022 £	2021 £
Other taxation and social security		-	1,138
Deferred income	14	121,905	44,796
Other creditors		66,050	74,975
Accruals		5,506	6,474
		<u>193,461</u>	<u>127,383</u>

#### 14 Deferred income

	2022 £	2021 £
Arising from Project Funding	<u>121,905</u>	<u>44,796</u>

Deferred income is included in the financial statements as follows:

	2022 £	2021 £
Deferred income is included within:		
Current liabilities	<u>121,905</u>	<u>44,796</u>
Movements in the year:		
Deferred income at 1 April 2021	44,796	34,977
Released from previous periods	(44,796)	(34,977)
Resources deferred in the year	<u>121,905</u>	<u>44,796</u>
Deferred income at 31 March 2022	<u>121,905</u>	<u>44,796</u>

## STEP (UK)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 MARCH 2022

#### 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					Balance at 31 March 2022
	Balance at 1 April 2021	Incoming Resources	Resources Expended	Transfers	Foreign exchange gains and losses	
	£	£	£	£	£	£
UNHCR	(300)	321,609	347,208	25,899	-	-
St James's Place Charitable Foundation	2,481	29,030	31,166	-	13	358
Other donors [Refugees]	47,445	50,385	28,925	-	2,571	71,476
CARITAS Germany	19,893	97,722	92,267	-	946	26,294
US Foundation	12,123	-	12,123	-	-	-
Other donors [DIC]	-	1,001	-	-	37	1,038
Stanley Thomas Johnson Foundation	-	64,901	56,918	-	298	8,281
Tearfund Ireland	-	7,470	6,314	-	43	1,199
Other donors [Foster care]	-	5,659	2,653	-	112	3,118
	<u>81,642</u>	<u>577,777</u>	<u>(577,574)</u>	<u>25,899</u>	<u>4,020</u>	<u>111,764</u>

## STEP (UK)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

#### 15 Restricted funds

(Continued)

	Balance at 1 April 2020	Incoming Resources	Movement in funds			Balance at 31 March 2021
	£	£	Resources Expended	Transfers	Foreign exchange gains and losses	£
			£	£	£	
UNDP	6,823	-	(6,823)	-	-	-
PLC	-	49,500	(62,251)	15,593	(2,842)	-
UNHCR	8,878	370,061	(362,683)	-	(16,556)	(300)
St James's Place Charitable Foundation	-	19,293	(16,078)	-	(734)	2,481
UK Refugee Appeal	-	-	-	-	-	-
Other donors [Refugees]	35,474	63,251	(34,326)	(15,387)	(1,567)	47,445
CARITAS Germany	-	105,839	(82,194)	-	(3,752)	19,893
US Foundation	28,171	-	(15,151)	(206)	(691)	12,123
	<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 2022

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#### 15 Restricted funds

(Continued)

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.

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

CARITAS Germany – child protection for vulnerable and working children. This program is delivered by operating a Drop-in-centre (DIC) in Sulimaniyah.

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

TearFund Ireland - to fund capacity building for a foster care program in Northern Iraq.

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

Other Donors (refugees) - these funds, which include the money raised in our annual appeal, are donations from individuals, trusts and other organisations given to support the charity's work in a Syrian refugee camp in Iraq.

Other Donors (DIC) - donations from individuals to support the operation of a Drop-In Centre (DIC).

Other Donors (Foster Care) - donations from individuals to fund capacity building for a foster care program in Northern Iraq.

## STEP (UK)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

#### 16 Analysis of net assets between funds

	Unrestricted funds 2022 £	Restricted Funds 2022 £	Total 2022 £	Unrestricted funds 2021 £	Restricted Funds 2021 £	Total 2021 £
Fund balances at 31 March 2022 are represented by:						
Tangible assets	10,548	-	10,548	12,604	-	12,604
Current assets/ (liabilities)	161,820	111,764	273,584	204,485	81,642	286,127
	<u>172,368</u>	<u>111,764</u>	<u>284,132</u>	<u>217,089</u>	<u>81,642</u>	<u>298,731</u>

#### 17 Related party transactions

There were no disclosable related party transactions during the year (2021 - none).

#### 18 Cash generated from operations

	2022 £	2021 £
Deficit for the year	(25,001)	18,310
Adjustments for:		
Foreign exchange differences	9,913	(27,797)
Depreciation and impairment of tangible fixed assets	2,546	3,297
Movements in working capital:		
Decrease/(increase) in debtors	320	(4,206)
(Decrease)/increase in creditors	(11,031)	17,235
Increase in deferred income	77,109	9,819
<b>Cash generated from operations</b>	<u>53,856</u>	<u>16,658</u>

#### 19 Analysis of changes in net funds

The charity had no debt during the year.