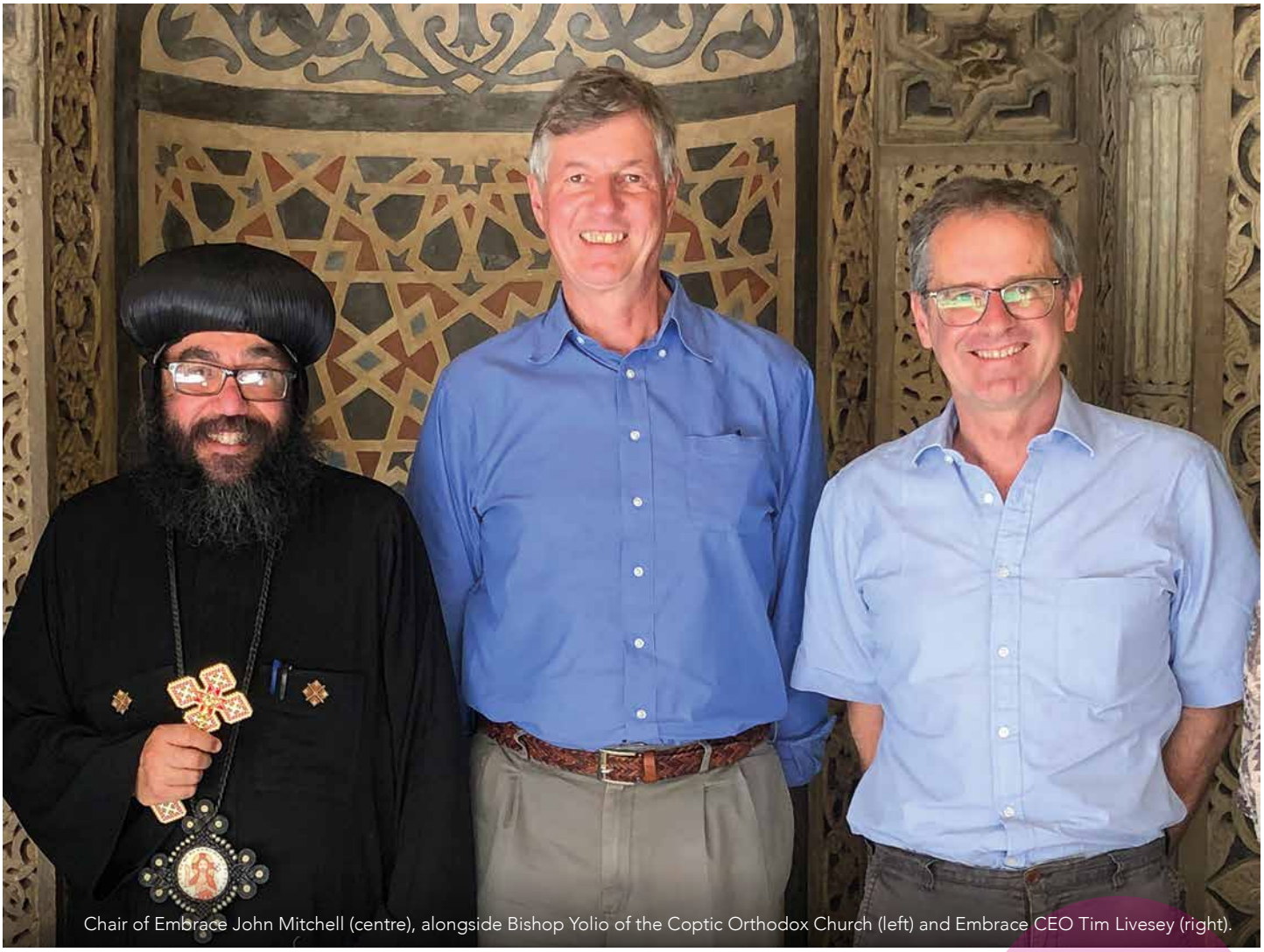
EMBRACE THE MIDDLE EAST

ANNUAL REPORT & ACCOUNTS 2022

EMBRACE the Middle East



Chair of Embrace John Mitchell (centre), alongside Bishop Yolio of the Coptic Orthodox Church (left) and Embrace CEO Tim Livesey (right).

A MESSAGE FROM **THE CHAIR OF TRUSTEES**

2022 was the year when we finally got to see partners again in person!

At Embrace we build relationship, capacity and understanding person to person and despite discovering clever ways to keep in touch digitally, after the two-year Covid induced moratorium on travel it was wonderful to visit and meet our partners and rediscover the benefits and joys of face to face contact.

I am delighted to be able to report that Embrace and our partners have continued to adapt admirably to the constraints imposed by the pandemic. It hasn't been easy, or comfortable, but we have managed to thrive through an unprecedented period when entire economies, including our own, were forced into lockdown, many grinding almost to a halt. We are enormously grateful to all those who have supported us during this period.

However, just as we were emerging from the pandemic in February 2022 there was another unwelcome, and unforeseen, shock – the war in Ukraine. This was followed a year later in February 2023 by the devastating earthquake that destroyed so many towns and villages in Turkey and Northern Syria.

The war in Ukraine had immediate and damaging consequences across the Middle East region. Food prices rose dramatically, as did energy and fuel costs. Coupled with other factors, this now

means that 80% of Lebanon's population is living below the poverty line. An extraordinary statistic. Egypt's currency has devalued by 50% in the past 12 months leading to a painfully sharp increase in the cost of living.

In the face of these challenges you, our supporters, have been extraordinarily generous. In particular, you responded to our Syria earthquake Appeal with exceptional generosity enabling us to provide immediate support to partners on the ground delivering emergency relief directly to thousands who survived the earthquake, but who had lost everything including their homes. Thank you!

The economic impact of the war in Ukraine here in the UK had serious consequences for Embrace - 2022 proved to be our most challenging year for fundraising (and trading) in almost a decade. As we redouble our fundraising efforts, we hope we can count on your prayers and unfailing generosity to help us to support our Christian partners as they transform the lives and livelihoods of the most marginalised in the Middle East.

Working together, you, we, and these courageous and inspirational partners will continue to do everything in our collective power to lift people up and witness to the transforming and compassionate love of God for all His people, and especially those most in need.

In this report you can read how prayer, vision and hard work can change lives. Thank you for being such a key part of this inspiring story of *Hope in Action*. Next year we look forward to celebrating 170 years of Embrace's unique telling of this powerful story.

John Mitchell OBE, 8th June 2023
Chair of Trustees

The Trustees of Embrace the Middle East, who are also Directors of the Charity for the purpose of the Companies Act 2006, are pleased to present their Annual Report, and the charity's audited consolidated financial statements, for the year ending 31 December 2022.

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EMBRACE the Middle East

Embrace the Middle East Group: Embrace the Middle East

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

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

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

WHO WE ARE **& WHAT WE DO...**

OUR **VISION**

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

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

OUR **MISSION**

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

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

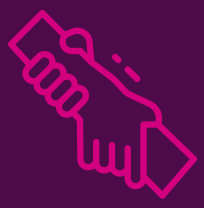
OUR **VALUES**

Respect, Compassion, Trust and Integrity.

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

Respect

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



Trust

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

Compassion

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

Integrity

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

THE CHARITY **IN NUMBERS**

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

Year ending 31 December	2017 £'000	2018 £'000	2019 £'000	2020 £'000	2021 (*restated) £'000	2022 £'000
Donations*	5,094	4,875	2,874	2,869	2,849	2,359
Legacies	1,437	1,269	1,288	823	1,022	1,054
Investment income	56	60	107	96	105	99
Other	57	71	77	72	79	74
Total Income	**6,643**	**6,275**	**4,346**	**3,860**	**4,055**	**3,586**
Grants	2,732	2,683	3,040	2,467	2,424	2,326
UK staff costs	984	1,165	1,238	1,206	1,301	1,263
Other costs	926	784	945	555	676	683
Total resources expended	**4,642**	**4,632**	**5,223**	**4,228**	**4,401**	**4,272**
Net surplus/(deficit)	**2,001**	**1,643**	**(877)**	**(368)**	**(346)**	**(686)**
UK charity income less costs	2,001	1,643	(877)	(368)	(346)	(686)

Assets as at 31 December	2017 £'000	2018 £'000	2019 £'000	2020 £'000	2021 (*Restated) £'000	2022 £'000
Investments	1,905	2,129	3,579	3,589	3,914	3,359
Cash at bank and in hand	4,741	6,198	4,416	4,005	3,494	2,585
Other net assets	950	761	575	618	756	965
Total funds	**7,596**	**9,088**	**8,570**	**8,212**	**8,164**	**6,909**

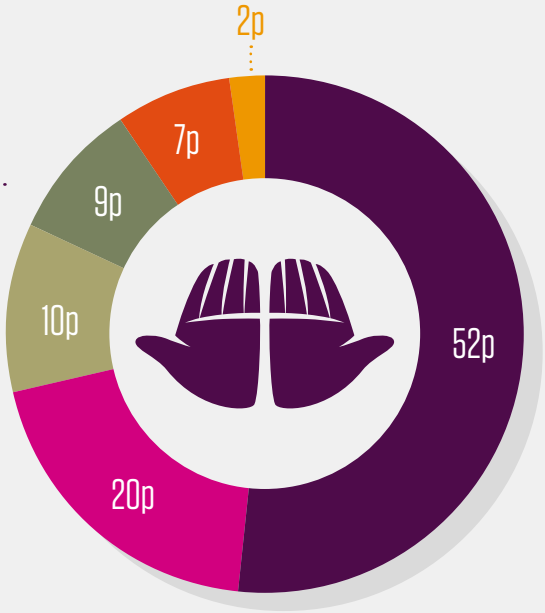
* The prior year figures for 2021 have been restated to fully eliminate inter-organisational transactions between the Charity and the Trading entity. The prior year figures for 2021 have also been restated to better reflect the income and expenditure of the charity on a comparable basis, year to year.

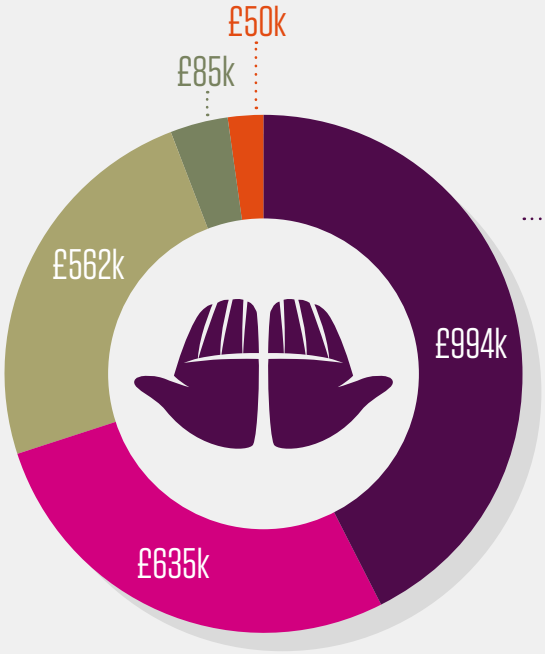
Further commentary on the 2022 results can be found in the 'Financial review' section on pages 24 - 25. In the pages that follow, we give details of what we and our partners achieved in 2022, compare our outcomes to the plan we set ourselves for the year, and set out our plans for 2023 and beyond.

THE CHARITY **IN NUMBERS** (continued)

Expenditure:
How each £1 donated is spent

- Grants to partners **52p per £1** (Overall exp. £2,366k)
- Other support to partners **20p** (£900k)
- Public Education and Engagement **10p** (£486k)
- Trading costs **9p** (£399k)
- Cost of generating funds **7p** (£331k)
- Governance **2p** (£91k)



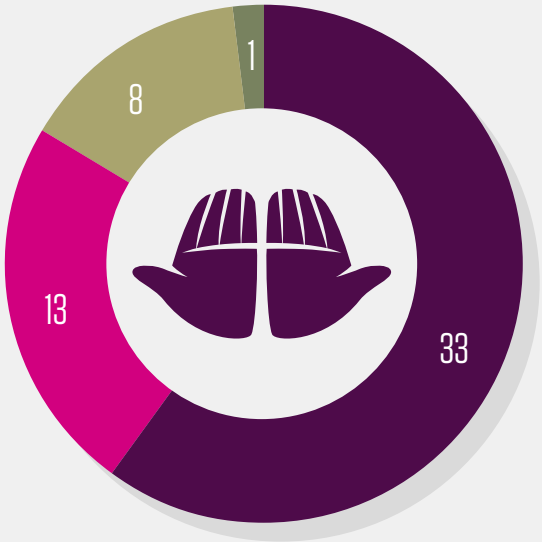


Grant: Spend by Country

- Palestine and Israel **£994k** (43%)
- Lebanon **£635k** (27%)
- Egypt **£562k** (24%)
- Iraq **£85k** (4%)
- Syria **£50k** (2%)

Types of Projects Supported

- Multi-annual **33 projects** (60%)
- Short-term **13 projects** (23.6%)
- Capacity building **8 projects** (14.5%)
- Olive tree **1 project** (1.9%)



OUR **IMPACT**

Although 2022 saw pandemic restrictions ease across the Middle East, it was another turbulent year. Rising tensions in Israel/Palestine led to a dramatic rise in killings on both sides - the highest for many years. In Gaza, after 15 years of blockade and embargo, conditions continued to deteriorate.

The dramatic rise in the cost of living in 2022 had a marked and detrimental impact on already marginalised and struggling communities across the Middle East. In Syria, humanitarian need was reported to be the highest since the war began in 2011. Lebanon and Egypt, countries particularly reliant on Russian and Ukrainian imports, were badly affected by the wheat crisis resulting from Russia's invasion of Ukraine.

This made 2022 another difficult and challenging year. Embrace-supported projects were a vital lifeline for many beneficiaries.

In 2022, we continued to support programmes in Egypt, Lebanon, Iraq, Israel/Palestine, and Syria, working to transform lives by:

TACKLING POVERTY & INJUSTICE

Working with communities at risk of marginalisation and exclusion.

RESPONDING TO CRISIS

Providing for practical needs and psychological support.

SPEAKING OUT

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

INVESTING IN THE FUTURE

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

TACKLING POVERTY & INJUSTICE

Embrace supports Middle East Christians working to transform lives, empower the disempowered and restore the dignity of those living on the margins.

IN 2022 WE PROMISED TO:

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

IN 2022 WE:

- Provided over £500,000 of support to health and social care services
- Supported 10 partners to support livelihood and income generation opportunities
- Empowered women and girls through 10 projects focused primarily on their needs, including health, education and social care
- Placed empowerment at the heart of our work, supporting 48 projects with a significant focus on inclusion, engagement and equality

HOW WE KEPT OUR PROMISE:

2022 saw the cost of living rise throughout the region, fuelled in part by instability resulting from the war in Ukraine.

Egypt and Lebanon were particularly affected by the wheat crisis (as they rely heavily on food imports from Russia and Ukraine) with significant spikes in food prices in 2022. The costs of fuel, medicine and education also rose throughout the year. For Lebanon and Syria this exacerbated the significant economic problems they already faced.

As economic conditions deteriorated, the projects we supported across the region were a vital lifeline, providing free healthcare, education, livelihoods support and specialist disability care for those on the margins.

June 2022 saw the 15th anniversary of the Gaza blockade. The impact of the blockade on Gaza's population of 2 million has been devastating. We continued to support the small Christian community providing vital services to a struggling population – including hospitals, schools and social support.

BAAHIR'S STORY: SPECIALIST DISABILITY CARE IN EGYPT

Baahir was 12 when he began to lose his sight and his whole world was turned upside-down.

He quickly began to depend on others to help him with all aspects of his daily life. His plans and hopes for the future evaporated and he became very withdrawn and shy.

Baahir found help through Embrace partner Life Vision, which works with people living with visual impairments in Egypt. In 2022 their 'Passport to Success programme' helped 125 children, including Baahir.

Thanks to the programme, Baahir was able to learn the skills he needed to cope with daily tasks and recover his independence.

At 14, Baahir has already mastered the art of reading Braille and voice typing on a computer. He has discovered a passion for music and recently joined his church choir. Now Baahir's ambition is to go to university to study music.

Left to right: Tahaddi Health Centre, Lebanon | Think & Do Life School, Egypt | SIRA School, West Bank.

HERE ARE JUST A FEW HIGHLIGHTS OF THE

Supporting **special educational needs** in the West Bank

SPECIAL EDUCATIONAL SUPPORT FOR ALMOST **200** CHILDREN

Embrace-supported SIRA schools in Jericho and Bethlehem in the West Bank provide specialist education, enabling children struggling in mainstream schools to get the support they need to thrive and continue their education. In 2022 the schools supported 191 children with a range of learning needs including dyslexia, dysgraphia, dyscalculia, and concentration difficulties. The schools work with each pupil individually, providing them with the skills and confidence to return to mainstream education – this year 29 students were able to return to mainstream schools.

"The school used teaching methods that encouraged me to love to study ...That was a huge change for me."

Neisha, SIRA pupil

Free healthcare for families on the margins in Lebanon

Embrace continued to support the Tahaddi Health Centre, providing free primary health services to refugees and vulnerable Lebanese families living in Hay el Gharbeh, an informal settlement and one of the most economically marginalised neighbourhoods of Beirut. In 2022 the Centre provided 5,211 medical consultations, seeing over 2,400 patients. The Embrace Medical Aid Fund also helped 1,371 individuals cover the cost of further specialist treatment when needed, including hospitalisations, medical scans and physiotherapy – helping to "bridge the gap" which often excludes people from the care they need.

PRIMARY HEALTHCARE FOR **2,400** PEOPLE

"If it was not for Tahaddi and their support, I believe my son would have died at home in my arms."

Mother of a 4-year-old patient

Rebuilding livelihoods in Iraq

In many parts of Iraq, communities are still struggling to recover from the effects of years of conflict.

In Faysh-Khabur village in Northern Iraq, the demise of the farming industry meant high unemployment and also high food prices, as food had to be imported from Turkey. The Embrace-supported project run by CAPNI helped the community prepare 100 dunams (25 acres) of fallow land for cultivation, install an irrigation system to bring water to a further 700 dunams of agricultural land and build three greenhouses for growing crops – bringing employment, training and economic benefits to over 120 families.

"I would like to thank CAPNI and their funders who are trying their best to provide job opportunities for young people and help the people of the village."

25-year-old Serop

PROJECTS WE SUPPORTED IN 2022.

Educational opportunities for women in rural Egypt

The Life Schools, run by Embrace partner Think & Do, provide literacy, arithmetic and vocational classes for women in rural Egypt who missed out on education as children. These skills help with everyday tasks we take for granted, like reading the instructions on a medicine packet or checking the cost of household bills. Gaining these skills, as well as having the support network of the other women they meet at the Life Schools, helps give the women the confidence they need to become more active, independent members of their communities. In 2022 the Life Schools were attended by 180 women from three villages in Upper Egypt.

EDUCATION AND VOCATIONAL TRAINING FOR **180** WOMEN

"I can now sell and buy in the market, pay the electricity bills and I can read the receipts."

Rana, Life School participant

Providing hospital treatment in Gaza

FREE HOSPITAL CARE FOR OVER **880** GAZANS

The extremely poor living conditions for people living on the margins in Gaza mean that while many suffer with health problems, few can afford treatment. Many cannot even afford the transport costs to reach a clinic or hospital. In 2022 Embrace funds allowed Al Ahli Hospital to provide free transportation, consultation, diagnosis and hospital treatment to 882 patients.

"This Christian hospital is a place of love and a place of hope."

Suhaila Tarazi, director of Al Ahli Hospital

RESPONDING TO CRISIS

Ours is a vision of faith, hope and love in action. Where there is a need, we and our Christian partners respond.

IN 2022 WE PROMISED TO:

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

IN 2022 WE:

- Continued to provide support to partners through the multi-year funding of 44 projects and services
- Provided funding for essential health care services in complex situations where basic services are at capacity or lacking; in Aleppo, Beirut and across Gaza our partners delivered high quality primary care which otherwise would have been out of reach for many
- Supported communities, and the refugee populations they host in three rural locations, to pilot sustainable agriculture solutions

HOW WE KEPT OUR PROMISE:

2022 saw an outbreak of cholera in Syria and Lebanon, the first since 1993 - a result of deteriorating living conditions across both countries suffering devastating economic crises.

We supported our partners as they responded to the threat by running awareness campaigns and preparing medical responses. We continued to support humanitarian programmes across both countries, providing vital healthcare and emergency supplies.

Rising tensions in Israel/Palestine meant that 2022 was the bloodiest 12 months in many years, with more than 150 Palestinians killed by the Israeli military and 29 Israelis dying in attacks by Palestinians. We continued to support the YMCA's psychological first aid programme for people, including children, affected by the violence and funded projects working for a just peace in the region.

So much of our partners' work provides support for people in crisis. Through funding programmes for refugees, women and children at risk of violence, and people struggling with addiction, we provided respite, hope, and a chance to break the cycle of deprivation for many individuals and families.

FLEEING WAR: A REFUGEE'S STORY

In 2022, Embrace continued to fund projects supporting refugees in Egypt.

Embrace grants helped provide food, clothing and cash assistance to 1,276 refugees through our partner Refuge Egypt. The project also provided 4-month English or Arabic language courses to help refugees overcome the language barrier, and provided assistance to help them find employment. The majority of the people Refuge Egypt help are adults, but some are children, like 14-year-old Samir:

Samir fled from his home in Darfur, in Sudan, where a brutal conflict has been raging since 2003. He lost his childhood to war, and then lost his family - who he saw killed in front of him. Samir managed to escape and fled to Egypt, but with no family, no home, and his education unfinished, he had little hope for the future.

Samir found safety through Refuge Egypt. He is now living in a shared home with financial support so that he can restart his studies and build a future for himself.

Left to right: East Jerusalem YMCA | Salaam Centre, Egypt | Tahaddi Social Support Programme, Lebanon.

HERE ARE JUST SOME OF THE WAYS WE

Funding hospital care during Syria's economic crisis

FUNDING FOR OVER **700** SURGICAL PROCEDURES

The continuing conflict and economic crisis in Syria meant that 2022 saw more people in need of humanitarian assistance than in any of the previous 11 years. Embrace funding for the Pontifical Mission's healthcare program in Aleppo, gave 982 Syrians access to vital hospital care. Over 700 surgical procedures were paid for.

"I'm extremely grateful for this medical support; without it I would not be able to cover my hospital bills and carry on with my life."

Faris, 18-year-old leukemia patient

Providing psychological First Aid in the West Bank

PSYCHOLOGICAL FIRST AID FOR OVER **9,000** PEOPLE

2022 saw a significant rise in the number of Israeli settler attacks on Palestinians in the West Bank. Embrace continued to support the East Jerusalem YMCA psychosocial support programme which provides therapy, counselling and psychological first aid to those affected, including children still in school. In 2022 the project responded to 530 emergency incidents and gave psychological first aid to 8,496 people.

"You have helped me restore my hope...without your intervention, I would have been lost."

14-year-old Rana, who received psychosocial counselling

Responding to the cholera outbreak

In August a cholera outbreak in Syria led to over 77,000 suspected cases and 100 deaths. By October the outbreak had crossed the border into Lebanon, leading to a further 6,000 cases and 23 recorded deaths. In response, our Lebanese partner Tahaddi launched an awareness campaign in the marginalised community where they work. The community was particularly susceptible to the spread of cholera due to cramped and poor living conditions, and a lack of running water. Via WhatsApp and 59 in-person education sessions, they gave guidance on cholera symptoms and advice on how to make water safe using chlorination. Tahaddi's medical team also made preparations to treat actual cases. Thanks to the swiftness and success of the awareness campaign, no cholera cases were reported in the community.

Tackling domestic violence in Egypt

SUPPORT FOR OVER **1,000** WOMEN FACING ABUSE

Many women in Egypt face gender-based violence and are often blamed if they speak out about their experience because of prejudice and pressures within the community. The Salaam Centre offers specialist support and works to raise awareness and reduce violence against women. In 2022, 360 women regularly attended their support groups, 200 married couples attended relationship crisis counselling and over 1,000 women accessed medical, legal and psychological services. Embrace also supported a pioneering women's shelter, run by partner Think & Do, which provides a safe haven for women who've escaped from abuse.

RESPONDED TO CRISIS IN 2022:

Distributing vital winter supplies in snow-hit Lebanon

Amid a spiralling economic crisis that pushed millions into poverty, Lebanon saw one of its coldest winters in the last 10 years.

In March 2022 Storm Greta hit, bringing snow and icy conditions to the country. Embrace partner MERATH distributed vital winter supplies to over 5,900 vulnerable families, including 6,000 blankets, 2,400 mattresses and 1,550 fuel vouchers.

"I hadn't known such a cold winter in a long time, it was very tough on us."

Lebanese citizen

SPEAKING OUT

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

IN 2022 WE PROMISED TO:

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

IN 2022 WE:

- Ran two webinars one on Christian Zionism and another exploring narratives related to the conflict in Israel and Palestine.
- Published 38 blogs and context pieces mostly authored by partners – all intended to shed light on partners' work, the challenges they are confronting, and human stories that illustrate the impact they have.
- Continued to inform and encourage active supporter, and wider public, engagement with events on the ground, in Israel and Palestine especially – including a letter campaign in response to the threatened move of the UK embassy from Tel Aviv.
- Ran an Encounter Tour to the Holy Land and two olive tree planting and harvesting visits to the West Bank.
- Launched the 'My Middle East' podcast.

HOW WE KEPT OUR PROMISE:

In 2022 we developed new and innovative ways to give voice to the concerns and lived experiences of Christians in the Middle East and advocate on their behalf in political and church circles.

We used blogs and podcasts to give digital voice to partners, and to shine a light not only on their challenges, concerns and hopes, but also on the context in which they work. We want more people to understand and engage with the courageous and committed work of Christians serving their communities – especially the most marginalised – and building cultures of peace, reconciliation and hope.

SIMON'S STORY: MY OLIVE HARVEST EXPERIENCE

Simon took part in the Embrace olive picking trip, travelling to the West Bank to help Palestinian farmers with their olive harvest.

During the trip, participants also got to meet local Christians, visit places off the tourist trail and learn about the region. Simon told us:

One of the important things about coming to Palestine is finding out what's happening on the ground here and the stories of the people, but also then having a duty to go back and to share those stories with other people in the church, so that other people are aware of the plight facing Palestinians and to try to encourage other people to come and experience for themselves what life is like here in Palestine.

Left to right: Olive planting in the West Bank | My Middle East podcast | UK Embassy, Tel Aviv.

HERE ARE A FEW MORE HIGHLIGHTS OF OUR

Increasing our **online advocacy**

BLOG VIEWS GREW BY **36%**

In 2022 we maintained and built on the momentum we had created in lockdown in the digital space, with a consistent stream of high-quality content published on our website, Facebook, Twitter and Instagram and a weekly e-mail. Our 38 published blogs received over 15,000 views in 2022, up from 11,000 in 2021. Our blogs touched on all six of the countries where we work, and a range of key events, from the publication of a key resource document 'We Choose Abundant Life' authored by Middle East theologians, to explanatory pieces looking at the elections in Israel and Lebanon, and the economic impact of the war in Ukraine.

"Thank God for Embrace and its partners bringing a different perspective."

Feedback for our blogs

Amplifying Middle Eastern voices through a new podcast

We published the first of a series of podcasts intended to open a window onto the Middle East through the personal reflections of partners and others. Six My Middle East podcasts were published in the first quarter of 2022. These were made available for download, or live listening on iTunes, Spotify and the Embrace website. Harvesting accurate data on the number of listeners is challenging because each platform records data differently, but we estimate the series was probably listened to by up to 2,000 individual listeners, with many listening to more than one, or all the podcasts. In September we began recording a second series of the podcast which were published in January and February 2023. A third series is being planned for later in 2023.

OVER **1,900** PODCAST WEBPAGE VIEWS AND 500 DOWNLOADS

"I listened twice to this podcast...so good to hear first-hand descriptions and experiences."

Comment from a listener

Webinars discussing key issues

8 WEBINARS HOSTED

We joined forces with Churches for Middle East Peace (CMEP) to run two webinar series which attracted large audiences – more than 400 actively participating online, and over 1,500 subsequent viewings of the course materials posted on the website. CMEP is an umbrella member organisation, representing around 30 member churches in the US with an interest in the Holy Land in particular, and Christians in the Middle East more generally. We began working with CMEP in 2021, lobbying the UN at the time of the last major Gaza bombardment. Our webinars series – each with 4 separate one-hour sessions - looked at Christian Zionism (series led by Colin Chapman) and the variety of Christian narratives and perspectives on the Holy Land.

"A really excellent course...thought-provoking and very well constructed."

Feedback for our Christian Zionism webinar series

Responding to Britain's planned Embassy move

We continued our active participation in a range of advocacy forums, including the Palestine Platform, where we work with others to promote better policy responses (government and church) to events in the Middle East. We had a good response to our MP letter writing campaign to protest Liz Truss' threatened move of the UK embassy from Tel Aviv to Jerusalem, with 450 downloads of our letter template.

"Moving the British Embassy is not simply ill-conceived, it risks further inflaming an already volatile situation."

Extract from letter to MPs

ADVOCACY WORK THIS YEAR:

Showing the realities of life in the region first hand

Post Covid we were again able to offer supporter visits to the region.

The Right Revd Rachel Treweek, Bishop of Gloucester, led a highly successful Encounter Tour to Israel and Palestine in February. A small group of volunteers planted olive trees in the West Bank, also in February, and a larger group of 15 volunteers travelled out in October to help farmers bring in their olive harvest. As churches emerged from Covid restrictions, the church engagement team were able to restart their programme of church visitations.

"We immersed ourselves in the stories of individuals and communities both in scripture and in the current day."

Rt Rev Rachel Treweek, Bishop of Gloucester

3
TRIPS TO THE REGION

INVESTING IN THE FUTURE

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

IN 2022 WE PROMISED TO:

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

IN 2022 WE:

- Diversified and enhanced our digital presence – growing our website visitor numbers by 18%
- We prioritised partner development with 14.5% of our grants supporting capacity-building projects

HOW WE KEPT OUR PROMISE:

Supporting partner development was a key priority this year and we helped fund a range of programmes to grow partner capacity including: purchasing equipment and software, and investing in specialist training, or strategic organisational, support.

In 2022 we also continued to grow our presence online, increasing visitor numbers to our website, and diversifying the ways supporters could engage in our work and support Christians in the Middle East – adding a new Weekly Devotions section to our website, running two webinars and offering Lent and Advent Reflections emails.

Left to right: Caritas Jerusalem's Mobile Medical Centre, Gaza | Webshop Product Maker | Refuge Egypt medical training programme.

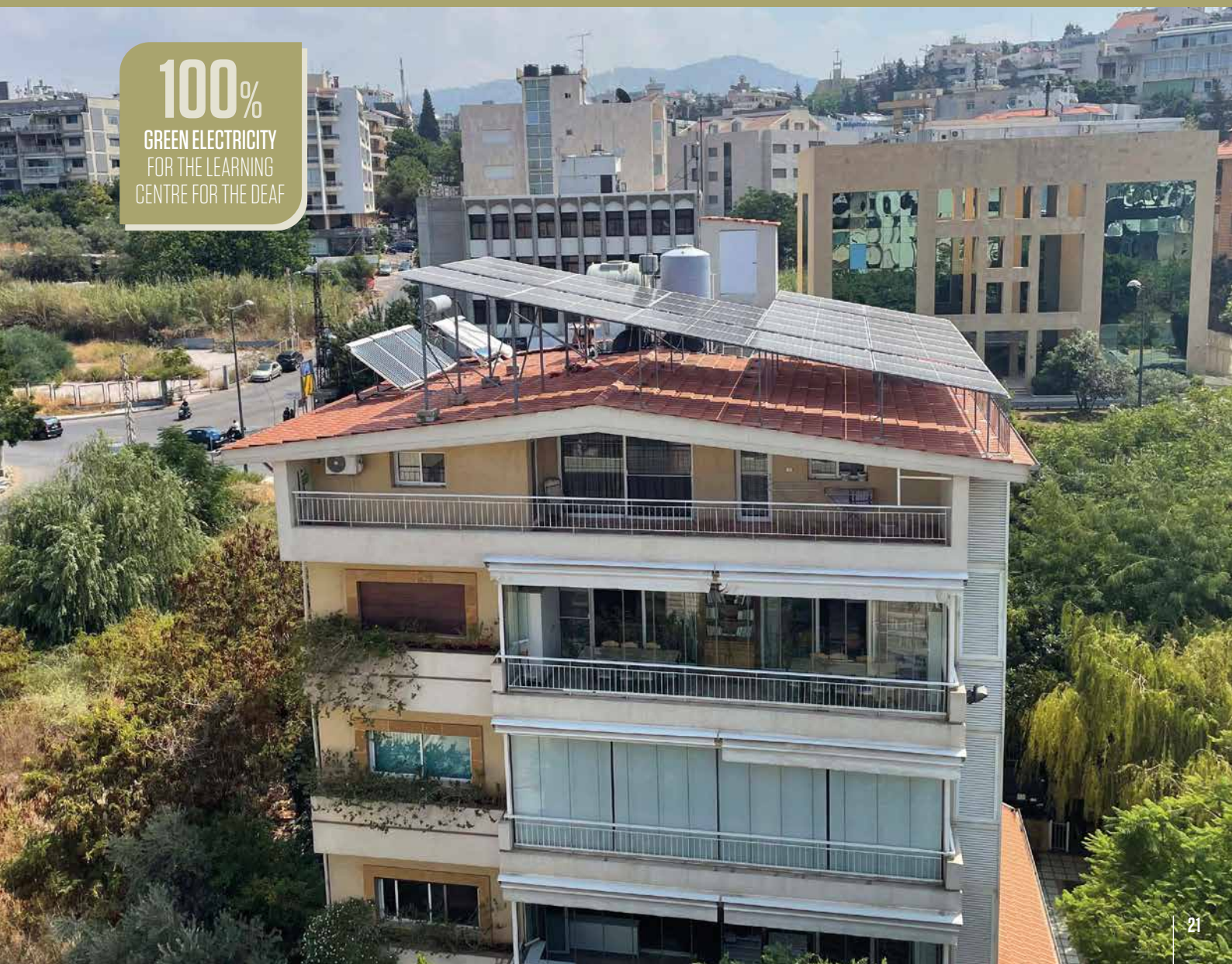
HERE ARE A FEW EXAMPLES OF HOW WE INVESTED IN THE FUTURE IN 2022:

Investing in solar energy in Lebanon

In 2022 Embrace funded the installation of a solar system at the Learning Centre for the Deaf (LCD) in Lebanon.

Thirty-three solar panels were installed on the roof, along with storage batteries. These provided enough power to run the air conditioning and all other electricity needs – with some power left over to feed into the national grid. Lebanon's electricity supply is costly and unreliable (with as little as 2 hours of state-supplied electricity a day). The new system provides cheap, reliable, green energy, and a more sustainable future for the centre.

> **"We are just so blessed ... we now have continuous electricity."**
>
> **Dr Hussein Ismail, Learning Centre for the Deaf CEO**



HERE ARE A FEW EXAMPLES OF HOW WE INVESTED IN THE FUTURE IN 2022:

Improving digital systems for partners in the Holy Land

6
NEW TABLET COMPUTERS

Embrace invested in a new data management system for our partner Caritas Jerusalem and 6 new tablet computers. This allowed them to centralise and streamline their processes. The more efficient and cost-effective system means medical teams in the field can easily access patient records and medicine supply stock levels, improving the medical service they give to patients in the West Bank and Gaza.

> **"This new system will greatly help the organisation and almost all its employees."**
> Caritas Jerusalem

Providing specialist medical training for doctors in Egypt

ADVANCED MEDICAL TRAINING FOR
8
DOCTORS

Embrace invests in specialist training and skills for many partners. In 2022 Embrace funding allowed five doctors from our partner Refuge Egypt were able to participate in a four-day practical medical training course on the use of ultrasound. Much medical training in Egypt is done through theory, so a hands-on course with the opportunity to practise with patients, as well as receive training on the more advanced uses of ultrasound, was invaluable. The skills learnt will help with the more complex cases seen at Refuge Egypt's clinic, allowing for more detailed ultrasounds, better diagnoses and more effective treatment.

> **"I'm excited for the impact this training will have on making more complex diagnoses."**
> Dr. Samuel, Refuge Egypt

Investing in our customers

In 2022 we launched a new, improved webshop and began increasing our range of products. We introduced a new selection of Alternative Gifts and launched our Meet the Maker blog. This allows our customers to learn more about the products we sell and the direct benefits their trade brings to communities in the Middle East. We also moved our fulfilment house to Mosaic Fulfilment Solutions so customers benefit from a faster delivery service and specialised customer care.

> **"It is heart-warming to think that, in a small way, you are helping to give encouragement to the craft people in towns like Nablus."**
> Webshop customer feedback

Offering more online for supporters

18%
GROWTH IN WEBSITE VISITS

In 2022 we continued to build our digital presence. Innovations such as our new Weekly Devotions, and the Stories section helped grow the popularity of our website. 44,000 unique visitors came to our website in 2022 – an 18% rise on the previous year. We continued to diversify our supporter resources, running two online webinars and offering Lent and Advent Reflections via email. These proved popular, with more than 2,700 people signing up to receive the emails.

> **"Thank you for sharing these stories ... it informs our prayer and fills us with compassion for those suffering."**
> Feedback for the website

PRIORITIES FOR 2023

Our plans for 2023 are based on Hope in Action: Strengthening Christian Service in the Middle East, our strategic plan 2021-25. The plan can be downloaded from our website: embraceme.org/five-year-strategy

TACKLING POVERTY & INJUSTICE

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

RESPONDING TO CRISIS

- Provide targeted grants that keep services running and deliver essential extra support in on-going crises and emergency situations.

SPEAKING OUT

- Speaking out and encouraging supporters to engage actively in support of justice and equal rights for all.
- Creating resources that inform and nourish church and individual engagement with the life and social witness of Christians in the region.

INVESTING IN THE FUTURE

- Provide targeted investment in our partners, supporting their plans for development and growth.
- Developing our skills, our people (including volunteers) and our systems to maximise impact in support of Embrace's mission.

FINANCIAL REVIEW OF 2022

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

OVERVIEW

2022 was a challenging year for the charity. Having weathered the storm of Covid, and lockdowns in 2020 and 2021, like all UK charities, we were hit by the global economic downturn following Russia's invasion of Ukraine in February. A number of unforeseen and adverse consequences resulted, including the rapid onset of a huge energy price rises, a cost-of-living squeeze, higher interest rates, and unavoidable increases in some of the charity's costs, including staff.

These adverse global and national trends fed through to Embrace's balance sheet, and income and expenditure figures. Our end of year results would have been significantly worse had management not succeeded in keeping non-grant expenditure to a minimum, and well below budget at £2,246k (2021: £2,281k), whilst maintaining our planned grant spend in support of partners at £2,326k (2021: £2,424k).

This reduction in planned non-grant expenditure helped reduce what would have otherwise been a deficit in excess of £1.5m, reflecting reduced income (£550k down compared with 2021), and £570k of net investment portfolio losses.

The higher than planned deficit, taken together with the significant (but we hope temporary) loss in the value of our investment portfolio in 2022 has reduced our free reserves significantly, from 19 months of non-grant spend (after designations) in 2021, to ten months in 2022. It is worth noting however that this brings free reserves back within the target range as set out by our reserves policy, as revised in 2022.

We recruited a new Director of Fundraising towards the end of 2022, and two new team members in 2023, and have already seen a significant upturn in our fundraising performance in 2023, prior to publication of this report. If this can be maintained, markets revive and our investments regain lost value, we would expect to return to a more favourable financial position by the end of 2023 and into 2024.

INCOME

Total income for 2022 was £3,811k (2021: £4,361k) - a reduction of £550k or 13% versus the previous year. As mentioned above, this reflects the significant economic downturn in the UK, and the adverse impact this had on our fundraising activities. Underlying donations showed a 17% decline on the previous year. Whilst legacy income held up relatively well, this was also 3% down on the previous year. Income from Embrace's trading operation was also 20% below the previous year.

EXPENDITURE

Total expenditure in 2022 was £4,573k (2021: £4,705k), £132k or just 3% lower than 2021.

The cost of generating funds was 17% less than the previous year at £331k (2021: £397k), due to some reduction in staff costs, supporter engagement, and related support costs.

However, in line with plan, the cost of charitable activities was almost maintained at £3,843k (2021: £3,902k), being 2% behind the prior year. This reflects the charity's aim to maintain (or increase) support to our partners as circumstances allow. Grants paid to our partners were £2,326k (2021: £2,424k). A list of grant spend, by partner, can be found in the notes to the consolidated financial statements (page 44).

Support costs were roughly in line with 2022 at £435k (2021: £413k).

BALANCE SHEET

The charity, including the trading subsidiary, continues to show a strong balance sheet, despite the difficulties of this financial year. We ended 2022 with total funds of £6,931k (2021: £8,263k). General unrestricted free reserves amounted to £1,952k at the end of 2022, a reduction of £1,776k on the 2021 year-end figure of £3,728k.

However, this reduction is partly a result of an increased level of designation to help ensure the future sustainability of the organisation, (reflecting the forecast requirements, including projected deficits, of the remaining period of our five-year financial model to 2025). Our reserves position is discussed further below. It is pleasing to note that despite the reduction in free reserves, the organisation remains in a healthy financial position as we move into a new financial year.

RESERVES AND INVESTMENT POLICY

Trustees monitor the charity's reserves position regularly and

formally review the reserves policy every two years. A formal review took place during 2022-23, resulting in a revised policy which can be summarised as follows:

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

In line with this policy, the Trustees have also reviewed the required level of funds that they believe should be designated for specific purposes. This is, and will continue to be, reviewed on a regular basis.

Designations have been agreed to cover the equivalent of twelve months of the charity's committed multi-annual core grants programme, equating to £1,800k in 2022 (2021: £2,700), plus an additional £2,207k (2021: £846k) to safeguard the ongoing sustainability of the organisation for the longer term.

The charity's free reserves, after designations, in 2022 should fall within the range £2,312k and £1,156k. This range represents between 6 and 12 months of budgeted non-grant expenditure, in line with the reserves policy as stated above. As noted above, the audited figure for free reserves was £1,952k at the end of 2022, approximately equal to ten months of budgeted non-grant expenditure. Whilst this reflects a reduction from 2021, the level of free reserves still falls within the Trustees target banding range and is deemed appropriate to help ensure the continued financial resilience of the charity.

Restricted funds amounted to £65k at the end of 2022 (2021: £1k) and further information is detailed in Note 17 to the financial statements.

GOING CONCERN

The charity ended 2022 in a weaker financial position than it began the year. This was foreseen as early as mid-2022 when we published our 2021 Annual Report. We reported then as follows: current turbulence in the economy and global markets will have some negative impact on our investment portfolio. Also, we expect some impact on donations and expenditure due to higher inflation and rising costs.

In fact, the impact of the war in Ukraine, especially on the ability of our generous donors to give to the charity, compounded what was already expected to be a challenging year. Notwithstanding this, the signs are already very positive, and indicate at least a partial, if not full, recovery in our income streams. Voluntary income and legacy income in the first half of the year has been very encouraging. So too has support from Trusts and higher value donors. Year to date legacy income was higher than at the same period in 2022, indicating our legacy pipeline is healthy.

Whilst cognisant of the need to remain prudent in terms of expenditure – for example budgeting for a small (and hopefully temporary) reduction in grant in 2023 (down from £2,500k to £2,250k) the Board believes that income will recover sufficiently for them to conclude with confidence that Embrace the Middle East remains, very much, a going concern.

Embrace the Middle East would like to acknowledge the generosity of the following charitable organisations during 2022:

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

OUR CHARITABLE OBJECTIVES AND OUR ORGANISATIONAL STRUCTURE

LEGAL BASIS

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

OBJECTIVES, PRINCIPAL ACTIVITIES AND PUBLIC BENEFIT

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

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

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

We raise funds in the UK to support this work, primarily through a large body of individual donors, but also through a number of generous trusts. These funds are used to support our partners and their work through short-term and multi-annual grants. As part of our commitment to long-term partnership nonfinancial assistance may also be provided. This includes capacity building, advocacy for positive change, as well as facilitating encounters between UK Christians and our partners and their beneficiaries.

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

The trustees confirm that in agreeing the objectives and planned activities of the charity in 2022, they have had regard to the Charity Commission's guidance on public benefit, including the guidance 'public benefit: running a charity (PB2)'. In September 2020, following consultation with the Charity Commission, the trustees voted to amend the charity's charitable object to better reflect the role that educating the public about the social outreach of Middle East Christians plays in the charity's overall mission. Also in September 2020, the trustees agreed a five-year strategy (Hope in Action: 2021-25). Underpinned by an agreed financial framework, this strategy will guide and support the aims, and ambition, of the charity through to 2025.

GOVERNANCE

The governing body of the company is the Board of Trustees, whose members are also Directors of the company. Trustees who served during 2022, and up to the date of this report, are listed under 'Who we are' on page 30.

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

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

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

In 2022 the Governance and Resources and Programmes and

Public Engagement Committees each met twice, and the Officers and Chairs Committee four times. The Board met four times during the year – in March, June, September and December.

TRUSTEE RECRUITMENT AND TRAINING

One new trustee Josh Harris joined in the Board in September 2022, and two trustees stood down in March 2023 – Madeleine Radford and Dr Souraya Bechealany. Trustees are recruited through an open and transparent process, including by public advertisement on charity job websites, and are selected on the basis that they have the professional skills and experience required for the charity to operate effectively. The charity strives to ensure that the Board is both gender-balanced and diverse, and includes trustees from a range of denominations. Trustees are elected for a three-year term which may be renewed, up to a maximum of nine years.

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

New trustees receive an induction from the Chief Executive, covering their legal obligations under charity and company law, the procedures of the Board and its committees, the strategic plan and Trustees' Annual Report, and the recent financial performance of the charity. Trustees are encouraged to attend appropriate external training events where these will facilitate or enhance their capacity to fulfil their role. Typically, training is focused on good governance, legal and financial compliance and safeguarding. Trustees are expected to make a familiarisation visit to one of the countries in which the charity operates to better understand the work of Embrace the Middle East and our partners. Longer serving trustees may make more than one visit. In 2022 visits involving three trustees were made to Egypt and Iraq.

MANAGEMENT AND ORGANISATIONAL STRUCTURE

Trustees, working through the Board and its committees, are the ultimate decision makers for Embrace the Middle East. They entrust day-to-day management of the Charity to a senior leadership team, which operates within a framework, and a specified Scheme of Delegation, set by the trustees. The senior leadership team (known as the Leadership Group) is led by the Chief Executive and comprises the three Directors of Programmes and Advocacy, Fundraising and Communications and Shared Services, plus the Head of Human Resources. The Senior Finance Adviser attends as required. Members of the Leadership Group and other senior staff members may attend Board meetings, but do not vote.

PAY POLICY FOR KEY MANAGEMENT

The key management personnel of the charity comprise the trustees, the Chief Executive, the Directors of Programmes and Advocacy, Fundraising and Communications, and Shared Services, the Heads of Human Resources and Trading and Senior Finance Adviser.

The total employee benefits of the Leadership Group in 2022 were £370k (2021: £341k). Details can be found in note 7 to the accounts found on page 45. Remuneration and benefits for executive management are determined on the basis of performance and periodic peer sector benchmarking. In the case of the Chief Executive this power is delegated by the Board to the Officers and Chairs Committee. In the case of other management personnel, pay and benefits are determined by the Chief Executive, subject to an overall budget agreed by the trustees.

In 2020 the charity undertook a fundamental review of its safeguarding policy and practice in a determined effort to maintain the highest possible standards, in line with best practice. Signature of, and adherence to, new codes of conduct by all staff, volunteers and third parties coming into contact with partners, or their beneficiaries, is mandatory. The charity has instituted a revised

and updated safeguarding policy and framework for the reporting of concerns, or suspicions, of abuse, neglect or malpractice. A Safeguarding Committee comprising staff from all parts of the charity, including – but operationally independent of – senior management, is responsible for advising on all matters related to safeguarding best practice, and the adjudication of cases of concern referred to it.

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

A copy of the charity's safeguarding policy is available on the website embraceme.org/safeguarding.

RISK MANAGEMENT

The charity's Risk Management policy is reviewed annually and the risk register as a whole, or where appropriate particular risks, are reviewed each time the Board, or one of its standing committees meets. During 2022 risks arising from the global economic downturn, post the invasion of Ukraine, and the chilling effect this had on the charity's fundraising and trading performance merited special attention. The Board describes its overall approach to risk as follows:

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

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

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

New risks, new variants of existing risks, and additional mitigation added to the register in 2022 included risks to income, staff welfare connected to remote working, heightened cyber threats and exceptionally challenging trading conditions.

STATEMENT OF FUNDRAISING PRACTICE

In accordance with the Charities (Protection and Social Investment) Act 2016, the following statement outlines the fundraising practice of Embrace the Middle East in 2022:

'Embrace the Middle East is registered with the Fundraising Regulator and adheres strictly to their Code of Fundraising Practice and all legal obligations. In 2022 there were no failures to comply with this Code of Practice. In addition, we do not sell or swap data with other charities or organisations or make any cold telephone calls to the general public. We have not used SMS as part of our fundraising portfolio.'

In 2022 Embrace did not contract the services of any professional fundraisers as defined by section 58 of the Charities Act 1992. During the year we received 2 complaints about our fundraising practice (2021:4) in response to over 75,084 pieces of fundraising direct mail that were sent out. We are pleased by this reduction. We received no other complaints about fundraising. We do not engage in persistent or intrusive fundraising practices and are especially sensitive to the interests of older and more vulnerable supporters or potential supporters. We act promptly on requests from supporters to change their contact preferences, and comply with all requests to cease contact received through the Fundraising Preference Service.

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

Left to right: Life Vision, Egypt | Tahaddi Sewing Atelier, Lebanon | Child Friendly Spaces, Syria.

WHO **WE ARE**

TRUSTEES

John Mitchell OBE
(Chair of Trustees)

Dr Souraya Bechealany
(until March 2023)

Anne Clayton
(Vice Chair of Trustees)

Rev Josh Harris
(since September 2022)

Rev Dr James Hawkey
(Chair of Programmes and Public Engagement Committee)

Katie Hodkinson

Rev Dr Munther Isaac

Dr Kathryn Shah

Ben Morgan
(Chair of Governance and Resources Committee)

Mary Oakes

Madeleine Radford
(until March 2023)

Victoria Smith
(Treasurer)

Katharine von Schubert

Chris Woo

PATRONS

His Eminence Archbishop Angaelos OBE, Bishop of the Coptic Orthodox Diocese of London

Rt Rev Christopher Chessun, Anglican Bishop of Southwark

Rev David Coffey OBE, former President, Baptist World Alliance

Rt Rev Dr Michael Langrish, former Anglican Bishop of Exeter

Very Rev Dr Andrew McLellan CBE, Convener, World Mission Council of the Church of Scotland

Most Rev Timothy Radcliffe OP, former Master of the Order of Preachers *(Dominicans)*

LEADERSHIP GROUP

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

Jamie Eyre *(Director of Programmes and Advocacy)*

Faramade Rees *(Head of Finance until September 2022)*

Lucy Insua *(Human Resources Manager)*

Sam Mackwell *(Head of Information Systems & Security until November 2022 then Director of Shared Services)*

Amy Parr *(Head of Trading until April 2022)*

Ian Livett *(Director of Fundraising and Communications from November 2022)*

REGISTERED OFFICE

24 London Road West
Amersham
Buckinghamshire
HP7 0EZ

AUDITORS

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

BANKERS

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

Close Brothers Limited
10 Crown Place
London
EC2A 4FT

INVESTMENT ADVISORS

Investec Wealth and Investments
2 Gresham Street
London
EC2V 7QN

Epworth Investments Management Limited
9 Bonhill Street
London
EC2A 4PE

Investment Management Limited
Senator House
85 Queen Victoria Street
London
EC4V 4ET

STATEMENT OF **TRUSTEES' RESPONSIBILITY**

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

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

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

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the trustees are aware:

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

Approved by the Board of Trustees on 8 June 2023 and signed on its behalf by:

John Mitchell OBE,
Chair of Trustees

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

OPINION

We have audited the financial statements of Embrace the Middle East (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Consolidated Cash Flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 December 2022, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the trustees annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and sufficient accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the trustees' responsibilities statement set out on page 31, the trustees (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the groups and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

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

USE OF OUR REPORT

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

Michelle Wilkes FCA
For and on behalf of Azets Audit Services

Senior Statutory Auditor
Greytown house
221-227 High Street
Orpington
Kent
BR6 0NZ

Azets Audit Services Limited

12 July 2023

CONSOLIDATED STATEMENT OF **FINANCIAL ACTIVITIES**

For the year ended 31 December 2022 (incorporating an income and expenditure account)

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2022 £'000	Total Funds 2021 (*restated) £'000
Income:					
Donations and legacies	3	2,244	1,076	3,320	3,778
Charitable activities	3	48	-	48	61
Trading activities	2	318	-	318	399
Investments		99	-	99	105
Other income		26	-	26	18
Total Income		**2,735**	**1,076**	**3,811**	**4,361**
Expenditure:					
Cost of fundraising	4	331	-	331	397
Trading activties	2	399	-	399	406
Charitable activities	3	2,831	1,012	3,843	3,902
Total Expenditure		**3,561**	**1,012**	**4,573**	**4,705**
Net Income / Expenditure on operations		**(826)**	**64**	**(762)**	**(345)**
Net gains on investments	10	(570)	-	(570)	299
Net Income/(Expenditure) on operations after net gains / (losses) on investments		**(1,396)**	**64**	**(1,332)**	**(46)**
Net movement in funds		**(1,396)**	**64**	**(1,332)**	**(46)**
Reconciliation of funds:					
Total funds brought forward		8,262	1	8,263	8,309
Total fund carried forward		6,866	65	6,931	8,263

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

All income and expenditure derive from continuing activities.

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

* 2021 comparatives have been restated to better reflect the income and expenditure of charitable activities on a comparable basis, year to year. The figures are also restated to fully eliminate inter-organisational transactions between the Charity and the Trading entity (though the overall impact to Net Income / (Expenditure) is nil).

CONSOLIDATED STATEMENT OF **FINANCIAL ACTIVITIES** 2021

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

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2021 (*restated) £'000	Total Funds 2020 £'000
Income:					
Donations and legacies	3	2,629	1,149	3,778	3,692
Charitable activities	3	61	-	61	55
Trading activities	2	399	-	399	383
Investments		105	-	105	96
Other income		18	-	18	17
Total Income		**3,212**	**1,149**	**4,361**	**4,243**
Expenditure:					
Cost of fundraising	4	397	-	397	636
Trading activties	2	406	-	406	329
Charitable activities	3	2,716	1,186	3,902	3,592
Total Expenditure		**3,519**	**1,186**	**4,705**	**4,557**
Net Income / Expenditure on operations		**(308)**	**(37)**	**(345)**	**(314)**
Net gains on investments	10	299	-	299	10
Net Income/(Expenditure) on operations after net gains / (losses) on investments		**(9)**	**(37)**	**(46)**	**(304)**
Net movement in funds		**(9)**	**(37)**	**(46)**	**(304)**
Reconciliation of funds:					
Total funds brought forward		8,271	38	8,309	8,613
Total fund carried forward		8,262	1	8,263	8,309

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

All income and expenditure derive from continuing activities.

* 2021 comparatives have been restated to better reflect the income and expenditure of charitable activities on a comparable basis, year to year. The figures are also restated to fully eliminate inter-organisational transactions between the Charity and the Trading entity (though the overall impact to Net Income / (Expenditure) is nil).

CONSOLIDATED AND CHARITY **BALANCE SHEETS**

As at 31 December 2022

	Note	2022 Group £'000	2021 Group £'000	2022 Charity £'000	2021 Charity £'000
Fixed Assets					
Tangible assets	9	885	890	885	890
Investments	10	3,358	3,913	3,359	3,914
		4,243	4,803	4,244	4,804
Current assets:					
Stocks		77	51	-	-
Debtors: amounts falling due within 1 year	11	270	223	307	221
Cash at bank and in hand		2,672	3,603	2,585	3,494
		3,019	3,877	2,892	3,715
Creditors					
Amounts falling due within 1 year	12	(331)	(417)	(227)	(355)
Net current assets		**2,688**	**3,460**	**2,665**	**3,360**
Net assets		**6,931**	**8,263**	**6,909**	**8,164**
Funds					
Restricted funds	17	65	1	65	-
Designated funds	16	4,892	4,436	4,892	4,436
Reserves available for charitable purposes		1,952	3,728	1,952	3,728
Non charitable trading funds	2	22	98	-	-
Total funds	**15**	**6,931**	**8,263**	**6,909**	**8,164**

The financial statements were approved by the Board of Trustees on 8 June 2023 and were signed on its behalf by:

John Mitchell OBE
Chair of Trustees

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

CONSOLIDATED **CASH FLOW STATEMENT**

For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Cash flows from operating activities:			
Cash generated from operations	19	(995)	(646)
Net cash from operating activities		(995)	(646)
Cash flows from investing activities:			
Income from investments		99	105
Sale of property, plant and equipment		-	-
Purchase of property, plant and equipment		(20)	(11)
Purchase of investments		(720)	(689)
Proceeds from the sale of investments		705	663
Net cash from investing activities		**64**	**68**
(Decrease) / Increase in cash and cash equivalents		(931)	(578)
Cash and cash equivalents at beginning of year	20	3,603	4,181
Cash and cash equivalents at end of year	20	2,672	3,603

1. ACCOUNT PRACTICES

Basis of preparation

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

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

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

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

Basis of consolidation

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

Funds accounting

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

Restricted funds – funds that have been received by the Charity with specific restrictions imposed by donors or which have been raised by the Charity for specific purposes. The costs of raising and administering these funds are charged against the unrestricted, or free, reserves of the Charity and accordingly Gift Aid tax reclaimed on these funds is included in unrestricted reserves.

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

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

Income recognition

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

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

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

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

Investment income – Investment income is recognized using the effective interest method. All expenditure is accounted for on an accruals basis, and has been classified under headings that aggregate all costs related to the category.

For the year ended 31 December 2022

Expenditure

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

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

Support costs allocation

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

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. The analysis of these costs is included in note 4.

Tangible fixed assets

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

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

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

Motor vehicles – 25% on a straight line basis

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

Impairment of assets

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

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

Fixed asset investments

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

Stock

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Costs include all aspects of purchase, and other costs incurred in bringing stock to its present location and condition. Each item is valued on a weighted average cost basis, whereby the cost of goods purchased is divided by the number of units held. Provision is made for damaged, obsolete and slow-moving stock were appropriate.

Debtors and creditors receivable/payable within one year

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

Cash and cash equivalents

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

Trade and other creditors

Trade and other payables with no stated interest rate or payable within one year are recorded at transaction price. Any losses arising from impairment are recognized in the Statement of Financial Activities. If the arrangement constitutes a financing transaction in which case the transaction is measured at present value of future payments discounted at prevailing market rate of interest.

Other financial liabilities are initially measured at fair value net of their transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Taxation

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

Foreign currency

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

Employee benefits

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

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

Going concern

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

Judgements and key sources of estimation uncertainty

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

Useful economic lives of tangible assets

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

Bad debt provision

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

For the year ended 31 December 2022

2. COMMERCIAL TRADING ACTIVITIES OF THE TRADING SUBSIDIARY

Embrace the Middle East Trading Limited is a wholly owned subsidiary, incorporated in England and Wales (Company No. 00901022). A summary of the Trading company's results for 2022 are shown below:

Summary profit and loss account

	2022 £'000	2021 (*restated) £'000
Turnover	392	469
Cost of sales and administrative expenses	(415)	(413)
Profit / (loss) for the year after tax	(23)	56

* The 2021 figures are restated to fully reflect all inter-organisational transactions between the Charity and the Trading entity (though the overall impact to Net Profit / loss for the year after tax is nil)

Summary Balance Sheet

Current assets	2022 £'000	2021 £'000
Stock	77	51
Debtors	14	8
Cash	87	109
	178	168
Creditors falling due within one year	155	69
Net current assets	**23**	**99**
Called up share capital	1	1
Capital redemption reserve	8	8
Profit and loss account	14	90
Shareholders' funds	**23**	**99**

3. CHARITABLE ACTIVITIES

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

		Total 2022 £'000	Total 2021 (*restated) £'000
Income:			
Donations	Unrestricted funds	1,284	1,724
	Restricted funds	1,076	1,125
Legacies	Unrestricted funds	1,054	998
	Restricted funds	-	24
Other income		48	61
Total charitable income		**3,461**	**3,932**
Grants paid (note 5)		2,326	2,424
Charitable activities		1,615	1,581
Total charitable activity expense		**3,941**	**4,004**
Net surplus for the year		(480)	(72)
Transfers between activities		-	-
Surplus / (deficit) on charitable activities		**(480)**	**(72)**

Reconciliation to SOFA

Total charitable income as above	3,462	3,932
less Charity inter-organisational income	(94)	(93)
Trading activities income	318	399
Investment income	99	105
Other income	26	18
Total income as SOFA	**3,811**	**4,361**

	Total 2022 £'000	Total 2021 (*restated) £'000
Total charitable activity expense as above	3,941	4,004
less Charity inter-organisational income	(98)	(102)
Cost of fundraising	331	397
Trading activities expenditure	399	406
Total expenditure as SOFA	**4,573**	**4,705**

* 2021 comparatives have been restated to better reflect the income and expenditure of charitable activities on a comparable basis, year to year. The 2021 figures are also restated to fully reflect all inter-organisational transactions between the Charity and the Trading entity (though the overall impact to Net Income / (Expenditure) is nil).

4. ANALYSIS OF EXPENDITURE

	Staff costs £'000	Direct costs £'000	Support costs £'000	Total 2022 £'000	Staff costs £'000	Direct costs £'000	Support costs £'000	Total 2021 £'000
Cost of generating funds	**247**	**77**	**7**	**331**	**268**	**100**	**29**	**397**
Charitable activities								
Information and education	328	142	16	486	367	112	31	510
Grants to partners	-	2,326	40	2,366	-	2,424	11	2,435
Other support to partners	630	7	263	900	608	6	264	878
Total charitable activities excl Governance	958	2,475	319	3,752	975	2,542	306	3,823
Governance	58	21	12	91	58	17	4	79
Total charitable activities	**1,016**	**2,496**	**331**	**3,843**	1,033	2,559	310	3,902
Trading costs	74	228	97	399	65	268	74	406
Total group costs	**1,337**	**2,801**	**435**	**4,573**	1,366	2,927	413	4,705

Support Costs	Total 2022 £'000	Total 2021 (*restated) £'000
Trading Support costs (incl audit)	97	74
Depeciation	25	22
Property and Equipment	71	39
Licences	51	23
Travel	50	9
Bank Charges	18	32
Insurance	18	14
Computer systems related costs	15	101
Other	79	95
Governance	11	4
Total income as SOFA	**435**	**413**

Staff costs have been allocated based on percentage of time spent on the various categories. **Direct costs** at the level of cost centre and expenditure type have been allocated across categories based on purpose of activity. **Support costs** have been allocated across the categories based on % attributed to each category of spend.

* 2021 comparatives have been restated to better reflect the split of expenditure on a comparable basis, year to year. The 2021 figures are also restated to fully eliminate inter-organisational transactions between the Charity and the Trading entity (though the overall impact to Net Income / (Expenditure) is nil).

For the year ended 31 December 2022

5. DETAILS OF GRANTS WE PAID TO OUR PARTNERS

	2022 £'000	2021 £'000
Egypt		
Anafora	29	25
BLESS (Coptic Orthodox Bishopric, Ecumenical & Social Services)	98	107
CEOSS (Coptic Evangelical Organisation of Social Services)	-	71
Deaf Unit	8	-
Diocese of Egypt	30	-
El Saray Evangelical Church	17	-
Episcocare	90	88
Fairhaven School	-	15
Harpur Memorial Hospital	28	41
Life Vision for Development	74	30
Refuge Egypt	55	60
Salaam Center	50	45
Shams El Birr	-	(7)
The Deaf School	-	10
Think & Do	81	110
Others (under £5k)	2	-
Total of Egypt	**562**	**595**
Lebanon		
Al Kafaat	85	80
Beit El Nour	30	28
Ecumenical Relief Services (formerly ICNDR)	-	37
Howard Karagheusian Commemorative Corporation	87	83
Inter Church Network for Development & Relief	50	-
Johan Ludwig Schneller School	18	10
Joint Christian Committee	58	57
Learning Centre for the Deaf	72	38
Lebanese Society for Social Education and Development	140	170
Pontifical Mission for Lebanon	30	43
Tahaddi	65	62
Zvartnotz Centre	-	-3
Total of Lebanon	**635**	**605**

	2022 £'000	2021 £'000
Palestine and Israel		
Al Ahli Arab Hospital	63	90
Aviv Ministries	29	21
Bethlehem Arab Society for Rehabilitation	63	44
Bursary Scheme (Secretariat of Solidarity)	-	125
Caritas Jerusalem	74	113
East Jerusalem YMCA	140	118
Four Homes of Mercy	58	58
Helen Keller School	-	136
International Christian Committee in Israel	30	33
Olive Tree Project (Joint Advocacy Initiative)	59	3
MECC Department of Service to Palestinian Refugees	-	12
Musalaha	30	27
Nazareth School of Nursing	-	15
Near East Council of Churches	101	95
Palestinian Bible Society	39	44
Pontifical Mission of Palestine	57	70
Princess Basma Centre	57	90
Secretariat of Solidarity for Catholic Schools and Institutions	125	-
SIRA School	19	18
Society of St Yves	50	50
St Luke's Hospital	-	22
Total of Palestine and Israel	**994**	**1,184**
Iraq		
CAPNI (Christian Aid Program Nohadra Iraq)	55	40
Chaldean Archdiocese of Erbil	30	-
Total of Iraq	**85**	**40**
Syria		
Lebanese Society for Educational and Social Development	50	-
Total of Syria	**50**	**-**
Grand Total	**2,326**	**2,424**

6. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging:	Year ended 2022 £'000	Year ended 2021 £'000
Auditors' remuneration	27	22
Depreciation - owned assets	25	22
Staff pension contributions	196	197
Services provided by the Charity's auditor during the year:		
Audit of the Charity and consolidated financial statements	20	16
Audit of the Trading subsidiary including provision of annual report and accounts	6	5
Corporation tax calculation for Charity & Trading subsidiary	1	1
	27	**22**

7. TRUSTEES' AND KEY MANAGEMENT PERSONNEL REMUNERATION AND EXPENSES

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

Trustees' expenses

During the period the Charity reimbursed necessary travel expenses incurred by trustees. The total of these expenses was	2022 £'000	2021 £'000
Trustee travel expenses	5	1

The key management personnel of the charity comprise the trustees, and the Senior Leadership Team which at the end of 2022 comprised the Chief Executive, the Director of Programmes & Engagement, the Director of Shared Services, Head of HR and the Director of Fundraising, (who joined the organisation in November 2022).

The total employee benefits of the Senior Leadership Team in 2022 were £370k (2021: £341k), including gross pay, employers national insurance contributions and employers pension contributions.

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

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

8. GROUP STAFF COSTS

	2022 £'000	2021 £'000
Wages and salaries	1,036	1,068
Social Security costs	105	101
Pension plan contributions	196	197
	1,337	1,366

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

	2022	2021
UK management staff	5	7
UK administrative staff	29	28
	34	35

For the year ended 31 December 2022

8. GROUP STAFF COSTS (continued)

Number of employees receiving total employee benefits (gross pay and company pension contributions), in the ranges:	2022 £'000	2021 £'000
£70,000 - £80,000	1	1
£90,000 - £100,000	-	1
£100,000 - £110,000	1	-

9. TANGIBLE FIXED ASSETS

Group	UK freehold property £'000	Fixtures and fittings £'000	Computer related £'000	Totals £'000
Cost				
At 1 January 2022	968	122	181	1,271
Additions	-	17	3	20
Disposals	-	(7)	(3)	(10)
At 31 December 2022	**968**	**132**	**181**	**1,281**
Depreciation				
At 1 January 2022	107	102	172	381
Charge for the year	10	8	7	25
Disposals	-	(8)	(2)	(10)
At 31 December 2022	**117**	**102**	**177**	**396**
Net Book Value				
At 31 December 2022	**851**	**30**	**4**	**885**
At 31 December 2021	861	20	9	890

Charity				
Cost				
At 1 January 2022	968	122	181	1,271
Additions	-	17	3	20
Disposals	-	(7)	(3)	(10)
At 31 December 2022	**968**	**132**	**181**	**1,281**
Depreciation				
At 1 January 2022	107	102	172	381
Charge for the year	10	8	7	25
Disposals	-	(8)	(2)	(10)
At 31 December 2022	**117**	**102**	**177**	**396**
Net Book Value				
At 31 December 2022	**851**	**30**	**4**	**885**
At 31 December 2021	861	20	9	890

10. FIXED ASSET INVESTMENTS

Group	Listed investments £'000	Unlisted investments £'000	Total £'000
Market value as at 31 December 2021	3,905	8	3,913
Additions	720		720
Disposals	(705)	-	(705)
Revaluations	(570)	-	(570)
Market value as at 31 December 2022	**3,350**	**8**	**3,358**
Historical cost of the investments were:			
31 December 2021	3,018	3	3,021
31 December 2022	3,084	3	3,087

Charity	Listed investments £'000	Unlisted investments £'000	Holding in trading company £'000	Total £'000
Market value as at 31 December 2021	3,905	8	1	3,914
Market value as at 31 December 2022	**3,350**	**8**	1	**3,359**

Listed investments were comprised of the following:	2022 £'000	2021 £'000
UK equities	1,178	1,651
Overseas bonds	259	109
UK bonds	271	315
Property	300	332
North American equities	497	584
International equities	142	158
European equities	108	128
Far East and Australasian equities	119	205
Emerging economies	95	67
Other investments	381	356
Total	**3,350**	**3,905**

The following holdings were over 5% of the total market value of the portfolio.	Market Value at 31 December 2022 £'000	Market Value at 31 December 2021 £'000
Vanguard S&P 500 ETF	222	315
Charities Property Fund *	164	178

Of the unlisted investments, £8k was invested overseas. | * less than 5% in 2022

For the year ended 31 December 2022

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade debtors	-	-	-	-
Amount owed by group undertaking	-	-	51	-
Other debtors	224	193	220	192
Prepayments	46	30	36	29
Total	**270**	**223**	**307**	**221**

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade creditors	143	92	77	58
Amount due to group undertaking	-	-	-	7
Social security and other taxes	33	31	33	32
Other creditors	34	35	3	6
Accruals	121	259	114	252
Total	**331**	**417**	**227**	**355**

13. ACCRUED GRANTS

	2022 £'000	2021 £'000
At 1 January 2022	212	231
New grants committed (note 5)	2,326	2,424
Grants paid in year	(2,467)	(2,443)
At 31 December 2022	**71**	**212**

14. PENSION COMMITMENTS

The charity operates a defined contribution pension scheme for its UK employees. The assets are held separately from those of the Charity in an independently administered fund. The pension costs charged represents contributions to the fund payable by the charity and amounted to £196k, (period to 31 December 2021 £197k). These contributions include employee salary sacrifice contributions. There were £nil contributions outstanding at 31 December 2022 (period to 31 December 2021 £nil).

15. 2022 ANALYSIS OF NET ASSETS BETWEEN FUNDS

2022	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	2022 total funds £'000
Fixed assets	-	885	-	885
Investments	-	3,358	-	3,358
Current assets	2,305	649	65	3,019
Current liabilities	(331)	-	-	(331)
Total Funds	**1,974**	**4,892**	**65**	**6,931**

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

16. DESIGNATED FUNDS

2022	As at 1 January 2022 £'000	New Designations £'000	Designations Released £'000	As at 31 December 2022 £'000
Fixed Assets [1]	890	-	(5)	885
Programme Fund [2]	2,700	-	(900)	1,800
Sustainability Fund [3]	846	1,361	-	2,207
	4,436	**1,361**	**(905)**	**4,892**

1. **Fixed Assets -** Trustees have resolved to designate funds to the value of £885k to reflect the value of fixed assets being unavailable for use in the Charity's usual operations.

2. **Programme Fund -** Trustees have designated funds to cover 12 months of budgeted multi-annual grant expenditure (2021: 18 months) subject to other grant conditions being met on committed multi-annual grants to partners.

3. **Sustainability Fund -** Trustees have designated funds to ensure the ongoing sustainability of the charity over the remaning period of the five year plan (to 2025).

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

1. **Fixed Assets -**Trustees resolved to designate funds to the value of £901k to reflect the value of fixed assets being unavailable for use in the Charity's usual operations.

2. **Programme Fund -** Trustees designated funds to cover 18 months of expenditure (subject to other grant conditions being met) on committed multi-annual grants to partners.

3. **Helen Keller School Grants -** Trustees designated funds to the value of £136k to reflect the current sterling value (at an exchange rate of 4.40 New Israeli Shekels to the £) of the charity's grant commitments to the Helen Keller School for 2021. These were agreed, subject to certain conditions being met, as part of the transfer of the school to the Franciscans in September 2016.

4. **Projected Deficits -** Trustees designated funds to cover projected operating deficits 2020-2025.

For the year ended 31 December 2022

17. 2022 RESTRICTED FUNDS

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

	Opening balance £'000	Income during 2022 £'000	Spending during 2022 £'000	Closing balance £'000
General funds [1]				
Community Development	1	-	-	1
Country specific	-	322	(322)	-
Education	-	242	(242)	-
Health	-	162	(162)	-
Humanitarian	-	83	(83)	-
Livelihoods	-	62	(62)	-
Other	-	-	-	-
Special needs and disability	-	32	(32)	-
Partners working within the following fields [2]				
Education	-	3	-	3
Health	-	123	(62)	61
Humanitarian	-	1	(1)	-
Livelihoods	-	25	(25)	-
Special needs and disability	-	18	(18)	-
Youth	-	3	(3)	-
Total restricted funds	**1**	**1,076**	**(1,012)**	**65**

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

2021 comparatives	Opening balance £'000	Income during 2020 £'000	Spending during 2020 £'000	Closing balance £'000
General funds [1]				
Education	-	181	181	-
Health	-	23	23	-
Community development	24	302	325	1
Refugees	5	14	19	-
Special needs and disability	-	89	89	-
Women's education and empowerment	-	-	-	-
Country specific funds	-	403	403	-
Partners working within the following fields [2]				
Education	-	27	27	-
Health	9	10	19	-
Community development	-	36	36	-
Special needs and disability	-	31	31	-
Other restricted funds	-	33	33	-
Total restricted funds	**38**	**1,149**	**1,186**	**1**

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

18. RELATED PARTY DISCLOSURES

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

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

	2022 £'000	2021 £'000
Donations received on behalf of the charity	45	73
Alternative gifts sold on behalf of the charity	159	227
Total	**204**	**300**

As at 31 December 2022 a net figure of £51k was owed by the Trading company to the Charity.

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

A total of £2k of donations were received from Trustees during the year.	2

Due to the timing of a new volunteer initiative, Shop in a Box, which was introduced in the run up to Christmas, some trading stock held by volunteers and staff participating in the scheme, including the CEO, remained outstanding at the year-end

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

	2022 £'000	2021 £'000
Net (expenditure) income (as per the statement of financial activities)	(1,332)	(46)
Adjustments for:		
Depreciation charge	25	22
Net gains on investments	570	(299)
Investment income receivable	(99)	(105)
(Increase) / Decrease in stocks	(26)	(27)
(Increase) / Decrease in debtors	(47)	(113)
Increase / (Decrease) in creditors	(86)	(78)
Net cash used in operating activities	**(995)**	**(646)**

20. CASH AND CASH EQUIVALENTS

	2022 £'000	2021 £'000
Cash and cash equivalents at beginning of year	3,603	4,181
Cash and cash equivalents at end of year	2,672	3,603

21. COMPANY LIMITED BY GUARANTEE

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

22. POST BALANCE SHEET EVENTS

There were no post balance sheet events.

EMBRACE
the Middle East

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

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