



**STEP (UK)**

**Annual Report and  
Financial Statements**

**1st April 2023-  
31st December 2023**



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

**STEP (UK)** is a child protection Charity working to improve the lives of vulnerable children and young people in the Kurdish region of Iraq.

We are working in:





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# TRUSTEE DIRECTOR'S REPORT

The Trustees, who are also directors, present their report and accounts for the year ended 31 December 2023.\*



STEP (UK) is a child protection Charity working to improve the lives of vulnerable children and young people in the Kurdish region of Iraq.

\*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 (FRS).



# MISSION

STEP's mission is to help the most vulnerable children in Iraq in a way that becomes locally sustainable.

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# VALUES

## **Integrity And Trustworthiness**

STEP values honesty and openness therefore aims to work in ways that build trust and accountability and promote transparency.

## **Professionalism**

STEP aims to do things with excellence and is committed to professional development, drawing on the evidence of 'what works' both from within the organisation and externally.

## **Human Dignity For All**

STEP cares about and aims to validate the dignity in all people, especially children.

## **Diversity and Inclusion**

STEP respects all people, irrespective of their nationality, ethnicity and religion, and works to create safe inclusive spaces.

## **Adaptability**

STEP wants to always be open responsive, flexible and innovative in how it responds to the context it operates in. STEP is keen to always be developing and learning as an organisation.

## **Child Participation**

The voice and opinion of children are central to everything we do. STEP ensures child consultation and participation, and ownership is embedded in every project.

# DESCRIPTION

STEP delivers safe spaces and child protection services for displaced and refugee children, including provision of psychosocial, educational, and recreational services. We focus on improving refugee children's **mental health** and **wellbeing**, by providing ways to process trauma and psychosocial support. Services for children with special needs are of special concern as these children and their families are often isolated without support. We treat every child as an individual, tailoring support to every unique case, mindful that out-of-school children are at greater risk of abuse and exploitation. We work to tackle the root causes e.g. discuss the benefits of education (of girls in particular) with parents, to work to gain permission for children to attend school. Through our work on establishing a Foster Care System, we also work closely with the Kurdish government to help influence systems and advocate for children's needs at a strategic level.

## REPORTING PERIOD

This report covers the period from the 1st of April 2023 to the 31st of December 2023. This is a shortened 9-month period, rather than a full year. The change has been made to bring the UK accounts in line with the reporting cycle in Iraq, the country where the charity operates. The calendar year basis is mandatory in Iraq, and the trustees have determined that it is more efficient to have put the two reporting cycles in line. We are also updating our systems and processes for reporting to ensure we are relating the impact we have achieved against our priorities and strategic objectives and the investments we've made to achieve these.

## 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

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.

**Recruitment of Trustees:** STEP advertises within a network of supporters and contacts, considering 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.

**Information Trustees Receive:** The trustees/directors met regularly throughout 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 9 months was £280,000 (2022/23: £593,000), of which £246,000 (2022/23: £532,000) was restricted money for humanitarian projects.

Factors contributing to reduced income  
(other than shortened reporting period):

Runoff of UNHCR contract (historically this accounted  
for about half of the charity's income)

The transfer of the Drop-In Centre to our local 'sister' charity STEP Iraq. This transfer has worked well. The main funder of the project prefers the new arrangement. We continue to work with STEP Iraq on the delivery and have obtained some additional funding for the project.

The bulk of the charity's restricted funding has been to support our programmes in the Arbat Refugee camp. Funders have continued to be supportive of our work with the children and families in the camp. We received sufficient funding to support our work in foster care, although the position remains challenging. An explanation of each restricted funding stream is included in note 17 in the accounts. Unrestricted income for the 9 months at £33,000 (2022/23: £61,000) is disappointing especially given the level of support costs in Iraq and the UK. There has however been a significant uptick in unrestricted funding in the first part of 2024, and we are confident that this year will show an improvement.

Operating expenditure for the 9 months at £268,000 (2022/23: £644,000) has fallen in line with the decline in income. Although we are disappointed to have lost the UNHCR contract, the resultant change in the cost base has illustrated the flexibility of our 'business model'. Support costs have remained at previous levels, but we anticipate that these will reduce going forward. Staff in Iraq continue to work for the same salaries, but in the UK, we inevitably face inflationary pressures. The net movement in funds for 9 months is a surplus of £19,000. This is encouraging but it is attributable to significant receipts of restricted funds in late 2023, which is due to be spent in 2024. Total funds as of 31 December 2023 stood at £270,000 of which £182,000 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

Agreed strategic objectives for the period:

1. Deliver child protection services and psychosocial support for refugees, internally displaced children and local children located in the Sulaymaniyah governorate in the Kurdish region of Iraq.
2. Continue the provision and support of education in the centres for vulnerable children
3. Continue supporting the government in the development of a government implemented foster care system







# CHILD WELFARE SERVICES AND SUSTAINABILITY PROGRAMMING

STEP continued to support families that fled due to conflict and are now in the Sulaymaniyah Governorate of Iraq. In the Syrian refugee camp STEP provides:

Direct services to children through our child friendly spaces

A Child Protection Unit (CPU)

Educational support

Tailored support of children with special needs

Psychosocial, peacebuilding and recreational activities

Our aim is to provide support tailored to the unique circumstances of each child, helping them to thrive.

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



# ARBAT REFUGEE CAMP (ARC)

In the Arbat Refugee camp, STEP implemented child protection services and the provision of psychosocial and educational support for children.

STEP has been providing child protection services in the Arbat Refugee camp since 2013.



## CHILD FRIENDLY SPACES

**1,402** different children (737 girls and 721 boys) and youth were provided age and gender appropriate community based psychosocial activities in the Arbat Refugee Camp, Sulaymaniyah.

A total of 232,770 visits were made to the child and youth friendly spaces.

We are the only provider of activities and education for children aged 3–5 in the camp. Our Little Friendly Space (LFS) provides structured activities specifically designed for early years development.

‘Through STEP’s Little Friendly Space and Child–Friendly Space, we’ve prepared children for school, prevented children from leaving school, and changed how parents interact with their children in the home. We made sure we’ve worked to a Code of Conduct in each of those spaces and the code was drawn up with input from the children.’ Rachel Newton – Founder

## CHILD PROTECTION UNIT (CPU)

Case management follow-up was provided for 113 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).

753 children benefitted from educational support

1,015 children benefitted from awareness sessions.

Staff developed and produced 5 activity/information leaflets, which were distributed in the camp. A total of 700 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 40 different children and their families benefitted.



## CLIMBING

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. Taking children out of the camp for an outdoor activity has empowered children and youth to take responsibility, address fears and learn to trust other people who are not from their ethnic background. It also encourages vital life skills like communication, teamwork, builds the children's confidence and resilience, and outdoor environments have been shown to have significant benefits for mental health. Climbing activities were provided for 150 participants (90 female and 60 male).





# YOUTH EMPOWERMENT

Life skills training was provided for young people, mostly university students. 910 students participated in 8 sessions.

The training covered the following topics:

LEADERSHIP

COMMUNICATION  
SKILLS

TEAMBUILDING

TIME  
MANAGEMENT

ADVOCACY AND  
ACTIVITY PLANNING

CV WRITING

INTERVIEW  
TECHNIQUES

COMMUNITY  
PROJECTS



# BARIKA REFUGEE CAMP (BRC)

## WOMEN AND GIRL'S EMPOWERMENT

STEP provided a safe place for Iranian refugee girls and women to feel confident and free and to express themselves.

The following services were provided:

Literacy classes: 28 different participants

English classes : 45 different participants

Awareness sessions : 139 different participants

Art activities: 45 different participants

Sewing classes : 30 different participants

Girls football sessions : 48 different participants

Walking/ climbing activities: 83 different participants

This project promoted gender equality. Roughly 400 families live in the Barika refugee camp and initially every woman was illiterate. STEP empowered women through exercise and education, to not just improve their own life and wellbeing but also the lives of their families and wider community.

“What really stands out is how much more confident and happier she seems. It’s made a real difference for our family”. (Husband)



# FOSTER CARE AND ADVOCACY

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.

STEP has continued to work with the Kurdish Regional Government to establish and develop a foster care system. As part of a pilot project, a government Foster Care Unit was established in 2016, this has now become a Foster Family Section (FFS). The Section is part of the Directorate of Social Care in Sulaimany, but has oversight from the High Committee of Foster Families at the Ministry of Labour and Social Affairs. STEP continues to provide technical support to the Ministry and Section; training and mentoring to the FFS social workers and staff to progress the delivery and implementation of this exciting, strategic change in the region.

The FFS has been functioning for six years and is staffed by a manager, seven social workers, and an administrator. Two experienced social workers moved on from the Section in May 2023 and were replaced by three new social workers. All staff are employed by the Kurdish Regional Government. During this reporting phase, social workers in Sulaimany were working reduced hours due to strike action resulting from Government salaries either not being paid at all or not being paid on time. The service was maintained. At the end of 2023 there were **22** approved foster families, **16** foster families have **17** children placed within them.

Two meetings with the Ministry took place and the Ministry approved seven procedural documents drafted by STEP and the FFS in Sulaimany. Seven training sessions were conducted with new social workers at the Section. There were also four training sessions for three newly approved foster families, in preparation for the placement of a child. Two practical trainings took place with six foster families who have children placed with them. The families came with their children and sessions were provided on the importance of different types of play in child development.

A session to raise awareness with judges was organised in August by the Ministry. STEP supported this by producing 5 short videos with the support of a UK High Court Judge and Clinical Psychologist. This is part of on-going work to raise awareness about the Foster Family System. STEP supported the social workers technically and financially, facilitating the social workers to conduct their home visits for three months. STEP continues to support the Section with IT support.

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



## STATISTICS (IN TOTAL 2016–2023)

- 488 Enquirers to the Foster Family Unit.
- 141 People attended an awareness presentation
- 48 Families applied to become a foster family
- 22 Approved foster families
- 3 Foster Families Deregistered
- 147 children assessed for placement



Since 2016, 21 different children have been supported through the Foster Family System with 26 placements.

2 children returned to the care home after the placement broke down.  
(For both children, the placement broke down twice. Both children were returned to the Care Home.

1 child is now in the Annexation process, and it has been arranged that the foster family who were deregistered, because of being unfit to foster are being given the child through Annexation. This raises serious child protection concerns.

2 children moved placements.

1 child came back into State Care after 45 days (about 1 and a half months) of being with their biological family and was placed back in the same foster family that they were previously with.

3 children have been reunified with their biological family.

Section staff in Suliemany delivered 9 training sessions to social workers in Erbil & Dohuk as part of the expansion of the Foster Family Service in 2023.

# TRAINING

In cooperation with Blue Autism 3 training sessions were provided for 12 staff working in the Department of Social Care operated care home. Training topic was the ABC model of understanding and managing behaviour in children.

Three training sessions on the topic of “working with children” were provided for 7 volunteers, to prepare them for providing activities with the children in the care home.

With the help of volunteers help 4 activity sessions for children in the 5–12 years old care home for both boys and for girls were provided

## CHILD PROTECTION AWARENESS RAISING

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.





# SUPPORTING INTERNALLY DISPLACED IRAQI CHILDREN IN PARTNERSHIP WITH STEP IRAQ

## DROP IN CENTRE (DIC)

The Drop-in Centre remained a safe place for many of the most vulnerable children in the city and surrounding area. It is located in the middle of the Bazaar where most of the children work or beg and is very well established, having first opened its doors to working children on the 2nd January 2002. The centre provides psychosocial activities, medical support, a space to play and learn with both small-group and one-on-one education. It has also become a place where children learn tolerance and acceptance of those who are different.

This financial year there were **12,548** visits to the DIC by **1,010** different children.

As a response to the needs identified, the centre staff distributed food packages to 15 vulnerable families.

### Education Provided:

**776** sessions of homework support sessions/ extra lessons were provided and **312** different children participated in the extra lessons.

Literacy classes, with **2532** visits by children to participate in literacy classes by **504** different children

School stationery was also provided for **87** children, with school books provided for **17** children.

### Case Study:

Sadya is 12 years old. She is internally displaced and visits the centre with four of her siblings. Their father is in jail, the children were very isolated and living in very poor conditions. Sadya's mother told our staff:

"My children's attitudes and behaviour at school have changed so much, and they are much better at forming friendships with other kids."

# SPECIAL THANKS AND APPRECIATION

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

Stanley Thomas Johnson Foundation

St. James's Place Foundation

Allan & Nesta Ferguson Charitable Trust

GCR

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 and children's jumpers

Given in kind gifts to the project





# CASE STUDIES

## ALI

Ali is an IDP, he is 6 years old and attended the DIC with some of his cousins. Sadly, Ali's father who worked in manual labour, fell from a tall building and he died. This was very traumatic for Ali. His family sent him out to work saying this was a part of his healing process.

STEP provided Ali with some sessions where he could talk about his concerns. He was interested in work and wanted to be with his cousins. We also visited his family to listen to his mother and to create a plan for helping Ali.



An action point was to register him in the regular schools but as he and his siblings had no official paperwork, their father was no longer able to follow up with this issue, and according to rules and regulations in Islam it is forbidden for a widow to see or to talk with strangers for four months and 10 days, we were unable to meet the time limit for registering the children in school.

STEP's staff pro-actively shared the family's circumstances with a head teacher, and thanks to our established relationship, succeeded in registering them in school provided:

1. The family follows up with official paperwork and this is prepared for next year
2. Ali is studying
3. STEP provides psychosocial support and educational support outside of school

We prepared Ali for the transition by encouraging him to participate in lessons in the DIC alongside activities to help build his self-confidence. Then we made a formal visit with Ali to Al-Rawwad Primary School, about three minutes away from the DIC, where his cousins' study. On Ali's first day of school, he visited the DIC. This photo shows him wearing the uniform that he was provided by the DIC and sitting to the school bag and stationery that he was also provided. He expressed his happiness and joy, as well as gratitude for how STEP staff treat him in the DIC. Ali continues to visit DIC with his cousins.



## SAYA

Saya is 15 years old. She has four siblings: a 13-year-old sister, a 10-year-old brother, an 8-year-old brother, and a 4-year-old brother. A neighbour, concerned by the struggles of Saya's family and the prolonged absence of her mother notified STEP's child protection team that the family required immediate assistance.

Our team conducted a home visit, where the social worker was informed that Saya's mother had left due to numerous marital problems, stemming from challenging economic circumstances. Saya, as the eldest child, bore the weight of household responsibilities, including caring for her siblings, her father, and managing domestic chores in her mother's absence.

Saya expressed her profound sadness to the social worker, explaining that she was constantly in tears, and experiencing tension, anxiety, and extreme fatigue due to her mother's extended absence. She had resorted to intermittent work with a group of girls in nearby farms, labouring for 12 hours a day for meagre earnings of approximately \$15. This led to her discontinuing her education, with no inclination to go back to school due to the economic hardships her family faced.

In response, the social worker formulated goals to address and alleviate the family's challenges, particularly for Saya. Community leaders were engaged to mediate the family dispute. They facilitated her mother's return home and provided psychological and social support. Group activities were initiated to foster a healthy family atmosphere, connecting family members and raising awareness about positive parenting methods, with an emphasis on how to support a teenage girl. The focus extended to meeting Saya's basic needs: psychological, social, and educational. Additionally, efforts were made to underscore the importance of education, promote its pursuit, and educate Saya's parents on the adverse effects of child labour. Our staff emphasized the negative impact of long hours and the strenuous nature of such work.

Now, Saya's situation has improved: she lives with both parents, who are striving to offer her support. Their mother's return home has brought stability and safety to Saya and her siblings.



# RISK MANAGEMENT AND OUTLOOK

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 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) now receives the majority of its funding in Sterling and Euros. 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.

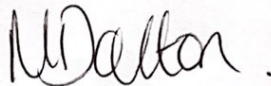
The charity's financial position at the end of 2023 is satisfactory with over £270,000 in reserves and cash balances in excess of £290,000. Nevertheless, the situation is challenging with a number of funding contracts running off. In particular, the deficit on unrestricted funds in the period under review is disturbing, although this is expected to improve in the coming year. 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. We work closely with our local 'sister' NGO STEP Iraq, and this partnership is seen by the trustees as key to our future operations and the eventual exit of STEP (UK) from Iraq.

## FOR MORE INFORMATION

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

The report was approved by the trustees on: 2<sup>nd</sup> Sept 2024



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

## **STEP (UK)**

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

#### ***FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 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 9 month period.

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 9 month period ended 31 December 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: 20 September 2024

# STEP (UK)

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

**FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2023**

		Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £
	Notes						
<b>Income and endowments from:</b>							
Donations and legacies	3	32,656	246,039	278,695	59,272	532,594	591,866
Other income	4	834	-	834	1,467	-	1,467
<b>Total income</b>		<b>33,490</b>	<b>246,039</b>	<b>279,529</b>	<b>60,739</b>	<b>532,594</b>	<b>593,333</b>
<b>Expenditure on:</b>							
Raising funds	5	6,892	-	6,892	7,413	-	7,413
Charitable activities	6	73,977	186,943	260,920	98,620	537,101	635,721
<b>Total expenditure</b>		<b>80,869</b>	<b>186,943</b>	<b>267,812</b>	<b>106,033</b>	<b>537,101</b>	<b>643,134</b>
<b>Net income/(expenditure)</b>		<b>(47,379)</b>	<b>59,096</b>	<b>11,717</b>	<b>(45,294)</b>	<b>(4,507)</b>	<b>(49,801)</b>
Transfers between funds		-	-	-	(4,654)	4,654	-
<b>Other recognised gains and losses:</b>							
Other gains	12	3,682	3,364	7,046	8,972	8,108	17,080
<b>Net movement in funds</b>	<b>7</b>	<b>(43,697)</b>	<b>62,460</b>	<b>18,763</b>	<b>(40,976)</b>	<b>8,255</b>	<b>(32,721)</b>
<b>Reconciliation of funds:</b>							
Fund balances at 1 April 2023		131,392	120,019	251,411	172,368	111,764	284,132
<b>Fund balances at 31 December 2023</b>		<b>87,695</b>	<b>182,479</b>	<b>270,174</b>	<b>131,392</b>	<b>120,019</b>	<b>251,411</b>

The statement of financial activities includes all gains and losses recognised in the 9 month period. All income and expenditure derive from continuing activities.



# STEP (UK)

## BALANCE SHEET

AS AT 31 DECEMBER 2023

	Notes	2023 £	£	2023 £	£
<b>Fixed assets</b>					
Tangible assets	13		6,320		8,972
<b>Current assets</b>					
Debtors	14	50,114		4,600	
Cash at bank and in hand		293,674		330,447	
		343,788		335,047	
<b>Creditors: amounts falling due within one year</b>	15	(79,934)		(92,608)	
<b>Net current assets</b>			263,854		242,439
<b>Total assets less current liabilities</b>			270,174		251,411
<b>The funds of the charity</b>					
Restricted income funds	17	182,479		120,019	
Unrestricted funds	18	87,695		131,392	
		270,174		251,411	

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the 9 month period ended 31 December 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 9 month period 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 2 September 2024



Ian Wilson (Treasurer)

Trustee

Company registration number 6285570 (England and Wales)

## STEP (UK)

### STATEMENT OF CASH FLOWS

**FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2023**

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	Notes	2023 £	£	2023 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	21		(36,773)		(121,258)
<b>Net cash used in investing activities</b>			-		-
<b>Net cash used in financing activities</b>			-		-
<b>Net decrease in cash and cash equivalents</b>			(36,773)		(121,258)
Cash and cash equivalents at beginning of 9 month period			330,447		451,705
<b>Cash and cash equivalents at end of 9 month period</b>			293,674		330,447

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# STEP (UK)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 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 Reporting period

The reporting period ended 31 December 2023 is a nine month period, the comparative period is for the twelve months ended 31 March 2023 and therefore the figures for the two accounting periods are not completely comparable.

##### 1.2 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. The principal accounting policies adopted are set out below.

##### 1.3 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.

##### 1.4 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 or grantors 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.

##### 1.5 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 9 MONTH PERIOD ENDED 31 DECEMBER 2023

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#### 1 Accounting policies

(Continued)

##### 1.6 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.

##### 1.7 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.

##### 1.8 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).

##### 1.9 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.

##### 1.10 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 9 MONTH PERIOD ENDED 31 DECEMBER 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.

#### 1.11 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.

#### 1.12 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 9 MONTH PERIOD ENDED 31 DECEMBER 2023

#### 3 Income from donations and legacies

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £
Donations and gifts	32,656	132,597	165,253	40,507	107,528	148,035
Legacies	-	-	-	18,765	-	18,765
Project funding for humanitarian relief	-	113,442	113,442	-	425,066	425,066
	<u>32,656</u>	<u>246,039</u>	<u>278,695</u>	<u>59,272</u>	<u>532,594</u>	<u>591,866</u>

#### 4 Other income

	Unrestricted funds 2023 £	Unrestricted funds 2023 £
Other income	834	1,467
	<u>834</u>	<u>1,467</u>

#### 5 Expenditure on raising funds

	Unrestricted funds 2023 £	Unrestricted funds 2023 £
<b>Fundraising and publicity</b>		
Staff costs	6,892	7,413
	<u>6,892</u>	<u>7,413</u>

## STEP (UK)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2023

#### 6 Expenditure on charitable activities

	Charitable activities 2023 £	Charitable activities 2023 £
<b>Direct costs</b>		
Staff costs	162,175	392,699
Depreciation and impairment	1,325	2,300
Drop-in Centre	1,612	6,954
Refugee children in camps	18,219	28,083
Foster Care	4,938	70,731
Mobile Teams - Internally Displaced Persons	-	2,042
	<u>188,269</u>	<u>502,809</u>
<b>Share of support and governance costs (see note 8)</b>		
Support	65,436	126,722
Governance	7,215	6,190
	<u>260,920</u>	<u>635,721</u>
<b>Analysis by fund</b>		
Unrestricted funds	73,977	98,620
Restricted funds	186,943	537,101
	<u>260,920</u>	<u>635,721</u>

#### 7 Net movement in funds

	2023 £	2023 £
The net movement in funds is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	<u>1,325</u>	<u>2,300</u>

## STEP (UK)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2023

#### 8 Support costs

	Support costs £	Governance costs £	2023 £	Support costs £	Governance costs £	2023 £
Staff costs	40,909	-	40,909	89,953	-	89,953
Office, general administration and bank charges	24,527	-	24,527	36,769	-	36,769
Audit fees - Iraq	-	3,535	3,535	-	3,369	3,369
Independent Examination Fees	-	3,680	3,680	-	2,821	2,821
	<u>65,436</u>	<u>7,215</u>	<u>72,651</u>	<u>126,722</u>	<u>6,190</u>	<u>132,912</u>
Analysed between Charitable activities	<u>65,436</u>	<u>7,215</u>	<u>72,651</u>	<u>126,722</u>	<u>6,190</u>	<u>132,912</u>

#### 9 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the 9 month period, or was reimbursed expenses.

#### 10 Employees

The average monthly number of employees during the 9 month period was:

	2023 Number	2023 Number
Office	9	11
Drop in Centre	2	4
Arbat Refugee Camp	21	21
Mobile Teams	-	25
Youth empowerment and child protection	1	1
Women empowerment	3	-
Total	<u>36</u>	<u>62</u>
<b>Employment costs</b>	<b>2023 £</b>	<b>2023 £</b>
Wages and salaries	200,021	465,658
Social security costs	9,955	24,407
	<u>209,976</u>	<u>490,065</u>



## STEP (UK)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2023

#### 10 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.

#### 11 Taxation

The charity is exempt from taxation on its activities because all its income is applied for charitable purposes.

#### 12 Other gains and losses

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £
Gains/(losses) upon:						
Foreign exchange	(3,682)	(3,364)	(7,046)	(8,972)	(8,108)	(17,080)

#### 13 Tangible fixed assets

	Plant and machinery £
<b>Cost</b>	
At 1 April 2023	43,875
Exchange adjustments	(1,306)
At 31 December 2023	42,569
<b>Depreciation and impairment</b>	
At 1 April 2023	34,903
Depreciation charged in the 9 month period	1,325
Exchange adjustments	21
At 31 December 2023	36,249
<b>Carrying amount</b>	
At 31 December 2023	6,320
At 31 March 2023	8,972

## STEP (UK)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2023

#### 14 Debtors

	2023 £	2023 £
<b>Amounts falling due within one year:</b>		
Other debtors	47,053	-
Prepayments and accrued income	3,061	4,600
	<u>50,114</u>	<u>4,600</u>

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

	Notes	2023 £	2023 £
Deferred income	16	41,688	58,376
Other creditors		31,211	30,538
Accruals		7,035	3,694
		<u>79,934</u>	<u>92,608</u>

#### 16 Deferred income

	2023 £	2023 £
Arising from Project Funding	<u>41,688</u>	<u>58,376</u>

Deferred income is included in the financial statements as follows:

	2023 £	2023 £
Deferred income is included within:		
Current liabilities	<u>41,688</u>	<u>58,376</u>
Movements in the 9 month period:		
Deferred income at 1 April 2023	58,376	121,905
Released from previous periods	(58,376)	(121,905)
Resources deferred in the 9 month period	<u>41,688</u>	<u>58,376</u>
Deferred income at 31 December 2023	<u>41,688</u>	<u>58,376</u>

## STEP (UK)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2023

#### 17 Restricted funds

The restricted funds of the charity comprise the unexpended balances of donations and grants held on trust subject to specific conditions by donors as to how they may be used.

	At 1 April 2023	Incoming resources	Resources expended	Transfers	Gains and losses	At 31 December 2023
	£	£	£	£	£	£
BFSS - DIC	-	19,826	(17,546)	-	43	2,323
St James's Place Charitable Foundation	-	8,139	(6,157)	-	37	2,019
Other donors [Refugees]	82,842	95,247	(78,644)	-	1,867	101,312
Stanley Thomas Johnson Foundation	9,177	59,577	(62,535)	-	117	6,336
Other donors [Foster care]	-	11,391	(11,073)	6,000	119	6,437
Life Skills Training	28,000	51,859	(10,988)	(6,000)	1,181	64,052
	<u>120,019</u>	<u>246,039</u>	<u>(186,943)</u>	<u>-</u>	<u>3,364</u>	<u>182,479</u>
<b>Previous year:</b>	<b>At 1 April 2022</b>	<b>Incoming resources</b>	<b>Resources expended</b>	<b>Transfers</b>	<b>Gains and losses</b>	<b>At 31 March 2023</b>
	£	£	£	£	£	£
UNHCR	-	296,718	(296,718)	-	-	-
St James's Place Charitable Foundation	358	32,953	(33,311)	-	-	-
Other donors [Refugees]	71,476	58,598	(52,237)	(2,294)	7,299	82,842
CARITAS Germany	26,294	40,592	(66,886)	-	-	-
Other donors [DIC]	1,038	955	(1,993)	-	-	-
Stanley Thomas Johnson Foundation	8,281	72,376	(72,289)	-	809	9,177
Tearfund Ireland	1,199	67	(1,266)	-	-	-
Other donors [Foster care]	3,118	2,335	(12,401)	6,948	-	-
Life Skills Training	-	28,000	-	-	-	28,000
	<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 9 MONTH PERIOD ENDED 31 DECEMBER 2023

#### 17 Restricted funds

(Continued)

UNHCR - child protection and promoting community cohesion through psychosocial support for children. Child protection and response service

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 the Drop-In Centre (DIC).

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

#### 18 Unrestricted funds

The unrestricted funds of the charity comprise the unexpended balances of donations and grants which are not subject to specific conditions by donors and grantors as to how they may be used. These include designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes.

	At 1 April 2023	Incoming resources	Resources expended	Transfers	Gains and losses	At 31 December 2023
	£	£	£	£	£	£
General funds	131,392	33,490	(80,869)	-	3,682	87,695
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Previous year:</b>	<b>At 1 April 2022</b>	<b>Incoming resources</b>	<b>Resources expended</b>	<b>Transfers</b>	<b>Gains and losses</b>	<b>At 31 March 2023</b>
	£	£	£	£	£	£
General funds	172,368	60,739	(106,033)	(4,654)	8,972	131,392
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## STEP (UK)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2023

#### 19 Analysis of net assets between funds

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £
<b>At 31 December 2023:</b>			
Tangible assets	6,320	-	6,320
Current assets/(liabilities)	81,374	182,480	263,854
	<u>87,694</u>	<u>182,480</u>	<u>270,174</u>

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £
<b>At 31 March 2023:</b>			
Tangible assets	8,972	-	8,972
Current assets/(liabilities)	122,420	120,019	242,439
	<u>131,392</u>	<u>120,019</u>	<u>251,411</u>

#### 20 Related party transactions

There were no disclosable related party transactions during the 9 month period (2023 - none).

#### 21 Cash generated from operations

	2023 £	2023 £
Surplus/(deficit) for the 9 month period	11,717	(49,801)
Adjustments for:		
Foreign exchange differences	8,373	16,356
Depreciation and impairment of tangible fixed assets	1,325	2,300
Movements in working capital:		
(Increase)/decrease in debtors	(45,514)	10,740
Increase/(decrease) in creditors	4,014	(37,324)
(Decrease) in deferred income	(16,688)	(63,529)
<b>Cash absorbed by operations</b>	<u>(36,773)</u>	<u>(121,258)</u>

#### 22 Analysis of changes in net funds

The charity had no material debt during the year.