

EMBRACE THE MIDDLE EAST ANNUAL REPORT & ACCOUNTS 2020



EMBRACE
the Middle East



A MESSAGE FROM THE CHAIR OF TRUSTEES

This is the last annual report and accounts that I have the privilege to introduce as Chair of Embrace the Middle East's Board of Trustees. Over the next few months I will be handing over to my successor, John Mitchell, who currently chairs our Programmes and Public Engagement Committee.

After the most extraordinary year in living memory (which, for me, includes growing up in a civil war), I write this introduction with mixed feelings. Ultimately, great pride eclipses the sadness that, after nine years, my time as a trustee is nearly up. Pride not only in what Embrace is, and does, year in and year out, but also a particular satisfaction in what we have accomplished this past year.

It was, of course, the year that will be remembered for the onset of the global Covid-19 pandemic. Around the world charities, indeed organisations of every kind, have been tried and tested to the limit. Each of our partners, and every person whose lives they work so hard to transform, has faced unprecedented challenges – and not just from Covid-19, with its lethal impact across the Middle East. They faced the effects of soaring prices, plummeting currency values and political instability in Lebanon and Syria, even before the catastrophic explosion in the port of Beirut on 4 August killed over 200 people and left 300,000 people homeless. They faced the ongoing struggles of tens of thousands of displaced people in Iraq

returning to destroyed homes and trying to re-establish livelihoods and a community life. They faced grave tensions in Palestine and Israel which erupted into another destructive conflict earlier this year and, in 2020, included the serious and, at times, imminent threat of the unilateral annexation of swathes of the Occupied Palestinian Territories – precipitated, in part, by the ill-fated, and ill-judged, Trump Peace Plan. They have faced heart-breaking circumstances and shown remarkable resilience through it all.

In a period of such unprecedented challenge Embrace the Middle East has also shown itself to be resilient, flexible and creative – aided by the generous support of our donors and benefactors, whose response to the Beirut explosion was particularly moving. From a financial point of view the charity exceeded expectations, allowing us to begin 2021, the first year of a new five-year period, in a strong and stable position. Embrace staff have shown tremendous spirit, fortitude, adaptability and commitment to the mission, vision and values of the charity. The Board is proud of the impact that their efforts, and those of our

partners, has enabled in a time of unexpected tribulation. Responding to feedback, we have given more detail on those impacts in the middle section of this report (Our impact in 2020), showing how the promises we made going into 2020 were met.

This report brings to a close the period covered by our 2016-2020 five-year strategy Faith in Action. I am pleased to report that we achieved all five headline objectives for the charity, and the majority of subsidiary objectives. Grants were increased by 50% by 2019, before returning to the more sustainable level of £2.5m, in 2020. We began work in Iraq in 2019 for the first time. Our advocacy and communications capacity and effectiveness has developed dramatically. Our trading operation has been transformed; and the charity's organisational resilience has improved exponentially, as last year's performance clearly shows. Our very ambitious target of 33% growth income has not yet been met, but carries over into the coming period. Hope in Action, our strategy for 2021-2025, was published in January 2021.

As I move on from the role of Chair I do so confident that Embrace the Middle East will continue to build on its 167-year history, developing and growing, particularly in the impact it has in the region. It has been an inexpressibly profound privilege to lead this organisation for five years. I wish my trustee colleagues, the staff and our many volunteers all the very best for the future, and record my heart-felt thanks to each of them, and to all of Embrace's loyal and generous supporters who make possible our work, and that of our amazing Middle East Christian partners.

Canon Anthony Ball
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 2020.

Trustees Annual Report

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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 we have 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.



Egypt

Give: £594,000

Support: 18 projects

Help: 26,460 people

KEY AREAS OF WORK:

- Women's empowerment
- Education
- Healthcare for mothers and young children
- Social inclusion of people living with disabilities

Lebanon

Give: £534,000

Support: 14 projects

Help: 9,998 people

KEY AREAS OF WORK:

- Primary healthcare
- Education
- Livelihoods support
- Humanitarian assistance
- Specialist disability services
- Women's empowerment

WHAT WE DID IN 2020

Thanks to our generous supporters, in 2020 we were able to:

Israel/Palestine

Give: £1,109,000

Support: 22 projects

Help: 59,419 people

KEY AREAS OF WORK:

- Primary healthcare
- Specialist disability services
- Education
- Reconciliation
- Human rights advocacy

Syria

Give: £104,000

Support: 3 projects

Help: 1,755 people

KEY AREAS OF WORK:

- Healthcare
- Livelihoods support
- Reconciliation

Iraq

Give: £116,000

Support: 4 projects

Help: 249 people

KEY AREAS OF WORK:

- Livelihoods support
- Healthcare
- Humanitarian assistance

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 43 to 59, but for the purposes of clarity exclude the income and costs of our Trading subsidiary and the gain/losses on sale of investments.

Year ending 31 December	2016 £'000	2017 £'000	2018 £'000	2019 £'000	2020 £'000
Donations	4,629	5,094	4,875	2,874	2,869
Legacies	792	1,437	1,269	1,288	823
Investment income	59	56	60	107	96
Local Helen Keller Income	449	-	-	-	-
Other	62	57	71	77	72
Total Income	5,991	6,643	6,275	4,346	3,860
Grants	2,026	2,732	2,683	3,040	2,467
Helen Keller support	861	-	-	-	-
UK staff costs	828	984	1,165	1,238	1,206
Other costs	838	926	784	945	555
Total resources expended	4,553	4,642	4,632	5,223	4,228
Net surplus/(deficit)	1,438	2,001	1,643	(877)	(368)
Helen Keller costs less local income	(412)	-	-	-	-
UK charity income less costs	1,850	2,001	1,643	(877)	(368)

Assets as at 31 December	2016 £'000	2017 £'000	2018 £'000	2019 £'000	2020 £'000
Investments	1,673	1,905	2,129	3,579	3,589
Cash at bank and in hand	3,136	4,741	6,198	4,416	4,005
Other net assets	633	950	761	575	618
Total funds	5,442	7,596	9,088	8,570	8,212

* Total donation figures for 2016-2018 include a single exceptional donation of £6.9m over the three years.

Further commentary on the 2020 results can be found in the 'Financial review' section on pages 32 to 33. In the pages that follow, we give details of what we and our partners achieved in 2020, compare our outcomes to the plan we set ourselves for the year, and set out our plans for 2021 and beyond.



In 2020 we faced multiple challenges: the Covid-19 pandemic, the Beirut explosion and a worsening economic crisis in Lebanon, continuing conflict in Syria, increased tensions and the threat of annexation in both Gaza and the West Bank, in the wake of the Trump Plan.

This made 2020 a particularly difficult and challenging year across the Middle East meaning that, for many, Embrace supported projects became even more vital.

In 2020 we continued to support programmes in Egypt, Lebanon, Iraq, Israel/Palestine, and Syria, working to transform lives by:



TACKLING POVERTY & INJUSTICE

Tackling poverty & injustice - working with communities at risk of marginalization and exclusion



RESPONDING TO CRISIS

Responding to crisis - providing for practical needs and psychological support



SPEAKING OUT

Speaking out against injustice and amplifying the voices of our Christian partners



INVESTING IN THE FUTURE

Investing in the future to ensure the continuation of Christian social witness in the region

TACKLING POVERTY & INJUSTICE



(Credit: Tahaddi)

Together with our Christian partners, we work to transform lives, empowering the disempowered, restoring dignity where it has been undermined, and witnessing fearlessly to the call 'to act justly, love mercy and walk humbly with your God' (Micah 6:8).

IN 2020 WE PROMISED TO:

SUPPORT ESSENTIAL HEALTH AND SOCIAL SERVICES FOR VULNERABLE AND MARGINALISED COMMUNITIES

SUPPORT PROJECTS WHICH EMPOWER AND ENGAGE PEOPLE WHO ARE EXCLUDED, INCLUDING WOMEN, GIRLS, AND PEOPLE LIVING WITH DISABILITIES

SUPPORT PROJECTS WHICH ENABLE PEOPLE TO DEVELOP THEIR SKILLS AND IMPROVE THEIR INCOME

HOW WE KEPT OUR PROMISE

The unparalleled events of the global Covid-19 pandemic amplified many of the problems faced by marginalised communities in the Middle East. Rising unemployment and economic uncertainty were seen across the region in 2020 – in Iraq unemployment was at 13.7%; the GDP of the Occupied Palestinian

Territories fell by 11%; Lebanon's currency lost nearly 80% of its value.

The projects we support were more vital than ever. Throughout the year our partners worked hard to adapt their programmes to ensure they kept running, despite the Covid-19 pandemic.



(Credit: Tahaddi)

IN
2020
WE...

Funded community healthcare and specialist treatment programmes

- We helped our partners to provide free primary healthcare and hospital treatment to over 36,000 people from under-privileged communities.
- We supported 11 educational programmes to improve community health.
- We provided specialist treatment and support through 14 different projects to over 3,200 people living with disabilities.



(Credit: Refuge Egypt)

IN
2020
WE...

Improved access to education

- We supported nine projects bringing free schooling to communities where the expense of education is prohibitive.
- We continued to fund projects for those living with disabilities and threatened with exclusion, supporting seven programmes giving over 1,400 people a chance to learn.



(Credit: Tahaddi)

IN
2020
WE...

Supported vocational projects and invested in community development

- We provided over £50,000 to fund small-loans projects in Syria, Egypt and Iraq, helping over 100 fledgling businesses bring vital services and employment to vulnerable communities.
- We supported 12 projects across Egypt, Lebanon, Israel/Palestine and Iraq providing training to over 1,000 people in practical skills such as IT, hairdressing and nursing.



(Credit: CAPNI)

HOW WE KEPT
OUR PROMISE

HERE ARE JUST A FEW HIGHLIGHTS OF THE
PROJECTS WE SUPPORTED THROUGHOUT 2020.



Providing free health care in Lebanon

Despite the increasingly acute economic situation, the impact of the Beirut port explosion, and the ongoing Covid-19 crisis, our partner Tahaddi continued to provide essential health services to families living in Hay el Gharbeh, one of the most economically marginalised neighbourhoods of Beirut.

The Tahaddi Health Centre clinic remained open for urgent cases, and a telephone consultation service was set

up so that services could also be delivered remotely.

In 2020 the centre provided over 8,000 free consultations, helping over 2,000 individuals. Embrace provided 1,038 separate interventions, subsidising medical examinations, hospitalisation and drug treatment.

The centre distributed emergency relief to over 600 families per month to alleviate food insecurity.



'Before being supported through Embrace and Tahaddi, my family was truly struggling for basic survival. We fell behind with our rent and food was often scarce. Now, I can get nutritious food and feed my family.'

27-year-old Fatima

8,000
FREE MEDICAL
CONSULTATIONS

Giving women in rural Egypt a second chance at education

Many women in rural Egypt missed out on school as children. This not only limits their employment options, but means everyday tasks like reading the instructions on a medicine packet, or checking the cost of household bills, are difficult. In 2020 we continued to fund Think & Do's Life Schools in three villages in Upper Egypt. The Life Schools have proved popular and transformative, not only of women's lives, but also of their children's learning and their family's economic prospects.

Women are taught to read, write and count, and given the opportunity to master a skill such as sewing or hairdressing. Despite the pandemic, the Life School project continued this year – with smaller class sizes and additional safety measures in place – and were attended by 180 women.



LITERACY AND NUMERACY CLASSES FOR 180 WOMEN

'I learnt a lot of things because of this project, including reading and writing and sewing.'

38-year-old Sabah



'With these difficult situations, closure, blockades and lack of work we cannot afford the basic requirements. I do thank the NECC and their supporters for providing us with excellent services and proper treatment.'

23-year-old expectant mother, Nasrin

TREATMENT & ADVICE FOR OVER 11,000 WOMEN

Reducing infant mortality rates in Gaza

Poor living conditions, environmental pollution and low nutrition mean that one in four expectant mothers in Gaza develops complications during pregnancy. The prevalence of congenital abnormalities and premature birth is high. Covid-19 dramatically increased the risks to maternal and child health.

We continued to support the Near East Council of Churches pre-conception and antenatal care programme, improving the health of expectant mothers and reducing the risks of complications during pregnancy and birth. The project provided more than 11,000 women with medical treatment and specialist advice.

Supporting special educational needs in the Occupied Palestinian Territories

In the West Bank, the SIRA School supports children with special educational needs. 2020 was particularly challenging as the school had to close for part of the year. Staff adapted to teaching online using private Facebook and WhatsApp groups, ensuring that students could continue their education. 26% of pupils

graduated from the school and returned to mainstream education – 4% higher than the target.



26%

OF PUPILS RETURN TO MAINSTREAM EDUCATION

'Talib's experience at SIRA School was one of the best things that happened to him. We made the best choice when we enrolled him in it.'

Talib's mother

Investing in Iraq's entrepreneurs

Since the end of ISIS control, many citizens have been trying to return to their homes in northern Iraq and rebuild their lives. With houses destroyed, property stolen, livelihoods lost and public services and infrastructure devastated, they face an uphill battle.

Through our partners Christian Aid Program



Nohadra-Iraq (CAPNI), we have helped returnee Iraqis set up vital new businesses in the region, providing an income for themselves and helping to rebuild the economy and increase job opportunities in the area.

In 2020 Embrace funds supported 33 businesses with loans and grants, helping to establish new enterprises including a small dairy business, a shoe shop and a handcrafted wedding accessory outlet. Despite the pandemic, and with our support, CAPNI was able to run vocational training classes, teaching skills such as window construction and fitting, hairdressing and baking.



'I wanted to open a small business to support myself and contribute to my community. I would like to send my utmost gratitude to the Embrace the Middle East program that supported my simple business.'

Mina

33

LOANS & GRANTS FOR NEW BUSINESSES

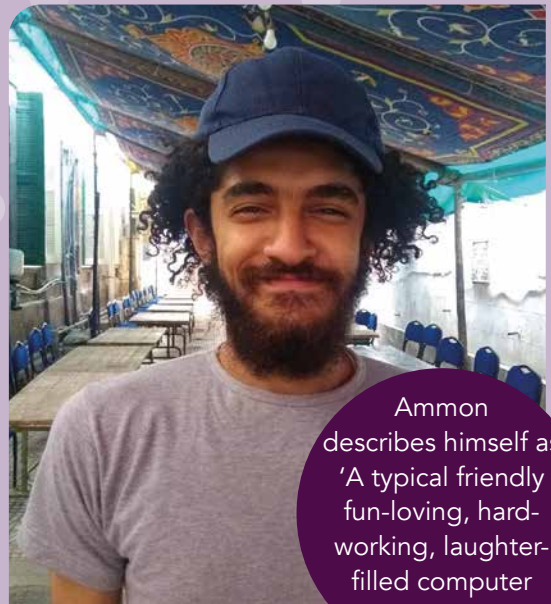
HOW WE KEPT
OUR PROMISE

Ammon's story:

'A one-of-a-kind education experience'

Youth unemployment in Egypt is high, even among university graduates. Education does not always provide young people with the skills they need to find work, and the challenge of job-hunting has been exacerbated by Covid-19.

The Arkan Culture Centre, run by our partner Episcocare, offers a unique opportunity for young Muslims and Christians to gain specialist skills, through courses such as art and multimedia, and to take part in creative cultural events together. 21-year-old Ammon began studying at the centre about a year ago and now attends sessions three times a week.



Ammon describes himself as 'A typical friendly fun-loving, hard-working, laughter-filled computer nerd'.

'I love learning new things about technology, especially media-creation related, as I'm an amateur singer/rapper and I hope to produce my own soundtracks.

I was invited into the first Loco fun day in Arkan Cultural Centre by a friend of mine who is a staff member. That was how I met Arkan as a place, and as a group of people. I decided to volunteer all my free time to this idea and the longer I stayed, the more I found out about these projects.

I got involved mainly because I saw it as a very good deed and, as it was accepting volunteers, I thought, why not? Then, when I learned about the courses, I of course found my dream-come-true of not only learning about my favourite topic, but it was a one-of-a-kind educational experience in Egypt. These subjects aren't taught in schools or colleges around here, and even the private sectors that do offer these courses are very low in quality and very expensive.

Needless to say, I learned quite a bit about computers that I couldn't have learned in a dozen school years. I'm not finished yet as I haven't reached the "working with what I've learned" stage yet.

I feel that my mind has been opened not only to a new culture, but to countless new possibilities that I didn't know existed within the pieces of technology I looked at and used daily all along.'

RESPONDING TO CRISIS



Where there is a need, together with our partners, we aim to respond, offering shelter to the homeless, a refuge for those escaping violence or persecution, and hope for the traumatised.

IN 2020 WE PROMISED TO:

SUPPORT PROJECTS WHICH EMPOWER AND ENGAGE PEOPLE DISPLACED FROM THEIR HOMES

SUPPORT TARGETED EMERGENCY RESPONSE FOR PEOPLE IN CRISIS



(Credit: Aviv Mistry)



(Credit: MERATH)

HOW WE KEPT OUR PROMISE

2020 was a year of unprecedented challenge, with all our partners working to respond to the Covid-19 crisis. There were almost 1½ million Covid-19 cases and over 25,000 deaths in the region in 2020, with many more going unreported. The economic consequences of national lockdowns pushed many into food poverty. In Syria an estimated 60% of the population now face food insecurity.

In Lebanon, our partners joined the massive relief effort required following the

catastrophic explosion at the port in Beirut on 4 August which killed over 200 people, injured 7,000 and left an estimated 300,000 people homeless. Official estimates put the cost of the damage at US\$15 billion.

Across the region, our partners worked hard to respond to increased tensions in Gaza and the West Bank in the wake of the Trump Plan, the heightened threat of annexation, the consequences of continuing conflict in Syria and the ongoing refugee crisis in Lebanon.

IN
2020
WE...

Provided emergency support

- Giving over £125,000 to respond to the Covid-19 pandemic - helping our partners to supply hygiene kits, food and fuel vouchers and help children to access education from home.
- Providing £70,000 in emergency support for those most affected by the Beirut explosion and funding repair work, including £20,000 for the damaged Karagehusian health centre (with particular thanks to the Mosawi Foundation's generous support).



(Credit: MERATH)

IN
2020
WE...

Helped those affected by conflict

- Giving immediate assistance such as food and clothes for those forced to flee their homes, funding three projects in Lebanon, Egypt and Iraq supporting newly arrived refugees.
- Supporting essential services for refugee communities including health assistance and education.



(Credit: MERATH)

IN
2020
WE...

Supported those in personal crisis

- Helping those suffering the effects of trauma to start to come to terms with their experience, funding eight programmes providing vital mental health first aid.
- Offering shelter and support for people (especially women) fleeing domestic abuse or battling with addiction.



(Credit: Ryan Roderick Beiler)

HOW WE KEPT
OUR PROMISE

HERE ARE JUST SOME OF THE WAYS WE AND OUR PARTNERS RESPONDED TO THE EVENTS OF 2020.



Keeping disability services running during lockdown

We continued to support the Jerusalem Princess Basma Centre, which provides advanced rehabilitative therapy to children in the West Bank living with disabilities. To ensure that government enforced lockdowns did not halt their services, the Centre developed a Virtual Care Model, giving the children in care individually tailored online sessions with therapists, nurses and social workers. Self-contained

accommodation was created at the Centre so that those who needed face-to-face treatment could stay safely. These adaptations allowed 348 children to receive advanced rehabilitative treatment in 2020, including Farah, born with Down Syndrome. She quickly adapted to 'rehabilitation over a distance' and took her first steps on camera during one of her online therapy sessions, much to the delight of her parents and therapists.



348
CHILDREN

WITH DISABILITIES RECEIVED
REHABILITATION THERAPY

'Reaching the children virtually in their home settings is such a great opportunity for us to learn more about them ... and make better assessments and evaluations.'

Dr Waddah Malhees,
Medical Director JPBC



Providing PPE to slow the pandemic

With the outbreak of the pandemic, many of our partners worked to tackle the immediate problems of providing essential supplies such as food parcels and hygiene kits to those most in need.

In Lebanon, our partners at Middle East Revive and Thrive (MERATH) went one step further, using Embrace funds to set up three innovative

sewing projects making fabric facemasks. The women who participated in the project learnt valuable sewing skills and were paid for their work. The project produced over 26,500 washable and re-usable masks which were distributed to families who could not afford to buy their own. It also provided a vital source of income for women at a time when employment opportunities were scarce.



'The money earned from the sewing project helped me pay off all my debt.'

Haya

26,500
FACEMASKS PRODUCED
AND DISTRIBUTED



Tackling domestic violence and drug abuse in Egypt

1,210
PEOPLE
ATTENDED ADDICTION
RECOVERY

950
SURVIVORS
OF DOMESTIC VIOLENCE
SUPPORTED

Throughout the pandemic, Embrace helped the sisters of the St Mary's Daughters Convent, through their Salaam Centre, to continue serving the Zabbaleen community on the edge of Cairo. Many in the community could not afford personal protective equipment. The sisters distributed face masks, gloves and hand sanitizer to help slow the spread of the virus.

They adapted so as to be able safely to continue offering much-needed community services, including

addiction recovery workshops and support groups (attended by 1,210 people), a child health clinic (that treated over 500 children) and health awareness sessions (attended by 550 women). Instances of domestic violence are particularly high in the community and the sisters offer medical, psychological and legal services for women. In 2020 over 950 women attended their support groups, counselling and workshops on gender-based violence and community safety.

Psychological First Aid for families of the West Bank

Local communities in the Salfit region of the West Bank are at high risk of human rights violations and in need of child protection support. In 2020 inhabitants of the region experienced repeated attacks by settlers, and interventions by the Israeli Defence Force, including the forced detention of children. Our partners at East Jerusalem YMCA work

to provide comprehensive interventions to help victims cope with their psychological trauma.

By adapting their procedures to include additional safety measures, using online counselling wherever possible, the team were able to continue this vital work. Over the year they responded to 256 emergency

incidents, which directly affected 1,268 people, including 470 children. They provided 728 people with Psychological First Aid in 134 separate interventions. The majority (65%) of incidents related to settlers' attacks, with home demolition and lands confiscations also a significant cause of incidents.

256 EMERGENCY INCIDENTS RESPONDED TO



'The YMCA Program made me feel psychologically and morally supported, and that there are people who care for us.'
Psychological First Aid recipient



HOW WE KEPT OUR PROMISE

Responding to the Beirut blast



We support 11 partners in Beirut. All were involved in the emergency response which followed the explosion at Beirut port on 4 August 2020.

Since the blast, our partner MERATH has repaired over 90 homes, mending doors and windows, and replacing damaged appliances and furniture. They have distributed essential supplies, including 2,500 mattresses, 4,500 blankets and almost 2,000 heaters – not to mention over 7,800 ready meals and 2,200 food vouchers.

'They replaced my broken windows, fixed my kitchen and bathroom, and insulated the roof that was badly leaking since the explosion.

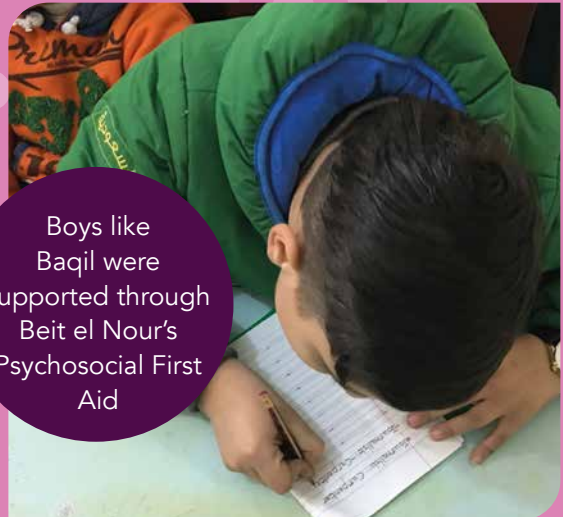
I could never have afforded to repair them myself.'

Liliane, Beirut inhabitant



**90 HOMES
REPAIRED**

Baqil's story: Finding support after trauma



Boys like Baqil were supported through Beit el Nour's Psychosocial First Aid

For many in Beirut, particularly children, recovering from the psychological trauma of the blast will be difficult. Using Embrace funds, our partner Beit El Nour ran a Psychological First Aid programme, helping over 300 children begin to come to terms with what happened. One of those who attended the course was 11-year-old Baqil.

'I learned how to manage stress more efficiently in a healthy way and to do the right activities that help me to relax. I learned a relaxation technique, "the flower and candle exercise". I practised it four times at home and it helped me feel more relaxed. I taught my nephews about it.

I feel happier and less scared, and I have more self-confidence. I became less scared of Corona, less nervous because of the explosion and met new friends.'

SPEAKING OUT



(Credit: JCC)

We aim to encourage and facilitate fellow Christians, and all who have a heart for the continued presence and social witness of Christians in the Middle East, to engage with Embrace's partners, with their work, and with the challenges faced by every community and nation in the region.

IN 2020 WE PROMISED TO:

BUILD STRONGER, DEEPER, WORKING RELATIONSHIPS WITH OUR LOCAL CHRISTIAN PARTNERS; THROUGH CONSULTATIONS, VISITS AND VIRTUAL MEETINGS

DEEPEN THE ENGAGEMENT OF CHURCHES WITH MIDDLE EAST CHRISTIANS

AMPLIFY THE VOICE OF PARTNERS WITH KEY DECISION MAKERS AND INFLUENCERS

HOW WE KEPT OUR PROMISE

We began the year with two clear advocacy priorities – advocating for Christians in the Middle East, and speaking in support of our partners in Israel and Palestine, their work, and the rights of all living in the Holy Land. Our particular focus was to speak out for those affected by the conflict – including children detained by Israel's security forces for alleged offences, and those with disability living in the West Bank and struggling to

access diagnostic and rehabilitation services on the other side of the separation barrier in East Jerusalem.

In early March we were in Jerusalem and the West Bank, consulting partners about our developing 2021-25 strategy, when the whole of the West Bank and Gaza went into immediate lockdown. From then on 2020 was a year of advocating whilst observing social distance.

IN
2020
WE...

Worked to amplify our partners' voices

- We lobbied MPs in both Westminster and the Scottish Parliament on behalf of our partners, including hosting a parliamentary webinar with Embrace Lebanese partners.
- We called for action on key issues, including equal access to Covid-19 vaccination, the threat of annexation of parts of the West Bank, and the Lebanon crisis.
- We worked closely with church leaders across denominations to encourage a united response to these issues.



IN
2020
WE...

We provided new platforms to deepen engagement with Middle East Christians

- We launched our new blog, bringing partners' voices to a wider audience.
- We introduced new ways for our supporters to engage with the complexities of the region, holding the Annual Lecture online for the first time, and meeting with churches virtually.
- Our volunteers continued to share partners' stories with their church networks and we held a volunteer's workshop in September, in which partners from Lebanon and Iraq participated.



IN
2020
WE...

Strengthened relationships with our partners

- We completed a comprehensive consultation with partners about current ways of working and our developing 2021-25 strategy.
- To overcome lockdown travel restrictions, we invested in new digital connectivity so that partners can now join us 'virtually' from anywhere in the world.



HOW WE KEPT
OUR PROMISE

HERE ARE JUST A FEW HIGHLIGHTS
FROM OUR ADVOCACY WORK THIS YEAR.



Calling for action to oppose annexation in the West Bank

Of ongoing concern throughout the year was the threat that Israel would annex a part, or even all, of the West Bank, using the pretext supplied by the misjudged, and ill-fated, Trump Peace Plan. In solidarity with our partners, and church leaders in the Middle East, Embrace took a clear and resolute stand: annexation was morally and legally wrong and would bring to an end any hope of a peaceful solution to the conflict. We engaged with FCDO

Minister James Cleverly and parliamentarians, urging them strongly, and successfully, to oppose annexation.

Meanwhile Palestinian homes continue to be demolished in Area C to make way for new Israeli settlements. We continued to bring this, and the impact of Covid-19 on an unprotected population with poor access to inadequate health care in Gaza and the West Bank, to public attention.



'A just and peaceful solution to the conflict can be achieved if both parties have the will and strong, ethical leadership to pursue it, combined with unbiased international support.'

Sister Bridget Tighe,
General Director of
our partners Caritas
Jerusalem

'Thank you - very informative and enjoyable lecture. On line format worked extremely well. I hope that it can be used in the future.'

Annual Lecture attendee

OVER 900
ATTENDEES OF THE
EMBRACE ANNUAL
LECTURE

Reaching new audiences with the Embrace Annual Lecture

2020 was a year of advocating through social media channels and Zoom, rather than face-to-face meetings. In many ways we found our voice anew, as well as new ways of doing things. Our Annual Lecture was held online for the first time, attracting a record number of attendees.

Over 900 people logged on to listen to writer and broadcaster John McCarthy discussing the experiences of the Arab Israelis living in Israel with Elizabeth Oldfield, Director of Theos. The success of the lecture has led to plans for more online events in the future.



Spreading the word through our new blog

In March 2020 we updated and refreshed the Embrace blog with the aim of sharing partners' experiences, amplifying their voice, and bringing news of the lived experience of the marginalised in the Middle East to new audiences in the UK. The blog has featured a wide range of voices, from eyewitness accounts

of the Beirut blast and personal stories of coping with disability in the time of Covid-19, to a Christmas message of hope from Theophilos III, Patriarch of Jerusalem. It has given us a new way to connect with existing, and a new generation of, supporters. Since its launch, blog post views have risen by 350%.



**BEYOND
THE NEWS**
ما بعد الأخبار

BLOG AUDIENCE ROSE BY

350%

'We are living at a time when the Christian community of the Holy Land is facing unprecedented challenges.'

Extract from blog post by Theophilos III, Patriarch of Jerusalem



Highlighting the Lebanese crisis

2020 was an especially difficult year for Lebanon. Already wracked by political and economic instability and struggling with the pandemic; out of nowhere came the catastrophic explosion in the port in Beirut in August. All our partners were affected – many homes and offices were badly damaged. Working with them in the immediate aftermath, and at surprising speed, we were able to share with supporters powerful stories of the devastation. The response was overwhelming and much-needed help with reconstruction followed.

We engaged with key decision makers and influencers (both publicly and privately) in Westminster and in the Scottish Parliament. We led a virtual webinar for a group of parliamentarians, hosted by Alyn Smith MP, bringing Lebanese partners into the 'room' to share their experiences, and the important message that Middle East Christians are agents of change, not merely passive victims of persecution, as so often portrayed.



'As time goes on, the consequences of this explosion will be even more serious than the immediate casualties and property damage.'

Sylvia Haddad, Director of our partner JCC

15 MPs
MET WITH OUR
LEBANESE PARTNERS

HOW WE KEPT
OUR PROMISE

Hakim's story: 10 years a refugee



In 2020 our funds helped to provide Hakim and his family with hygiene kits to protect against the virus, distributed by our partners at MERATH.

During 2020 we continued to raise awareness of the Middle East refugee crisis, and the multiple challenges faced by those displaced from their homes. Sadly, Hakim's experience is just one of many:

'I am from Aleppo in Syria and I have seven children. I have not been to Syria since 2010. Now we are living as refugees. Our country is war-torn and destroyed. Living here [in Lebanon], even before the economic crisis, was difficult. I struggle to secure the rent and to buy

food and water. My children are affected by our situation. They know we cannot afford the things that the other children have.

I used to miss Syria, but now everything is destroyed. I have nothing to miss anymore. I have nothing to go back to. I want to go

abroad, outside the Middle East, because I know that this country can no longer handle us refugees. I know that the refugee crisis has worsened the economic crisis, and the other way around. I feel like at this point, after 10 years, I am an unwelcomed guest.'

INVESTING IN THE FUTURE



We are committed to sustaining and developing local Christian social witness in the Middle East. Walking alongside our partners, we strive to deliver excellence, build resilience and learn together.

IN 2020 WE PROMISED TO:

INVEST IN PARTNER CAPACITY; THROUGH GRANTS, MENTORING AND EXTERNAL SUPPORT

DEVELOP OUR DIGITAL PRESENCE AND PROVIDE MORE OPPORTUNITIES FOR OUR SUPPORTERS TO CONNECT WITH EMBRACE AND THE WORK OF OUR PARTNERS

DEVELOP AND DIVERSIFY OUR VOLUNTARY INCOME

LAUNCH A NEW FIVE-YEAR STRATEGY, TO GUIDE THE CHARITY 2021-5

INVEST IN STAFF LEARNING AND DEVELOPMENT

DEVELOP OUR SYSTEMS; WITH A FOCUS ON EFFICIENCY AND DIGITAL TRANSFORMATION

HOW WE KEPT OUR PROMISE

The impact of Covid-19 meant that 2020 was a time of adaptation and innovation, particularly in terms of technological change. Many of these changes were already part of our long-term goals, but we were able to accelerate them to overcome the challenges of lockdown.

IN
2020
WE...

Invested funds to help our partners increase capacity

- We supported and facilitated training for over 280 of our partners' staff and volunteers.
- We provided over £45,000 for building and renovation works to improve partners' facilities.
- We enabled seven of our partners to invest in new equipment and resources.

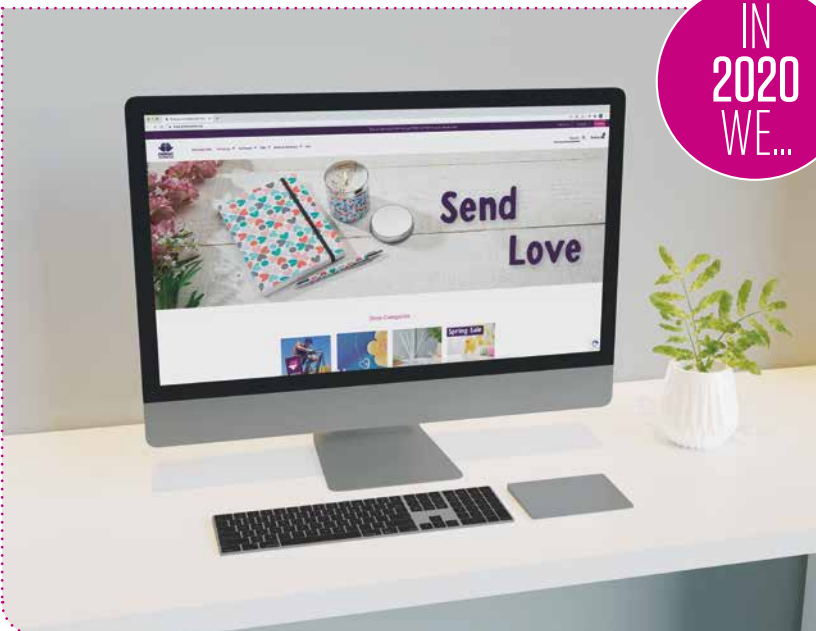


(Credit: VIVA)

IN
2020
WE...

Introduced new systems and accelerated our digital transformation

- We improved our digital presence with a new webshop platform and increased digital resources.
- We increased operational efficiency by improving our communications and data management.



IN
2020
WE...

Launched a new five-year-strategy in which:

- We committed to growing our annual income to £5 million by 2025.
- We set out a pathway to increase the impact we can have in improving lives in the Middle East.



(Credit: Refuge Egypt)

HOW WE KEPT
OUR PROMISE

HERE ARE JUST SOME OF THE WAYS WE AND OUR PARTNERS RESPONDED TO THE EVENTS OF 2020.



Training in child protection

We are always working to help our partners improve the services they provide and increase the number of people they are able to help. In 2020 we facilitated training for 39 of our partners, in five different countries, enabling the introduction of VIVA's mentoring programme designed to increase the safety of children forced to remain at home during lockdown.

Launched by the safeguarding charity VIVA in June 2020, the new phone-based mentoring programme makes homes safer for children by giving

parents and children skills such as stress management, and conflict resolution, techniques. In addition to tackling the increased threat of domestic violence resulting from lockdowns, the programme helped partners to access some of the most economically vulnerable families, most of whom lack internet access and would otherwise be unreachable.

Following six online training sessions, 126 mentors have increased their own skills, and supported almost 400 families.

TRAINING FOR
126
MENTORS

'We would like to show our gratitude for the Mentoring Programme ... this project greatly contributed to learning about how to manage emergency crises.'

Our partners at CAPNI

Improvements for customers and supporters

In August 2020, we moved our webshop onto a new platform, Shopify. Embrace customers can now benefit from features such as gift messaging and discount codes, as well as being able to download our digital resources directly from the webshop. There's been an enthusiastic response with over 8,500 orders placed - this includes 800 olive trees purchased for our Olive Tree Project. These will be planted in the West Bank in 2021, replacing some of those destroyed by the Israel/Palestine conflict and helping



800 OLIVE TREES,
SPONSORED THROUGH OUR
NEW WEBSHOP

'My church small group bought some trees and it's a joy to feel that we have helped make a practical difference.'

Matt

Palestinians keep a claim on their land and livelihood.

We introduced a new phone system so that supporters

who need to talk to us are more quickly routed to the right place – even with all staff working remotely from home.



Diversifying our Church resources

In 2020 we improved our range of church resources, making them more adaptable for modern church audiences. Our Advent and Christmas resources were available online for the first time and

included an interactive Advent calendar, a specially written song, nativity play, comic book and sermon resources for use either for individual reflection, or as part of a service or Advent group.

INTERACTIVE ONLINE RESOURCES FOR THE FIRST TIME

'I just thought that after a week of the Advent series I should thank everyone who has worked to put it all together. I am really enjoying it and finding it so useful.'

Email from a supporter

Launching a new five-year strategy

At the end of 2020 we launched 'Hope in Action', our new five-year strategy, which outlines the ways we will help strengthen and sustain Christian service in the Middle East in the coming years. The challenging circumstances that Covid-19 will leave in its wake, and the ongoing complex realities of the Middle East, mean the next few years will not be easy. Nevertheless, we have ambitious plans. In the coming five years, we aim to grow our annual income by 25%, from £4 million to £5 million, so that we can help fund more life-changing projects. We will become more efficient and effective in the way we and our partners' work, including digitally, so we and they can increase the impact our supporters' donations have in transforming lives.

You can find the plan in full here: <https://embraceme.org/five-year-strategy>



WE AIM TO GROW OUR ANNUAL REVENUE BY

25% BY 2025

'Our strategy is the fruit of deep reflection and open consultation, especially with our regional partners.'

Canon Anthony Ball, Embrace the Middle East Chair of Trustees

HOW WE KEPT OUR PROMISE



Building a better future

As well as investing in training, we have helped our partners improve their facilities. In 2020 Embrace funds enabled the Palestinian Bible Society to renovate their Zacchaeus House Centre in Jericho, creating a more spacious and practical space for their youth outreach and training programmes.

We provided funds to allow Episcopcare to purchase educational aids, furniture and games for six nurseries supporting the children of 200 families in marginalised communities in upper Egypt.

NEW EQUIPMENT FOR 6 NURSERIES IN UPPER EGYPT

'We are immensely proud of the renovation process that was completed with the generous support from Embrace. This is a dream come true, and it will have a long-term impact.'

Our partners at the Palestinian Bible Society

PRIORITIES FOR 2021

Our plans for 2021 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 in the future
- Support work which empowers people who are excluded or displaced (women, girls, disabled people, refugees), bringing inclusion, engagement, and equality
- Focus our efforts on partner learning and development



RESPONDING TO CRISIS

- Provide targeted grants that 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



SPEAKING OUT

- 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



INVESTING IN THE FUTURE

- Develop our systems and build on the lessons we have learned about remote working, digital transformation and improved connectivity during the Covid-19 pandemic



FINANCIAL REVIEW OF 2020

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

OVERVIEW

Due to the wonderful generosity of our supporters, and with a lot of excellent work by the whole Embrace team, the charity was able to deliver exceptional financial results in 2020 in spite of Covid-19. Amazingly, donations were in-line with budget. Together with significantly reduced costs this meant our deficit for the year was significantly better than budget. This was a tremendous outcome which demonstrated the resilience of the charity and its ability to adjust to new challenges.

The Trading Company also delivered strong results in 2020 with profit significantly ahead of budget. This was achieved despite significantly lower carol sheet sales and fulfilment house disruption, both caused by Covid-19.

The pandemic impacted investments in the early part of 2020 resulting initially in a significant fall in the value of our investments portfolio managed by Investec. However, by the end of the year the portfolio's value had fully recovered.

INCOME

Total income received in 2020 was £4.24m (2019: £4.75m),

with underlying donations to the Charity flat, year on year, and legacy income £0.5m lower due to probate delays caused by Covid-19.

Donation income (donations to the Charity excluding legacy income) totalled £2,869k in 2020, just £5k lower than the 2019 figure of £2,874k. This was an excellent result considering the Covid-19 pandemic and reflected strong performance on income from appeals, magazines and trusts.

Donation income benefited from the generous response to a summer appeal for Lebanon, which coincided with the explosion in Beirut.

Legacy income in 2020 was lower than received in recent years due to lockdown, the closure of solicitors' offices, and the consequent and ongoing delays to property sales and the completion of probate.

Trading turnover fell by 5% in 2020, mainly due to the lower sales of carol sheets, which was a direct result of Covid-19. Underlying sales excluding carol sheet was 6% higher than 2019, which is an excellent result driven by an improved catalogue and product range, digital marketing and a new web-shop.

EXPENDITURE

Total expenditure during 2020 amounted to £4.56m (2019: £5.61m) which was almost £1m lower than 2019. Grants paid to our partners were reduced by £0.5m to £2.5m, in line with budget. A list of grant spend, by partner, can be found in the notes to the consolidated financial statements (page 52).

The cost of direct fundraising and other overheads was also £0.5m lower than 2019, with some of this reduction due to Covid-19 (cancelled events for example), but a significant proportion arising from a drive to save money in uncertain times.

Charity expenditure (excluding grants) in 2020 was £1,761k (2019: £2,183k) with the decrease mainly due to lower direct fundraising costs and other reductions in overheads.

BALANCE SHEET

The Charity, including the trading subsidiary, continues to have a strong balance sheet. It ended 2020 with total funds of £8,309k, £304k lower than 2019 (£8,613k), reflected in a deficit significantly lower than budget – £368k. General unrestricted reserves, those available for use in accordance with our charitable objects, amounted to £2,835k

EMBRACE THE MIDDLE EAST WOULD LIKE TO ACKNOWLEDGE THE GENEROSITY OF THE FOLLOWING CHARITABLE ORGANISATIONS DURING 2020:

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

at the end of 2020, an increase of £1,458k on the 2019 year-end figure of £1,377k. This increase in general unrestricted reserves is a result of a significantly lower designation for future deficits, reflecting the latest financial model underlying the next five-year plan 2021 to 2025.

RESERVES AND INVESTMENT POLICY

Trustees keep the Charity's reserves policy under regular review. In 2017 the Board undertook a major review of the policy, which resulted in a revised reserves policy being agreed by the Board in December 2017. During 2020 the Board agreed to move from free-reserves based on a quotient of budgeted income, to one calculated as a quotient of non-grant expenditure.

The reserves policy is 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 fifteen months, or fall below nine months of non-grant expenditure. If the level of free reserves is likely to rise above this ceiling, or fall below the floor, the trustees will take action to restore the appropriate

operational equilibrium between income and expenditure that this range of reserves is intended to secure.'

In line with the policy, the trustees have agreed designations to cover funds for our committed multi-annual core grants programme in 2021-22 (£2,700k), our grant commitment to the Helen Keller School in 2021 (£136k), projected deficits from 2021 to 2025 (£1,602k) and our fixed assets (£901k). At the end of 2020 the audited figure for free reserves was £2,834k, approximately equal to fifteen months of budgeted non-grant expenditure and consistent therefore with the charity's revised reserves policy.

COVID-19

In response to the initial lockdown the Charity closed the Amersham office and required all staff to work from home. Staff have continued to work at home, up to the point of reporting, only going to the office to open post and prepare cheques and cash for banking. Staff have been able to work from home without any significant issue.

Throughout 2020 we maintained our normal rhythm of communications and appeals. An excellent response to our summer appeal for Lebanon helped us achieve overall donations for the year in-line with budget.

Our trading subsidiary suffered a drop in sales volume during

the Easter 2020 season, as a result of our fulfilment house closing for a few weeks in response to the initial lockdown. After adapting to government guidelines, the fulfilment house remained open for the rest of the year, enabling the trading subsidiary to deliver excellent sales and strong profits.

Our investment portfolio, managed by Investec, saw a initial and significant decline in value with the arrival of the pandemic, but by the end of the year had fully recovered its value.

During 2020 we provided over £125,000 in emergency funds to our partners specifically in response to the Covid-19 pandemic, and partners worked hard to adapt longer term programmes to ensure they kept running.

GOING CONCERN

Despite Covid-19 the charity ended 2020 in a strong position financially. The outlook for 2021 is more positive with the successful roll out of the vaccine and with the UK on track to lift lockdown by the summer.

Both charity donations and trading subsidiary sales were performing well in 2021 up to the point of writing. Year to date legacy income is below expectations but our pipeline is still looking healthy.

The Board therefore has every reason to feel confident that Embrace the Middle East is a going concern.

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, revised in October 2020:

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 primary 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 non-financial 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 2020, 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 new 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 in the coming five-year period.

GOVERNANCE

The governing body of the company is the Board of Trustees, whose members are also Directors of the company.

Trustees who served during 2020, and up to the date of this report, are listed under 'Who we are' on p38.

In June 2017 the Board delegated 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 2020 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 April, July, September and December.



Inspired by the compassionate ministry of Christ, we support local Christians as they seek to improve the lives of vulnerable and disadvantaged people. (Credit: Ryan Roderick)

TRUSTEE RECRUITMENT AND TRAINING

We were pleased to recruit, by open and transparent process, four new Board members in 2020 to replace four trustees who either stood down, or came to the end of their term, during the year. The Board co-opted two regional trustees in March and June 2021 respectively. Trustees are generally 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 that 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, as in the case of the newly appointed regional trustees.

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 in order to better understand the work of Embrace the Middle East and our partners. Longer serving trustees will make more than one visit. In February and March 2020 four trustees travelled to the region to assist in partner consultations. Since March 2020 no staff or trustees have been able to travel because of lockdown restrictions.

OUR CHARITABLE OBJECTIVES AND OUR ORGANISATIONAL STRUCTURE (CONTINUED)

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 a Director of Programmes and Engagement, and Heads of Finance, Human Resources, Trading and Information Systems and Security. 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 Director of Programmes and Engagement, the Director of Fundraising and Marketing (until February 2020), and the Heads of Public Engagement (until August 2020), Information Systems and Security, Finance, HR and Trading.

The total employee benefits of the Leadership Group in 2020 were £378k (2019: £400k). The reduction is mainly due to a decision not to replace the Director of Fundraising and Marketing who left in February 2020 (with his responsibilities being assumed by the then Director of Programmes and

Partnership); and a similar decision made not to replace the Head of Engagement after her departure in August 2020. 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

In 2016 with the help of an external consultant, the trustees reviewed their approach to risk and agreed a comprehensive new risk management policy. The application of this 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 2020 risks arising from the Covid-19 pandemic merited special attention and were monitored particularly closely by the OCC Committee.

In September 2017 the Board agreed a statement of 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 2020 included risks to income, business continuity, staff welfare, data and financial controls related to the Covid-19 pandemic and the requirement to move the entire charity to a remote working regime, as well as the risk to the charity's trading operations. The trustees are pleased to report that despite the nature, intensity and suddenness of the onset of Covid-19 risks in March 2020 the charity's risk management systems, operations and practice proved highly resilient. A number of useful lessons were learned which led to systems improvements, particularly to processes for digital payments, integrated data management and remote working practice.

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 2020:

'Embrace the Middle East is registered with the Fundraising Regulator and adheres strictly to their Code of Fundraising Practice and all legal obligations. In 2020 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 2020 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 8 complaints about our fundraising practice (2019: 31) in response to over 173,186 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 (renamed, in late 2020, the Supporter Experience Team).

WHO WE ARE

TRUSTEES

Tanas Alqassis (until July 2020 when he stood down)

Canon Anthony Ball (Chair of Trustees)

Dr Souraya Bechealany (co-opted March 2021)

Anne Clayton (Vice Chair of Trustees)

Madeleine Davies

Rev Dr James Hawkey (from April 2020)

Katie Hodgkinson (from September 2020)

Rev Dr Munther Isaac (from June 2021)

Dr Kathryn Kraft

John Mitchell OBE (Chair of Programmes and Public Engagement Committee from April 2020)

Ben Morgan (Chair of Governance and Resources Committee from April 2020)

John Neate (also Chair of Programmes and Public Engagement Committee until April 2020 when his term as a Trustee ended)

Mary Oakes

Victoria Smith (Treasurer)

Katharine von Schubert (from September 2020)

Mariam Tadros (until June 2020 when she stood down)

Gareth Williams (Chair of Governance and Resources Committee until April 2020 when his term as a Trustee ended)

Chris Woo (from September 2020)

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 Engagement)

Nigel Varndell (Director of Fundraising and Marketing until February 2020; not replaced)

Jim Buckley (Head of Finance until April 2021)

Faramade Rees (Head of Finance from April 2021)

Lucy Insua (Human Resources Manager)

Sam Mackwell (Head of Information Systems & Security)

Amy Parr (Head of Trading)

Emma Brown (Head of Public Engagement until August 2020)

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

* Name changed from Wilkins Kennedy Audit Services September 2020

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

CCLA 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 and strategic reports and the 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 trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure of the charitable company 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 the 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 steps that they ought to have taken 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 30 June 2021 and signed on its behalf by:

Canon Anthony Ball
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 2020 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 2020, 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 Charities Act 2011.

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 and the Charities Act 2011 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 39, 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.

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF EMBRACE THE MIDDLE EAST (CONTINUED)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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 non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

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 non-compliance 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 non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

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

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2020 (incorporating an income and expenditure account)

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2020 £'000	Total Funds 2019 £'000
Income:					
Donations and legacies	3	2,259	1,433	3,692	4,162
Charitable activities	3	55	-	55	51
Trading activities	2	383	-	383	405
Investments		96	-	96	107
Other income		17	-	17	26
Total Income		2,810	1,433	4,243	4,751
Expenditure:					
Cost of fundraising	4	613	-	613	1,394
Trading activities	2	329	-	329	391
Investment management		23	-	23	22
Charitable activities	3	2,079	1,513	3,592	3,807
Total Expenditure	4	3,044	1,513	4,557	5,614
Net gains (losses) on investments	10	10		10	359
Net Income / Expenditure on operations		(224)	(80)	(304)	(504)
Net movement in funds		(224)	(80)	(304)	(504)
Reconciliation of funds:					
Total funds brought forward		8,495	118	8,613	9,117
Total fund carried forward		8,271	38	8,309	8,613

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 47 to 59 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES 2019

For the year ended 31 December 2019 (incorporating an income and expenditure account)

2019 SOFA for comparative purposes	Note	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2019 £'000
Income:				
Donations and legacies	3	2,862	1,300	4,162
Charitable activities	3	51	-	51
Trading activities	2	405	-	405
Investments		107	-	107
Other income		26	-	26
Total Income		3,451	1,300	4,751
Expenditure:				
Cost of fundraising	4	1,394	-	1,394
Trading activities	2	391	-	391
Investment management		22	-	22
Charitable activities	3	2,517	1,290	3,807
Total Expenditure	4	4,324	1,290	5,614
Net gains (losses) on investments	10	359		359
Net Income / Expenditure on operations		(514)	10	(504)
Net movement in funds		(514)	10	(504)
Reconciliation of funds:				
Total funds brought forward		9,009	108	9,117
Total fund carried forward		8,495	118	8,613

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

All income and expenditure derive from continuing activities.

CONSOLIDATED AND CHARITY BALANCE SHEETS

As at 31 December 2020

	Note	2020 Group £'000	2019 Group £'000	2020 Charity £'000	2019 Charity £'000
Fixed Assets					
Tangible assets	9	901	949	901	949
Investments	10	3,588	3,578	3,589	3,579
		4,489	4,527	4,490	4,528
Current assets:					
Stocks		24	32	-	-
Debtors: amounts falling due within 1 year	11	110	180	108	174
Cash at bank and in hand		4,181	4,488	4,005	4,416
		4,315	4,700	4,113	4,590
Creditors					
Amounts falling due within 1 year	12	(495)	(614)	(391)	(548)
Net current assets		3,820	4,086	3,721	4,042
Net assets		8,309	8,613	8,212	8,570
Funds					
Restricted funds	17	38	118	38	118
Designated funds	16	5,339	7,075	5,339	7,075
Reserves available for charitable purposes		2,835	1,377	2,835	1,377
Non charitable trading funds	2	97	43	-	-
Total funds	15	8,309	8,613	8,212	8,570

The financial statements were approved by the Board of Trustees on 30 June 2021 and were signed on its behalf by:

Canon Anthony Ball

Chair of Trustees

The notes on pages 47 to 59 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Cash flows from operating activities:			
Cash generated from operations	19	(427)	(810)
Net cash from operating activities		(427)	(810)
Cash flows from investing activities:			
Income from investments		96	107
Sale of property, plant and equipment		29	-
Purchase of property, plant and equipment		(5)	(10)
Purchase of investments		(721)	(1,251)
Proceeds from the sale of investments		721	160
Net cash from investing activities		120	(994)
(Decrease) / Increase in cash and cash equivalents		(307)	(1,804)
Cash and cash equivalents at beginning of year	20	4,488	6,292
Cash and cash equivalents at end of year	20	4,181	4,488

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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 charitable company being wound up, the liability in respect to the guarantee is limited to £1 per member of the charitable company. The address of the registered office is given in the charity information on page 20 of these financial statements. The nature of the charitable company's operations and principal activities are set out on page 38.

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), the Charities Act 2011 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 brought into 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 to be made 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 methods.

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. 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. It is categorized under the following headings:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

- 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 expenditure of charitable 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 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

Some assets that had been depreciated at rates in place before the current policy are included at a net book value which is less than the value which would have been applied under the current policy. Those assets have not been depreciated.

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. Cost is calculated using the first in, first out basis. 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 to 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

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 number 00901022).

A summary of the Trading company's results for 2020 is shown below:

SUMMARY PROFIT AND LOSS ACCOUNT	2020 £'000	2019 £'000
Turnover	383	405
Cost of sales and administrative expenses	(329)	(388)
Tax	-	(3)
Profit / (loss) for the year after tax	54	14

SUMMARY BALANCE SHEET	2020 £'000	2019 £'000
Current assets		
Stock	24	32
Debtors	52	28
Cash	176	72
	252	132
Creditors falling due within one year	154	88
Net current assets	98	44
Called up share capital	1	1
Capital redemption reserve	8	8
Profit and loss account	89	35
Shareholders' funds	98	44

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.

	Total 2020 £'000	Total 2019 £'000
Income:		
Donations		
Unrestricted funds	1,461	1,656
Restricted funds	1,408	1,218
Legacies		
Unrestricted funds	798	1,206
Restricted funds	25	82
Other income	55	51
Total charitable income	3,747	4,213
Grants paid	2,467	3,040
Charitable activities	1,125	767
Total charitable activity expense	3,592	3,807
Net surplus / (deficit) for the year	155	406
Transfers between activities	-	-
Surplus / (deficit) on charitable activities	155	406

3. CHARITABLE ACTIVITIES (CONTINUED)

	Total 2020 £'000	Total 2019 £'000
Reconciliation to SOFA		
Total charitable income as above	3,747	4,213
Trading activities income	383	405
Investment income	96	107
Other income	17	26
Total income as SOFA	4,243	4,751
Total expenditure as SOFA		
Total charitable activity expense as above	3,592	3,807
Cost of fundraising	613	1,394
Trading activities expenditure	329	391
Investment management expenses	23	22
Total expenditure as SOFA	4,557	5,614

4. ANALYSIS OF EXPENDITURE

	Direct staff costs £'000	Direct costs £'000	Support costs £'000	Total 2020 £'000	Total 2019 £'000
Cost of generating funds	274	236	103	613	1,394
Charitable activities					
Information and education	227	105	64	396	229
Grants to partners		2,467	475	2,942	3,040
Other support to partners	185	28	41	254	538
Total charitable activities	412	2,600	580	3,592	3,807
Total costs of the charity	686	2,836	683	4,205	5,201
Trading company	58	271	-	329	391
Investment management	-	23	-	23	22
Total group costs	744	3,130	683	4,557	5,614

The charity refreshed its approach to the allocation of costs for 2020. This was partly due to the change made to the charity objects, which clarified that raising awareness of local Christians and their work in the Middle East was a charitable purpose, but also reflecting work undertaken on the charity's strategy. 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.

The £683k (2019:£715k) of support costs, which includes Governance costs of £75k (2019:£144k), have been allocated across the categories based on relative amount of direct costs.

Support costs excluding governance for 2020 amounts to £608k of which £469k (2019:£383k) is staff costs.

The £139k balance of support costs includes depreciation £32k, systems/support and maintenance costs £25k, insurance £16k, bank charges £13k, office repairs and maintenance £10k, energy £9k, equipment purchases maintenance

and rental £10k, group life cover £8k, consultancy £6k, pension fund administration costs £5k, telephones £6k, rates £4k, training £5k, office supplies £4k, recruitment £4k, postage £3k, professional fees £3k, water and waste fees £2k, health and safety £1k, subscriptions £1k and other costs £9k with these offset by management recharge to trading of £37k.

Governance costs of £75k comprise £51k (2019:£62k) of staff costs, £17k of charity audit costs, £4k for production of trustees annual report and £3k for trustees' travel.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

5. DETAILS OF GRANTS WE PAID TO OUR PARTNERS

	2020 £'000	2019 £'000		2020 £'000	2019 £'000
Egypt			Palestine and Israel		
Anafora	21	51	Al Ahli Arab Hospital	60	70
BLESS (Coptic Orthodox Bishopric, Ecumenical & Social Services)	86	87	Arab Evangelical School	-	2
CEOSS (Coptic Evangelical Organisation of Social Services)	100	78	Aviv Ministries	21	25
Christian Medical Fellowship	-	11	Bethany Girls School	-	8
Episcocare	94	98	Bethlehem Arab Society for Rehabilitation	45	45
Fairhaven School	32	15	Bursary Scheme (Secretariat of Solidarity)	125	125
Harpur Memorial Hospital	18	18	Caritas Jerusalem	111	78
Refuge Egypt	61	70	East Jerusalem YMCA	118	111
Salaam Center	62	45	Four Homes of Mercy	58	63
Shams El Birr	-	15	Gaza YMCA	-	14
The Deaf School	20	23	Helen Keller School	153	244
Think & Do	100	100	International Christian Committee in Israel	25	23
Total of Egypt	594	611	Olive Tree Project (Joint Advocacy Initiative)	33	32
			MECC Department of Service to Palestinian Refugees	3	13
Lebanon			Musalaha	22	22
Al Kafaàt	166	135	Nazareth School of Nursing	17	18
Beit El Nour	48	26	Near East Council of Churches	95	126
DI	24	25	Palestinian Bible Society	54	54
Habitat for Humanity	-	91	Pontifical Mission of Palestine	35	161
Ecumenical Relief Services (formerly ICNDR)	40	58	Princess Basma Centre	50	50
Howard Karagheusian Commemorative Corporation	20	163	SIRA School	17	12
Johan Ludwig Schneller School	14	14	Society of St Yves	50	17
Joint Christian Committee	55	55	St Luke's Hospital	17	25
Learning Centre for the Deaf	40	36	Talitha Kumi	-	6
Lebanese Society for Social Education and Development	180	183	Total of Palestine and Israel	1,109	1,344
Pontifical Mission for Lebanon	31	52			
Tahaddi	-	133	Iraq		
The Awareness Foundation	-	25	CAPNI (Christian Aid Program Nohadra Iraq)	86	77
Zvartnotz Centre	20	12	Chaldean Archdiocese of Erbil	30	-
Total of Lebanon and Syria	638	1,008	Total of Iraq	116	77
			Multi-country		
			Viva Network	10	-
			Total of Multi-country	10	-
			Grand Total	2,467	3,040

6. NET INCOMING/(OUTGOING) RESOURCES

	Year ended 2020 £'000	Year ended 2019 £'000
Net resources are stated after charging:		
Auditors' remuneration	22	23
Depreciation - owned assets	32	36
Staff pension contributions	171	164
Services provided by the Charity's auditor during the year:		
Audit of the Charity and consolidated financial statements	15	16
Audit of the Trading subsidiary including provision of annual report and accounts	5	5
Corporation tax calculation for Charity & Trading subsidiary	2	2
	22	23

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

	2020 £'000	2019 £'000
Trustee travel expenses	3	6

The key management personnel of the charity comprise the trustees, and the Leadership Group which at the end of 2020 comprised the Chief Executive, the Director of Programmes and Engagement and the Heads of Information Systems & Security, Finance, Trading & HR.

The total employee benefits of the Leadership Group in 2020 were £378k (2019:£400k), During the year both our Director of Fundraising

& Marketing and our Head of Engagement left the organisation. Our Director of Programmes & Partnerships took on the challenge of re-assessing our fundraising and marketing capabilities and approach and with Board approval set about building a re-invigorated Engagement team. This work started at the end of 2020 and is expected to be complete by the end of the first half of 2021.

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

	2020 £'000	2019 £'000
Wages and salaries	1,000	1,032
Social Security costs	93	93
Pension plan contributions	171	164
	1,264	1,290

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

	2020	2019
UK management staff	6	6
UK administrative staff	29	31
	35	37

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

8. GROUP STAFF COSTS (CONTINUED)

Number of employees receiving total employee benefits (gross pay and company pension contributions), in the ranges:

	2020 £'000	2019 £'000
£60,000 - £70,000	-	1
£70,000 - £80,000	1	1
£80,000 - £90,000	-	-
£90,000 - £100,000	1	1

* 2019 restated from 5

9. TANGIBLE FIXED ASSETS

Group	UK freehold property £'000	Fixtures and fittings £'000	Computer related £'000	Motor vehicles £'000	Totals £'000
Cost					
At 1 January 2020	968	119	176	35	1,298
Additions	-	-	5	-	5
Disposals	-	-	-	35	35
At 31 December 2020	968	119	181	-	1,268
Depreciation					
At 1 January 2020	87	98	155	9	349
Charge for the year	10	8	9	5	32
Disposals	-	-	-	14	14
At 31 December 2020	97	106	164	-	367
Net Book Value					
At 31 December 2020	871	13	17	-	901
At 31 December 2019	881	21	21	26	949

Charity	UK freehold property £'000	Fixtures and fittings £'000	Computer related £'000	Motor vehicles £'000	Totals £'000
Cost					
At 1 January 2020	968	118	176	35	1,297
Additions	-	-	5	-	5
Disposals	-	-	-	35	35
At 31 December 2020	968	118	181	-	1,267
Depreciation					
At 1 January 2020	87	97	155	9	348
Charge for the year	10	8	9	5	32
Disposals	-	-	-	14	14
At 31 December 2020	97	105	164	-	366
Net Book Value					
At 31 December 2020	871	13	17	-	901
At 31 December 2019	881	21	21	26	949

10. FIXED ASSET INVESTMENTS

Group	Listed investments £'000	Unlisted investments £'000	Total £'000
Market value as at 31 December 2019	3,572	6	3,578
Additions	719	2	721
Disposals	(721)	-	(721)
Revaluations	10	-	10
Market value as at 31 December 2020	3,580	8	3,588
Historical cost of the investments were:			
31 December 2019	2,989	2	2,991
31 December 2020	2,881	3	2,884

Charity	Listed investments £'000	Unlisted investments £'000	Holding in trading company £'000	Total £'000
Market value as at 31 December 2019	3,572	6	1	3,579
Market value as at 31 December 2020	3,580	8	1	3,589

Listed investments were comprised of the following:

	2020 £'000	2019 £'000
UK equities	1,404	1,819
UK bonds	515	520
Property	333	346
North American equities	538	277
Infrastructure	278	244
International equities	228	46
European equities	-	79
Far East and Australasian equities	144	109
Emerging economies	36	32
Other investments	104	100
Total	3,580	3,572

The following holdings were over 5% of the total market value of the portfolio.

	Market Value at 31 December 2020 £'000	Market Value at 31 December 2019 £'000
Charities Property Fund	199	204
Baillie Gifford & Co American	265	-
Polar Capital Funds Global Technology	210	-

Of the unlisted investments, £8k was invested overseas.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade debtors	25	25	-	-
Amount owed by group undertaking	-	-	-	12
Other debtors	48	114	74	124
Prepayments	37	41	34	38
Total	110	180	108	174

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade creditors	106	78	25	45
Amount due to group undertaking	-	-	24	-
Social security and other taxes	71	46	32	28
Other creditors	23	8	22	5
Accruals	295	482	288	470
Total	495	614	391	548

13. ACCRUED GRANTS

	2020 £'000
At 1 January 2020	419
New grants committed (note 5)	2,467
Grants paid in year	(2,655)
At 31 December 2020	231

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 £166k (period to 31 December 2019 £161k). These contributions include employee salary sacrifice contributions. There were £2k of contributions outstanding at 31 December 2020 (period to 31 December 2019 £3k).

15. 2020 ANALYSIS OF NET ASSETS BETWEEN FUNDS

2020	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	2020 total funds £'000
Fixed assets	-	901	-	901
Investments	3,414	174	-	3,588
Current assets	13	4,264	38	4,315
Current liabilities	(495)	-	-	(495)
Total Income	2,932	5,339	38	8,309

15. 2020 ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

2019 Comparatives	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	2019 total funds £'000
Fixed assets	-	949	-	949
Investments	2,034	1,544	-	3,578
Current assets	-	4,582	118	4,700
Current liabilities	(614)	-	-	(614)
Total Income	1,420	7,075	118	8,613

16. DESIGNATED FUNDS

2020	As at 1 January 2020 £'000	New Designations £'000	Designations Released £'000	As at 31 December 2020 £'000
Fixed Assets ¹	949	-	(48)	901
Programme Fund ²	2,551	149	-	2,700
Helen Keller School Grants ³	273	-	(137)	136
Projected Deficits ⁴	3,302	-	(1,700)	1,602
	7,075	149	(1,885)	5,339

- Fixed Assets** - Trustees have 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.
- Programme Fund** - Trustees have designated funds to cover 18 months of expenditure (subject to other grant conditions being met) on committed multi-annual grants to partners.
- Helen Keller School Grants** - Trustees have 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.
- Projected Deficits** - Trustees have designated funds to cover projected operating deficits 2021-2025.

2019 comparatives	As at 1 January 2019 £'000	New Designations £'000	Designations Released £'000	As at 31 December 2019 £'000
Fixed Assets ¹	975	-	(26)	949
Programme Fund ²	2,850	-	(299)	2,551
Helen Keller School Grants ³	489	-	(216)	273
Projected Deficits ⁴	2,863	439	-	3,302
	7,177	439	(541)	7,075

- Fixed Assets** - Trustees have resolved to designate funds to the value of £949k to reflect the value of fixed assets being unavailable for use in the Charity's usual operations.
- Programme Fund** - Trustees have designated funds to cover 18 months of expenditure (subject to other grant conditions being met) on committed multi-annual grants to partners.
- Helen Keller School Grants** - Trustees have designated funds to the value of £273k to reflect the current sterling value (at an exchange rate of 4.58 New Israeli Shekels to the £) of the charity's grant commitments to the Helen Keller School for the two years 2020 to 2021. These were agreed, subject to certain conditions being met, as part of the transfer of the school to the Franciscans in September 2016.
- Projected Deficits** - Trustees have designated funds to cover projected operating deficits 2020-2025. Current projections for potential income growth and a small annual increase in grant spend over the period would allow the Trustees to maintain the charity's reserves within the target of one to six months of budgeted income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

17. 2020 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 2020 £'000	Spending during 2020 £'000	Closing balance £'000
General funds ¹				
Education	-	241	241	-
Health	-	45	45	-
Community development	116	370	462	24
Refugees	-	21	16	5
Special needs and disability	-	26	26	-
Women's education and empowerment	-	-	-	-
Country specific funds	-	504	504	-
Partners working within the following fields ²				
Education	2	66	68	-
Health	-	20	11	9
Community development	-	26	26	-
Special needs and disability	-	53	53	-
Other restricted funds	-	61	61	-
Total restricted funds	118	1,433	1,513	38

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.

2019 comparatives

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 2019 £'000	Spending during 2019 £'000	Closing balance £'000
2019 comparatives				
General funds ¹				
Education	-	949	-	949
Health	-	294	294	-
Community development	-	104	104	-
Refugees	100	307	291	116
Special needs and disability	-	41	41	-
Special needs and disability	-	35	35	-
Women's education and empowerment	-	1	1	-
Country specific funds	-	329	329	-
Partners working within the following fields ²				
Education	8	72	78	2
Health	-	15	15	-
Community development	-	15	15	-
Special needs and disability	-	55	55	-
Other restricted funds	-	32	32	-
Total restricted funds	108	1,300	1,290	118

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.

	2020 £'000	2019 £'000
Donations received on behalf of the charity	72	58
Alternative gifts sold on behalf of the charity	239	238
Total	311	296

As at 31 December 2020 a net figure of £3k was owed by the Trading company to the Charity.

At the end of 2019 a sum of £22k was owed by the Trading company to the Charity.

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

	2020 £'000	2019 £'000
Surplus on ordinary activities	(304)	(504)
Income from investments	(96)	(107)
Write off of assets	-	-
Net (gains) / losses on investments	(10)	(359)
(Profit) / loss on disposal of fixed assets	(8)	-
Depreciation charges	32	36
Decrease / (increase) in stock	8	(3)
Decrease / (increase) in trade and other debtors	70	(94)
Increase / (decrease) in trade and other creditors	(119)	221
	(427)	(810)

20. CASH AND CASH EQUIVALENTS

The amounts disclosed on the cash flow statement in respect of cash and cash equivalents are in respect of these balance sheet amounts:

Year ended 31 December 2020	31 December 2020 £'000	01 January 2020 £'000
Cash and cash equivalents	4,181	4,488

Year ended 31 December 2019	31 December 2019 £'000	01 January 2019 £'000
Cash and cash equivalents	4,488	6,292

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.**

Embrace the Middle East

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



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Front cover image: A Syrian family now living in a refugee camp. (Credit: MERATH)

Back cover image: Sunset over Jerusalem. (Credit: Simon Stanley)