



**STEP (UK)**

**Annual Report and  
Financial Statements**

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*Period: 1<sup>st</sup> April 2022 – 31<sup>st</sup> March 2023*

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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

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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 2023.

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)".

## 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 works in a major city 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 of April 2022 to the 31st of March 2023

## 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)

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. 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 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 £593,000 (2022: £629,000), of which £532,000 (2022: £578,000) was restricted money for humanitarian projects. The reduction in income is attributable to changes in 2 contracts. The UNHCR, which in recent years accounted for about 50% of the charity's income, was completed at the end of December 2022. This had a limited impact on the charity's income in 2022/23 but will have a significant impact going forward. Another contract, the management of the Drop in Centre, was with the agreement of all parties (including the principal funder Caritas Germany), transferred to our local 'sister' charity STEP Iraq in September 2022. STEP (UK) continues to be involved in this project providing both support and funding on an ongoing basis. The other main sources of funding, mainly directed towards our programmes in the Arbat Refugee camp increased year on year in part because of more favourable exchange rates, but also because of a successful Big Give appeal in late 2022. The funding position for our work in foster care remains challenging. An explanation of each restricted funding stream is included in note 15 in the accounts. The inability to re-apply for the UNHCR contract as an international NGO will materially reduce the scope of the charity's operations in Iraq and will present some challenges in covering our core costs which were partly funded out of that contract. The transfer of the DIC to STEP Iraq is a welcome development as it fits with our longer-term plan for operations in Iraq. Unrestricted income at £61,000 (2022: £52,000) is up year on year, but still below the level required to cover our unrestricted expenditure resulting in cost cutting measures.

Operating expenditure for year at £643,000 (2022: £654,000) is marginally down year on year. With the changes in the contracts, expenditure is projected to fall markedly next year. The net movement in funds for the year is a deficit of £33,000. The scope of the charity's operations will be reduced in the coming year, but the charity is adapting to the new environment. Funding is in place to cover the activities for the year to 31 March 2024. Total funds as of 31 March 2023 stood at £251,000 of which £120,000 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.

More girls work in the bazaar now and access the services we provide in the drop-in centre. Operating from a building within the bazaar allows us to welcome and 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 Section was established in 2016. The Section is part of the Social Care Directorate structure. It has been functioning for six years and is staffed by a manager, seven social workers and an administrator. In total 27 foster families have been through the approval process, but some have left fostering. Since the start of the work there have been 24 placements, with some children moving placement and other children being reunified with their biological families. During this reporting period 16 children are 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 Programme

### Drop in Centre

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STEP's first project, a child-friendly space in the heart of the Sulaymaniyah bazaar called the Drop-in Centre (DIC), opened its doors to working children on the 2<sup>nd</sup> January 2002. The centre provides psychosocial, educational, and medical support as well as recreational activities.

This financial year there were 15,472 visits to the DIC by 1042 different children (193 girls and 849 boys). The staff reached out to the working children and talked with over 250 children on the streets, providing awareness as well as a listening ear.

As a response to the needs identified, STEP staff also distributed food packages to 68 vulnerable families.

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 238 days during the period 1 April 2022 - 31 March 2023 and provided the following:

- 89 art sessions
- 1020 visits by children for homework support sessions/ extra lessons
- Literacy classes, with 5712 visits by children
- 117 children received first aid
- A paediatrician saw 557 children who came with medical issues.
- 80 children received case management due to child protection concerns or risks
- 111 home visits by social workers
- 35 group therapy sessions took place with 233 children participating
- 1,358 group activity sessions
- 28 peace building sessions were conducted, with 242 children participating
- Daily awareness raising sessions (including health awareness) were delivered to all children attending the centre
- Many children participated in 49 dance sessions
- 733 children received clothes and/or shoes and 133 children received trauma teddies



## 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 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 Sulaymaniya.

There are 23 approved foster families – 15 families have children placed with them.

One training session for foster families took place.

Writing of procedural documents was ongoing. Several meetings took place reviewing documents and discussing the operational manual.

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



## Child Welfare Services and Sustainability Programming

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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. The Little Friendly Space (LFS) provides activities for children aged 3-5. STEP is the only agency providing structured activities specifically designed for this age group in the Arbat Refugee Camp. 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.

Rock climbing training and excursions are one of the ways we empower children and build their confidence, particularly the confidence to face their fears. 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

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 9 training sessions on Child Protection Approaches and Child protection concepts for government personnel, NGO staff and STEP staff. Training was provided for 176 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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1,472 different children and youths were provided age and gender appropriate community based psychosocial activities in the Arbat Refugee Camp, Sulaymaniyah. A total of 20,823 visits were made to the child and youth friendly spaces.

Case management follow-up was provided for 181 different vulnerable and at-risk 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).



900 children benefitted from educational support

1,015 children benefitted from awareness sessions.

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.

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.

Many sessions for children with special needs were provided and 45 different children and their families benefitted.





### Climbing:

Climbing activities were provided for children and youth. These activities help 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. Children/youth were trained in rock climbing, and 4 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 298 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, 1000 refugee and internally displaced children received psychosocial support. Additionally, 550 children participated in peacebuilding activities.

Awareness sessions on core child protection issues were delivered to 153 parents and 19 parenting sessions were delivered to a total of 186 parents/ caregivers.

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

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 the security of staff and the funding of the charity's operations. In addition, there are financial risks arising from the charity's operations. Firstly, there are exchange rate risks. Iraq is effectively a 'dollar based' economy, and STEP (UK) receives much of its funding in European currencies. There are also regulatory issues (compliance with money laundering regulations and UN sanctions) when operating in Iraq. So far, the charity has successfully navigated these issues. It complies with all local and international regulations and provides transparent information to our banks in the UK and Iraq. Nevertheless, there is always a risk that STEP (UK)'s operations could be impacted by political and financial issues beyond its control. Other risks are reviewed periodically by directors and project leaders and in trustee meetings.

The charity's operations will contract in 2023/24 because of the completion of the UNHCR contract and the transfer of the DIC contract to our sister NGO, STEP Iraq. The charity is adequately funded to meet its objectives for the coming year, but it needs to find new sources of funds to maintain its operations at planned levels in future years. The start of operations by the local NGO STEP Iraq, working in parallel with STEP (UK), in 2022/23 is a very significant development, and the transition of the Drop-In Centre to that charity has gone well. STEP (UK) will provide support to STEP Iraq as it develops its operations.

## Case Studies

### Ahmed

Ahmed is the middle child in a family of 5 children. He and two of his brothers have special needs which prevent them being accepted in the school in the camp. Ahmed first came to the STEP little friendly space (LFS) when he was 4 years old. He did not speak, was unable to focus during play and lacked social skills. At times he presented as an angry child, with a great deal of frustration that stemmed from his struggle to communicate.



*The intervention plan:* Alongside attending LFS activities, he had sessions with staff in the Special Needs Unit. With love, care and patience from staff as well as the support of his mother, Ahmed, amazingly began to engage in eye contact. Then after many months he began to speak.

*Now:* Ahmed was showing an interest in learning the alphabet, so our social worker in child protection started teaching him.

He is now able to draw shapes and write some letters. He then expressed a desire to join the computer course with his younger brother. The computer instructor agreed that we should let the boys join the group. Both sat quietly listening to the instructions and were gently shown how to use a laptop. The boys had huge smiles and remained focused throughout the session. This was the first time that children with special needs had attended the computer course and it all happened because Ahmed was able to express his desire to learn. The whole staff team shared the joy these two boys experienced through learning how to use a computer and they were able to share this with Ahmed's family.



## Dela

Dela is 10 years old and internally displaced, she visits the child drop-in centre almost every day. The staff have created a safe space for her to talk, where the female youth worker listens to Dela. Initially this was just talking while Dela participated in creative activities. However, in her second session she started talking about her feelings. Dela mentioned that she felt ashamed, shy and disobedient. She felt that other children rejected her and blamed her for doing things wrong. When asked further questions like what kind of wrong things, she mentions that she smiles at strangers, paying more attention to certain shopkeepers. She did not want to say anymore.

After a few more sessions, she shared a little more. She told our youth worker that her family is very poor, and they have nothing at home – she has no toys. Dela really likes electronic games. One of the shopkeepers allows her to play games on his mobile phone. She mentioned that while playing the games, pornographic pictures keep showing on the screen. Dela shared that if she is alone in the shop with the shopkeeper, he takes her to a quiet corner of the shop. She did not want to say anymore or talk about what else happened. The staff explained the dangers of having these relationships and the risks.

The staff also informally talked with her friends and asked them to treat Dela normally and include her in their activities. After about 2 weeks the staff observed that Dela was more engaged with the other girls, and they were including her in their activities.

Her new friends mentioned that they noticed Dela now avoids the shop and even takes a different route to the centre to avoid the shop and shopkeeper.

Finally, Dela came and asked a staff member to talk. She expressed her appreciation for the help the staff had given to her. She was so happy about the changes that she has made, and really happy that her friends were not rejecting her anymore. She told the staff that now she feels positive and loved. The staff then did an activity with all the girls, which they really enjoyed. The staff will continue to work with Dela with listening sessions, providing a safe space where she can be heard.





**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)

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The report was approved by the trustees on 21<sup>st</sup> November 2023



**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 2023***

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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 2023.

#### 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.

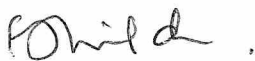
#### Independent examiner's statement

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: 24 November 2023

# STEP (UK)

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2023

		Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £
	Notes						
<b>Income and endowments from:</b>							
Donations	3	59,272	532,594	591,866	49,278	577,777	627,055
Other income	4	1,467	-	1,467	2,229	-	2,229
<b>Total income</b>		<b>60,739</b>	<b>532,594</b>	<b>593,333</b>	<b>51,507</b>	<b>577,777</b>	<b>629,284</b>
<b>Expenditure on:</b>							
Raising funds	5	7,413	-	7,413	5,552	-	5,552
Charitable activities	6	98,620	537,101	635,721	71,159	577,574	648,733
<b>Total expenditure</b>		<b>106,033</b>	<b>537,101</b>	<b>643,134</b>	<b>76,711</b>	<b>577,574</b>	<b>654,285</b>
<b>Net outgoing resources before transfers</b>		<b>(45,294)</b>	<b>(4,507)</b>	<b>(49,801)</b>	<b>(25,204)</b>	<b>203</b>	<b>(25,001)</b>
Gross transfers between funds		(4,654)	4,654	-	(25,899)	25,899	-
<b>Net (expenditure)/income for the year/ Net (outgoing)/incoming resources</b>		<b>(49,948)</b>	<b>147</b>	<b>(49,801)</b>	<b>(51,103)</b>	<b>26,102</b>	<b>(25,001)</b>
<b>Other recognised gains and losses</b>							
Other gains or losses	10	8,972	8,108	17,080	6,382	4,020	10,402
<b>Net movement in funds</b>		<b>(40,976)</b>	<b>8,255</b>	<b>(32,721)</b>	<b>(44,721)</b>	<b>30,122</b>	<b>(14,599)</b>
Fund balances at 1 April 2022		172,368	111,764	284,132	217,089	81,642	298,731
<b>Fund balances at 31 March 2023</b>		<b>131,392</b>	<b>120,019</b>	<b>251,411</b>	<b>172,368</b>	<b>111,764</b>	<b>284,132</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 2023

	Notes	2023 £	£	2022 £	£
<b>Fixed assets</b>					
Tangible assets	11		8,972		10,548
<b>Current assets</b>					
Debtors	12	4,600		15,340	
Cash at bank and in hand		330,447		451,705	
		335,047		467,045	
<b>Creditors: amounts falling due within one year</b>	13	(92,608)		(193,461)	
Net current assets			242,439		273,584
<b>Total assets less current liabilities</b>			251,411		284,132
<b>Income funds</b>					
Restricted funds	15		120,019		111,764
Unrestricted funds			131,392		172,368
			251,411		284,132

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 2023.

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 21st November 2023

K. Ian Wilson

Ian Wilson (Treasurer)  
Trustee

Company registration number 6285570

## STEP (UK)

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

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	Notes	2023 £	£	2022 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	18	(121,259)		53,856	
<b>Net cash used in investing activities</b>		-		-	
<b>Net cash used in financing activities</b>		-		-	
<b>Net (decrease)/increase in cash and cash equivalents</b>		(121,259)		53,856	
Cash and cash equivalents at beginning of year		451,705		397,850	
<b>Cash and cash equivalents at end of year</b>		330,447		451,705	

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# STEP (UK)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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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 2023

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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 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 2023

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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 2023

### 3 Donations

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2023 £	2023 £	2023 £	2022 £	2022 £	2022 £
Donations and gifts	40,507	107,528	148,035	49,278	57,048	106,326
Legacies receivable	18,765	-	18,765	-	-	-
Project funding for humanitarian relief	-	425,066	425,066	-	520,729	520,729
	<u>59,272</u>	<u>532,594</u>	<u>591,866</u>	<u>49,278</u>	<u>577,777</u>	<u>627,055</u>

### 4 Other income

	Unrestricted funds	Unrestricted funds
	2023 £	2022 £
Other income	<u>1,467</u>	<u>2,229</u>

### 5 Raising funds

	Unrestricted funds	Unrestricted funds
	2023 £	2022 £
<u>Fundraising and publicity</u>		
Staff costs	<u>7,413</u>	<u>5,552</u>
	<u>7,413</u>	<u>5,552</u>

## STEP (UK)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

#### 6 Charitable activities

	2023 £	2022 £
Staff costs	392,699	474,250
Depreciation and impairment	2,300	2,546
Drop in Centre	6,954	15,444
Refugee children in camps	28,083	21,559
Foster Care	70,731	1,000
Mobile Team Internally Displaced Persons	2,042	42,612
Distribution of Emergency Support	-	751
	<u>502,809</u>	<u>558,162</u>
Share of support costs (see note 7)	126,722	83,940
Share of governance costs (see note 7)	6,190	6,631
	<u>635,721</u>	<u>648,733</u>
<b>Analysis by fund</b>		
Unrestricted funds	98,620	71,159
Restricted funds	537,101	577,574
	<u>635,721</u>	<u>648,733</u>

# STEP (UK)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 7 Support costs

	Support costs £	Governance costs £	2023 £	Support costs £	Governance costs £	2022 £
Staff costs	89,953	-	89,953	57,122	-	57,122
Office, general administration and bank charges	36,769	-	36,769	26,818	-	26,818
Audit fees - Iraq	-	-	-	-	3,267	3,267
Accountancy	-	3,369	3,369	-	2,452	2,452
Independent Examination Fees	-	2,821	2,821	-	912	912
	<u>126,722</u>	<u>6,190</u>	<u>132,912</u>	<u>83,940</u>	<u>6,631</u>	<u>90,571</u>
Analysed between Charitable activities	<u>126,722</u>	<u>6,190</u>	<u>132,912</u>	<u>83,940</u>	<u>6,631</u>	<u>90,571</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:

	2023 Number	2022 Number
Office	11	10
Drop in Centre	4	9
Arbat Refugee Camp	21	14
Mobile Teams	25	38
Youth empowerment and child protection	1	-
Total	<u>62</u>	<u>71</u>



# STEP (UK)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 9 Employees (Continued)

Employment costs	2023 £	2022 £
Wages and salaries	465,658	517,414
Social security costs	24,407	19,510
	<u>490,065</u>	<u>536,924</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 more than £60,000.

### 10 Other gains or losses

	Unrestricted funds	Restricted funds	Unrestricted funds	Restricted funds	Total
	2023 £	2023 £	2022 £	2022 £	2022 £
Foreign exchange gains	<u>(8,972)</u>	<u>(8,108)</u>	<u>(6,382)</u>	<u>(4,020)</u>	<u>(10,402)</u>

### 11 Tangible fixed assets

	Plant and machinery £
<b>Cost</b>	
At 1 April 2022	41,266
Exchange adjustments	2,609
At 31 March 2023	<u>43,875</u>
<b>Depreciation and impairment</b>	
At 1 April 2022	30,718
Depreciation charged in the year	2,300
Exchange adjustments	1,885
At 31 March 2023	<u>34,903</u>
<b>Carrying amount</b>	
At 31 March 2023	<u>8,972</u>
At 31 March 2022	<u>10,548</u>

## STEP (UK)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

#### 12 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Other debtors	-	8,480
Prepayments and accrued income	4,600	6,860
	<u>4,600</u>	<u>15,340</u>

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

	Notes	2023 £	2022 £
Deferred income	14	58,376	121,905
Other creditors		30,538	66,050
Accruals		3,694	5,506
		<u>92,608</u>	<u>193,461</u>

#### 14 Deferred income

	2023 £	2022 £
Arising from Project Funding	<u>58,376</u>	<u>121,905</u>

Deferred income is included in the financial statements as follows:

	2023 £	2022 £
Deferred income is included within:		
Current liabilities	<u>58,376</u>	<u>121,905</u>
Movements in the year:		
Deferred income at 1 April 2022	121,905	44,796
Released from previous periods	(121,905)	(44,796)
Resources deferred in the year	<u>58,376</u>	<u>121,905</u>
Deferred income at 31 March 2023	<u>58,376</u>	<u>121,905</u>

## STEP (UK)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 MARCH 2023

#### 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 2021	Incoming Resources	Resources Expended	Transfers	Foreign exchange gains and losses	Balance at 1 April 2022	Incoming Resources	Resources Expended	Transfers	Foreign exchange gains and losses	Balance at 31 March 2023
	£	£	£	£	£	£	£	£	£	£	£
UNHCR	(300)	321,609	(347,208)	25,899	-	-	296,718	(296,718)	-	-	-
St James's Place Charitable Foundation	2,481	29,030	(31,166)	-	13	358	32,953	(33,311)	-	-	-
Other donors [Refugees]	47,445	50,385	(28,925)	-	2,571	71,476	58,598	(52,237)	(2,294)	7,299	82,842
CARITAS Germany	19,893	97,722	(92,267)	-	946	26,294	40,592	(66,886)	-	-	-
US Foundation	12,123	-	(12,123)	-	-	-	-	-	-	-	-
Other donors [DIC]	-	1,001	-	-	37	1,038	955	(1,993)	-	-	-
Stanley Thomas Johnson Foundation	-	64,901	(56,918)	-	298	8,281	72,376	(72,289)	-	809	9,177
Tearfund Ireland	-	7,470	(6,314)	-	43	1,199	67	(1,266)	-	-	-
Other donors [Foster care]	-	5,659	(2,653)	-	112	3,118	2,335	(12,401)	6,948	-	-
Life Skills Training	-	-	-	-	-	-	28,000	-	-	-	28,000
	<u>81,642</u>	<u>577,777</u>	<u>(577,574)</u>	<u>25,899</u>	<u>4,020</u>	<u>111,764</u>	<u>532,594</u>	<u>(537,101)</u>	<u>4,654</u>	<u>8,108</u>	<u>120,019</u>

## STEP (UK)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 MARCH 2023

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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.

Life Skills Training - an individual donor has given funds for STEP to implement lifeskills training for young people.

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 2023

#### 16 Analysis of net assets between funds

	Unrestricted funds 2023 £	Restricted Funds 2023 £	Total 2023 £	Unrestricted funds 2022 £	Restricted Funds 2022 £	Total 2022 £
Fund balances at 31 March 2023 are represented by:						
Tangible assets	8,972	-	8,972	10,548	-	10,548
Current assets/ (liabilities)	122,420	120,019	242,439	161,820	111,764	273,584
	<u>131,392</u>	<u>120,019</u>	<u>251,411</u>	<u>172,368</u>	<u>111,764</u>	<u>284,132</u>

#### 17 Related party transactions

There were no disclosable related party transactions during the year (2022 - none).

#### 18 Cash generated from operations

	2023 £	2022 £
Deficit for the year	(49,801)	(25,001)
Adjustments for:		
Foreign exchange differences	16,356	9,913
Depreciation and impairment of tangible fixed assets	2,300	2,546
Movements in working capital:		
Decrease in debtors	10,740	320
(Decrease) in creditors	(37,324)	(11,031)
(Decrease)/increase in deferred income	(63,529)	77,109
<b>Cash (absorbed by)/generated from operations</b>	<u>(121,258)</u>	<u>53,856</u>

#### 19 Analysis of changes in net funds

The charity had no debt during the year.