

# **Embrace the Middle East**

Annual Report  
and Accounts  
2013

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## Embrace the Middle East Group

Registered company number 3706037 (England and Wales)

Registered charity number 1076329

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Embrace the Middle East seeks to improve the lives of vulnerable and disadvantaged people in the Middle East. We do this in partnership with local Christians, focusing on education, healthcare and community development.

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## A message from The Chair of Trustees

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I started my message in last year's report and accounts by commenting that it had been a challenging year for UK charities, due to the difficult economic climate. There is talk now of a gradual economic recovery, but our own difficulties in the West have been eclipsed by the continued turmoil in the Middle East, our area of focus. Almost ten million Syrians, half of the country's population, have been displaced from their homes in one of the most brutal and intractable civil wars of modern times. Meanwhile, continued political instability elsewhere in the Arab world, and political deadlock between Israel and the Palestinians, and the humanitarian crisis in Gaza, mean that the suffering, poverty and injustice in the region are as overwhelming as ever.

It is for these reasons that we see ever more clearly the need for a strong and vibrant local Christian response to these challenges. And supporting that response is our mission at Embrace. So I am pleased to report, as we enter our 160th year as a charity, on another year of solid progress:

- Our supporters responded very generously to the Syrian crisis, raising some £224k for relief and development work amongst Syrian refugees in Lebanon's Bekaa valley and inside Syria.
- Thanks to strong legacy income in recent years, we were able to send some £205k in additional one-off grants to help our Christian partners in Egypt respond to the economic and political chaos in that country.
- As a result of our highly successful Syria appeal, and other fundraising initiatives, we were able to grow voluntary income (excluding legacies) from the 2012 level by over 10%, to £2,109k.

- With increased income, the decision by trustees to release funds from reserves and an increase in locally sourced funds at our wholly-owned Helen Keller School in East Jerusalem, we were able to increase our charitable expenditure in the year by 39% to £2,847k.
- Our charitable expenditure included investment in a new programmes team in our head office in Amersham, whose role is to work closely with our Christian partners in the Middle East, helping them to develop their potential and increase their capacity to help the most vulnerable and disadvantaged in their communities.
- Our ever-popular trading arm reported a small profit this year, and was also the vehicle to raise some £122k in alternative gifts and donations, the same as the excellent result in 2012.

A more detailed review of our activities and achievements during 2013 and our plans for 2014 is laid out in the remainder of this document.

None of what has been achieved over the last year could have happened without the hard work of our partners in the field, and the generosity and prayers of our supporters in the UK and elsewhere.

**Rev Brian Jolly**  
**Chair of Trustees**

## The Charity in numbers

The trustees of Embrace the Middle East, who are also directors of the Charity for the purposes of the Companies Act 2006, present their report with the financial statements of the Charity for the year ended 31 December 2013. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

### Five year summary

| <b>Year ending 31 December</b>              | <b>2009<br/>£'000</b> | <b>2010<br/>£'000</b> | <b>2011<br/>£'000</b> | <b>2012<br/>£'000</b> | <b>2013<br/>£'000</b> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Donations                                   | 2,181                 | 1,869                 | 1,948                 | 1,904                 | 2,109                 |
| Legacies                                    | 1,036                 | 783                   | 510                   | 1,778                 | 731                   |
| Investment income                           | 115                   | 124                   | 124                   | 122                   | 101                   |
| Local Helen Keller School income            | 220                   | 497                   | 316                   | 381                   | 493                   |
| Other                                       | 17                    | 2                     | 2                     | 32                    | 42                    |
| <b>Total</b>                                | <b>3,569</b>          | <b>3,275</b>          | <b>2,900</b>          | <b>4,217</b>          | <b>3,476</b>          |
| Grants                                      | 1,981                 | 1,632                 | 1,660                 | 1,554                 | 2,355                 |
| Helen Keller School support                 | 821                   | 769                   | 878                   | 750                   | 836                   |
| UK staff costs                              | 531                   | 525                   | 538                   | 586                   | 646                   |
| Other costs                                 | 448                   | 364                   | 489                   | 667                   | 536                   |
| <b>Total resources expended</b>             | <b>3,781</b>          | <b>3,290</b>          | <b>3,565</b>          | <b>3,557</b>          | <b>4,373</b>          |
| <b>Net surplus/(deficit)</b>                | <b>(212)</b>          | <b>(15)</b>           | <b>(665)</b>          | <b>660</b>            | <b>(897)</b>          |
| Helen Keller School costs less local income | 601                   | 272                   | 562                   | 369                   | 343                   |
| <b>Assets as at 31 December</b>             | <b>2009<br/>£'000</b> | <b>2010<br/>£'000</b> | <b>2011<br/>£'000</b> | <b>2012<br/>£'000</b> | <b>2013<br/>£'000</b> |
| Investments                                 | 2,636                 | 2,752                 | 2,633                 | 2,753                 | 2,636                 |
| Cash at bank and in hand                    | 1,047                 | 1,595                 | 936                   | 1,593                 | 1,307                 |
| Other net assets                            | 34                    | 947                   | 901                   | 886                   | 651                   |
| <b>Total funds</b>                          | <b>3,717</b>          | <b>5,294</b>          | <b>4,470</b>          | <b>5,232</b>          | <b>4,594</b>          |

## Financial review

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All comparisons to the previous year are based on the annualised numbers in the table on page 2. Figures are expressed in k (thousands) since this is how the accounts are presented.

In summary, 2013 was a year of solid financial progress for the Charity. Voluntary income increased substantially from that received in 2012, while local income raised to support the Helen Keller School in East Jerusalem was also considerably higher. Legacy receipts were not as great as 2012 but still represented a significant part of our income.

Due to the generosity of legators in 2012 we were able, in 2013, to increase the grants paid out to our partners in the Middle East by over 50%, so enabling us to respond to the plight of Syrian refugees through our Lebanese partners.

### Income and expenditure

In 2013 income decreased by £741k over the level in 2012, primarily because legacy income was £1,047k less than the exceptional figure received in 2012. There was an increase in other voluntary income of £205k. There was an increase of £112k in income for the Helen Keller School, the main items being an increase of £38k from the Israeli government and £86k from the lease of part of the school site. Responses to our appeals for Syria were a significant part of our increased donations, along with the greater than expected response from churches to our Embrace Christmas initiative.

Expenditure increased by £816k compared to 2012. There was an increase in grant expenditure of £801k and UK staff costs increased by £60k, but other UK costs fell by £131k. The costs at the Helen Keller School increased by £86k, but £73k of this was because the severance compensation provision, based on Israeli regulations, had to be increased.

One of the objectives for 2013 was to implement a new partnerships (programmes) strategy, to add value to the support we give our partners in the Middle East so that in turn they can build their capacity and reduce reliance on our support. This entailed an increase in staffing in the partnership team, costing £39k. This increase in staffing is an investment which will make our grants programme more effective in future years.

The reduction in UK other costs compared to 2012 was primarily because 2012 included £140k for the rebrand to Embrace the Middle East which took place in that year.

### Balance sheet

Total funds at the end of the year were £638k less than at the end of 2012. This was planned as the grants programme was increased in order to draw down on the additional reserves created in 2012 due to the large legacy income that year. Investments at the end of 2013 were similar to the level at the end of 2011. Bank balances, at £1,307k, were higher than planned due to some payments of the planned grants programme not being processed until the beginning of the current year.

General reserves, those available for use in accordance with charitable objects, were £2,550k at year end compared to £3,135k at the end of 2012, this reduction being the result of the planned draw down on reserves. These reserves are more than adequate for the Charity's needs and a further drawdown on this general reserve is planned for 2014, as detailed in the following section.

### Reserves and investment policy

In 2012 the Charity adopted a new less conservative policy. This was based on an assessment of the risks that the various components of income would not be attained, with the resulting minimum figure of reserves being increased by 50% as a prudent buffer measure. During 2013 the risk factors used were reviewed and were judged to be satisfactory. It was therefore decided that the buffer factor should be reduced to 25% by the end of 2014, and potentially to 0% by the end of 2015, which has the effect of reducing reserves to a maximum of six months of budgeted income.

The reduction is to be achieved through the sale of investments and the resulting funds will be used to increase grants, which is likely to lead to a further planned deficit in 2014.

As at 31 December 2013 general unrestricted reserves were £2,550k (2012: £3,135k), so being within the approved range; the minimum being £2,356k (2012: £2,356k) and the maximum £3,142k (2012: £3,142k).

Trustees have agreed to continue to designate £700k of reserves in the Legacy Equalisation Fund set up at the end of 2012. This fund has been designated for use in future years in order to better protect our multi-annual grant programmes from future variations in legacy income, which is often difficult to predict.

Other designations have been continued. To cover fixed assets £1,050k (2012: £1,075k), working capital at Helen Keller £75k (2012: £75k), an IT upgrade £100k (2012: £100k) and a marketing fund £50k (2012: £50k). The IT designation will be utilised on a software upgrade and other projects during 2014.

## How we performed against our 2013 objectives

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We set ourselves some ambitious objectives for 2013, in the overall context of our 'Fit for Fifteen' strategic plan for the period 2011–15. The 2013 objectives and the results achieved are summarised below. More detailed assessments appear in the following pages.

- |   |  |
|---|--|
| <p><b>1</b> Implementation of the new partnerships strategy agreed by trustees in December 2012.</p>  | <p><b>Achieved.</b> A new partnerships team, including a Head of Partnerships in the senior leadership team, was in place by mid-2013. A process of assessing current programme systems and partner relationships was begun. The continuing Syrian crisis and the political uncertainty in Egypt were also major areas of attention during the year.</p>                           |
| <p><b>2</b> Achieve growth in voluntary income (excluding legacies) to exceed the Fit for Fifteen plan of £2,087k.</p>                                    | <p><b>Achieved.</b> Voluntary income was £2,109k for the year, slightly more than target. However committed giving income continued to show some weakness, £42k short of the planned total of £801k.</p>   |
| <p><b>3</b> Continue to stabilise the contribution from the Charity's trading operation and align trading more closely with wider Charity objectives.</p> | <p><b>Achieved.</b> Our trading subsidiary bettered our target of breaking even for the year, with profits just a little under £6k. Alternative gifts and donations from trading orders totalled £122k for the year, exceeding our target.</p>   |
| <p><b>4</b> Continue to stabilise the Helen Keller School in East Jerusalem.</p>  | <p><b>Achieved.</b> Progress is being made slowly but surely. The call on Charity funds to support the school's day to day operating costs was £269k, significantly less than in the Fit for Fifteen strategic plan. However, the school remains very dependent on Israeli Ministry of Education funding, and therefore vulnerable to the withdrawal of this source of income.</p> |
| <p><b>5</b> Ensure full compliance of Charity and trading with all necessary legislation and best business practice.</p>                                  | <p><b>Partially achieved.</b> The Charity remains compliant with all regulatory and reporting requirements, but progress on some aspects of our plans for the year (e.g. a business recovery plan) was delayed because of other priorities.</p>  |

## A review of our 2013 performance in detail

### Objective 1 – Implementation of the new partnerships strategy.

2013 was a year of significant change for the partnerships (programmes) side of the Charity, laying strong foundations for the future. Two Partnerships Managers were recruited during the first quarter of 2013, joined mid-year by a Head of Partnerships to complete the new structure. A comprehensive review of partnerships, grant-making, and the related processes started in late-summer and progressed quickly. Country needs assessments and a renewed focus on the impact of partner projects are now at the heart of Embrace's relationship with local Christian-led organisations.

The first fruit of the new approach was the successful launch of a Lebanon country strategy in July 2013. New projects for 2014–16 proposed by Lebanese partners were approved and Embrace is now committed to supporting Lebanese partners with funding worth £412K annually over three years from January 2014.

In 2013, 55 partner organisations received funds totalling £2,355K. As a result 78 projects were supported, targeting some of the most vulnerable and disadvantaged communities in the Middle East.

Healthcare is an important aspect of our partners' work, where limited funds can have a significant impact. Amongst other things Embrace grants supported more than 35,000 medical consultations for people of all ages. Many of the patients also benefit from health education sessions in clinics, schools and through home visits. Home visits undertaken by one Gaza-based partner alone encouraged parents of over 10,000 children to attend well-baby clinics. As a result 1,200 cases of anaemia or malnutrition were diagnosed and are now being treated.

Maternal health was the focus of several projects, providing high quality ante-natal and post-natal care to communities and refugee populations with limited access to health care. One project in Cairo provided 6,800 pre-natal examinations at their central clinics and delivered health messages on sensitive issues such as FGM and HIV. Similar services were supported in Gaza, the West Bank and elsewhere in Egypt throughout the year.

Community development projects accounted for a third of 2013 grant expenditure, with £784K invested in supporting disadvantaged communities over the year. These projects are practical, and often include several areas that can be as diverse as citizenship, micro credit and life skills. In total 26 community based projects were supported.

Micro credit projects run by three partners in Egypt distributed more than 1,400 loans of between £50 and £500 supporting people with low incomes, predominantly women, in setting up small businesses. Those who received loans were also offered financial management and skills training, for instance sewing and tailoring, to assist in establishing their work. These projects provide much needed economic support to impoverished communities and enabled many families to develop new ways of earning a living. With loan repayment rates well in excess of 95%, these three revolving loan funds will continue to support communities for many more years.

Other community development projects provided much needed literacy and citizenship training for women in both urban and rural locations. Several partners addressed the needs of young women at risk of delinquency or suicide. Working through a Palestinian partner, food-insecure families in the West Bank were assisted through the provision of training, agricultural supplies and livestock.

Syria  
£271k

Rehabilitation &  
Specialised Education  
£601k

2013 Grant  
Expenditure

Community  
Development  
£784k

Health  
£295k

Education  
£404k

## A review of our 2013 performance in detail continued

### **Objective 1 – Implementation of the new partnerships strategy** continued

Rehabilitation and specialised education for people with disabilities continued to be a focus for us in 2013. Embrace grants contributed to the provision of services supporting more than 1,200 individuals throughout the year. This spanned in-patient care and rehabilitation for people with profound and multiple disabilities, as well as the adaptation of homes to support independent living and special education.

Committed giving enabled us to support the ongoing education and rehabilitation of 230 disabled children in Lebanon. This broad-ranging partner project provides daily care, education and rehabilitation to many marginalised Lebanese children and young people, while also giving much needed support and respite to their families. Embrace partners continue to deliver essential services in situations where state provision is limited and many families are unable to pay for the private care or specialised education they need.

As reported last year, we have significantly changed our approach to mainstream education. The bursary programme started in the autumn of 2012 and, after successfully completing its first year in June, was renewed in September. Over the first year we subsidised the school fees of 562 children from disadvantaged families suffering financial or other hardship, each of whom attend one of 15 Christian schools in East Jerusalem and the West Bank. A further 583 children continued to be supported through our longstanding sponsorship programme, which is gradually being replaced by the bursary scheme.

Throughout 2013 Embrace responded to unfolding crises across the region. The protracted conflict in Syria placed great strain on the region as a whole and forced large flows of refugees to flee the country. Embrace partners in Lebanon and Egypt have responded to this crisis working both inside Syria and within their own borders.

The church is uniquely positioned to respond to the situation in Syria. Through grassroots parish networks they are able to identify members in their communities who fall through the cracks of the international aid effort. Our partners from different denominations were able to capitalise on this and responded inside Syria, working across religious divides, supporting 2,100 families with food parcels and a further 660 families with hygiene kits. Over the year partners in Lebanon, Syria and Egypt provided more than 12,000 food parcels in total for refugee and displaced families.

As the needs unfolded we adapted our approach to include more long term project areas. These included supporting vulnerable Syrian girls in Beirut, where 120 children and their families benefit from psychological and social work, education for refugee children, and the support of a new maternal health project for refugees in the Egyptian city of Alexandria. This is only a snapshot of the support to Syrian refugees and displaced people that Embrace has been privileged to provide, with some activities that started later in the year still to be reported.

In response to the Egyptian revolution in 2011 and continued upheaval in 2013 we committed £205k for urgent social and economic projects. These projects continued many of the themes seen elsewhere throughout the year, supporting micro-credit, citizenship and vocational training projects. Embrace continues to work closely with a broad range of denominations in Egypt to support their efforts in reaching out to vulnerable and marginalised sections of society, especially those who are disadvantaged by the upheaval.

Details of grants paid to partners during the year are itemised in note 5 to the accounts.

### **Objective 2 – Growth in voluntary income to exceed £2,087k.**

2013 was planned as a year for consolidating the new brand which was launched in the second half of 2012. This was achieved and the new identity is now widely accepted by our supporters and other stakeholders. Total voluntary income of £2,109k was £205k up on 2012, and £21k ahead of the target. This pleasing figure hides a continuing fall in both trust and committed giving income – masked by a significant increase in ad hoc donations. The number of supporting churches increased by 63%, due mainly to the impact of our Embrace Christmas campaign. We were grateful to receive £731k in legacy income. This was lower than the record levels of 2012, but above our budgeted figure.

The Syrian crisis dominated the headlines for much of the year and this was a significant factor in driving both existing and new donors to support our work. As a result we significantly out-performed our individual donor target of 15,000, ending the year with 17,106 unique donors. Our communications and fundraising programme remains predominantly paper-based, but the number of individuals engaging via email and social media platforms continues to increase. We have decided to invest further in this area in 2014.



The increase in income was derived from ad hoc donations in response to appeals and other communications. Responses to the Syria conflict were a major factor in this increase and, in addition to appealing to our existing supporters, we also invested in two acquisition mailings focused on our response to this crisis. Other factors which contributed to the rise in ad hoc giving were the continuing civil unrest in Egypt, which resulted in severe damage to partners' property, and the bombings in Lebanon which claimed the life of a child attending Al-Kafaat. Our three main appeals raised £52k for community development work in Egypt, £110k for Syrian refugees and £61k for health care in Palestine. Other appeals to both existing donors and cold mailings raised a further £64k.

Those who had ordered our Embrace Christmas carol sheets in 2012 sent in donations amounting to £89k in 2013 and our 2013 campaign which was launched in August outperformed our expectations. We were delighted to receive 2,562 orders, only 559 short of the 2012 figure. In total we distributed 13,123 packs of carol sheets.

Despite achieving 18% year-on-year increase in new commitments, overall we continued to lose ground on committed giving and we were unable to reverse the downward trend. We instigated an uplift programme and promoted short-term commitments for specific pieces of work, both of which have been successful in delivering additional funds. We have started work on a replacement for our child sponsorship scheme which is now closed to new sponsors. Trust income fell for the second consecutive year and we will be working hard to increase this income stream in 2014.

We are indebted to our volunteers who donated 214 days of their time throughout the year, providing head office support, speaking in churches and staffing stands at events such as Greenbelt, New Wine, Big Church Day Out and the Christian Resources Exhibitions. Volunteers also organised our Annual Lecture which was given by His Grace Bishop Thomas of El-Qussia and Mair in May and our Retreat at Wychcroft in Surrey.

In October we welcomed Nabil Costa to our Annual Services in London and Glasgow. He gave a first-hand account of the difference that Embrace support had made to Syrian refugee families both inside Syria and in Lebanon and reminded us all of the difficult circumstances that our partners have to endure on a daily basis.

### **Objective 3 – Continue to stabilise the contribution from the trading operation and align it more closely with wider Charity objectives.**

Embrace the Middle East Trading is a subsidiary of the Charity whose main business is selling greetings cards and other seasonal and Middle East-related gifts through its Christmas catalogue. Following the break-even position reached in 2012, the company made a small profit of £6k in 2013. This was achieved due to both increased turnover and a determined attempt to reduce overheads.

The Trading company is now focused on gaining more contacts for the Charity, continuing to grow income for the Charity through donations and alternative gifts, whilst maintaining a break-even position. During 2013 over 1,900 trading customers made a first donation to the Charity.

The catalogue also has more focus on the work of the Charity. The very successful Embrace Christmas initiative is facilitated by the trading company's fulfilment operation, as are other Charity products such as the distribution of the Lent Study Guide and the sale of alternative gifts. The total of alternative gifts sales and charity donations received through Trading for the Charity was £122k, the same as in 2012 and 25% more than budgeted.

During the year a project to get trading items into Christian bookshops was successfully piloted and will be rolled out in 2014. In this way, the market for the trading company's products will be extended, with the other benefit of the Charity's name being brought to the attention of potential new supporters.

## A review of our 2013 performance in detail continued

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### **Objective 4 – Continue to stabilise the Helen Keller School in East Jerusalem.**

The Helen Keller School is located in the East Jerusalem suburb of Beit Hanina and caters for children with special educational needs, particularly those with visual impairment and additional disabilities. The school is wholly owned by Embrace and is registered as a special education school with the Israeli Ministry of Education. The school has established a very good relationship with the Israeli and Palestinian authorities and with other educational and service institutions in Jerusalem and the West Bank.

The school is a centre of excellence for the education and rehabilitation of children with special needs and promotes strong links between parents, local civil society and the school. Most of the children at the school are Muslim, but with its strong but inclusive Christian ethos, the Helen Keller School focuses on the holistic development of each individual student, spiritually, emotionally, morally, academically and physically.

The school currently has 61 students in six elementary classes and one kindergarten, evenly divided between boys and girls, and 33 staff. Many of the staff, and 15 of the children, come by bus each day through the separation barrier and Israeli checkpoints from the West Bank. Some 23 of the 61 students at the school are classified as having multiple disabilities.

The school's total budget amounted to £788k in 2013, broadly the same as in the previous year. Embrace's total funding for the school in 2013 was £269k (net of capital expenditures), while £493k came from other sources, principally the Israeli Ministry of Education, under the Special Education Law 1988 which is supposed to guarantee state-funded special education for disabled people under the age of 21. There was also significant income from the rental of the east wing of the school building to the al-Bakriyeh school for disabled children, which started in 2013.

Trustees have agreed on a strategy for the Helen Keller School which envisages its medium-term independence from Embrace, although it is expected that even a school under local Palestinian Christian leadership and ownership would continue to receive grant funding or other support from the Charity.

### **Objective 5 – Ensure full compliance of Charity and trading with all necessary legislation and best business practice.**

The Charity continues its best endeavours to ensure compliance with both relevant legislation and best business practice. Reviewing and updating policies, ranging from health and safety to safeguarding vulnerable people in the care of our partners, is an on-going process.

Through its finance team the Charity has been involved in the consultative process for the new Charity Statement of Recommended Practice (SORP), due in 2015.

The planned progress on updating the business recovery plan did not take place; this will be revisited in 2014.

The Charity has continued to focus on risk management, in particular regularly reviewing the risk register at each meeting of the Finance and Audit Committee and once a year by the full Council. Risks which could affect our financial position or our fundraising capabilities are rated highly because of the potential severity of their impact on the Charity. These are:

- Loss of income caused by increased 'competition' from other charities and/or disaster appeals, and by continued problems in the global economy.
- Long-term attrition of our supporter base and the impact of its age profile.
- Volatility of income, given the relatively high proportion arising from legacies, which are notoriously unpredictable.

In 2014 a supporter development programme will be put into place to address these risks.

## Our plans for 2014

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Trustees have set a number of key objectives for the Chief Executive (and through him for the whole Charity) in 2014. These include continued growth in voluntary income (excluding legacies), a revised strategy and improved processes on the programmes (partnerships) side of the Charity, including improved monitoring and evaluation of impact, and further progress in preparing the Helen Keller School for medium-term independence from the Charity. There has also been an external governance review in 2013–14, the main recommendations from which will be implemented from the second half of the year. Trustees have also agreed to begin to work with the Chief Executive and senior leadership team on the development of a strategic business plan for the five years (2016–20) following on from the 'Fit for Fifteen' plan.

## Our charitable objectives and our organisational structure

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### 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 and 18 October 2011.

### Objectives, principal activities and public benefit

The work of Embrace began in 1854 through what was then known as the Turkish Missions' Aid Society. Our charitable objective today is set out in our Articles of Association, revised in October 2011:

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

Our main activity is raising funds from donors, primarily in the UK, and using these funds to:

- Provide grants and other non-financial support to autonomous Christian-led organisations involved in education, healthcare and community development in Israel, Palestine, Lebanon, Egypt and Syria.
- Provide financial and other support to the Helen Keller School, a special education school in East Jerusalem, which is a branch of the Charity.

Trustees confirm that in setting and pursuing these objectives, they have had regard to the Charity Commission's general guidance on public benefit. The Charity implements or funds programmes which give relief to persons who, without those programmes, would not receive the help they require. While the Charity works exclusively through Christian-led agencies in the Middle East, no ultimate beneficiaries are excluded from help on the grounds of race or religion.

### Governance

The governing body of the company is the Board of Trustees, known as the Council, whose members are also directors of the Company. The trustees who served during the year and up to the date of this report are listed under 'Who we are' on page 12. The Council met four times during the year – in March, July, September and December. In addition, the Council delegated some of its responsibilities to three UK committees which met as follows:

- Finance & Audit – three times in January, May and November
- Governance – two times in May and November
- Partnerships – three times in January, June and October

A further committee of the Council is the Helen Keller School Jerusalem Board, which has a majority of local members from Israel and Palestine and which takes day-to-day management responsibility for the activities of the Helen Keller School in East Jerusalem, a wholly owned division of the Charity. The Chair of the Council, or his or her representative, sits as an *ex-officio* member of the Jerusalem Board and this role is currently held by Rev Brian Jolly, Chair of the Council. The Chief Executive of Embrace also sits as an *ex-officio* member of the Jerusalem Board which met three times during 2013, in February, June and October.

Trustees are recruited through an open and transparent process, including by public advertisement on charity job websites and the Charity's own website, and are selected with the aim of ensuring that we have the professional skills and experience needed for Embrace to operate effectively. We also strive for a diverse and gender-balanced board, including trustees from different denominations. Trustees are elected for a three-year term that may be renewed for further periods up to a maximum of fifteen years. Following the changes to the Articles of Association approved by trustees in October 2011, all trustees are required to be practising Christians (this formalises what was in effect the practice previously), and the maximum number of trustees has been set at 12, with provision for an additional two co-opted directors if this is needed to fill particular skills gaps.

In December 2013 we were pleased to welcome two new trustees to the board, Neil Lawrence, who brings extensive financial experience and, John Neate who has international development and governance experience.

Towards the end of 2013 the trustees appointed a consultant to carry out an independent review of the governance of the Charity. The final report was presented to the trustees at their meeting in March 2014, and trustees will be discussing the implementation of the consultants' recommendations during the course of 2014.

Some trustees lead pilgrimages to the territories in which we operate, and the travel and accommodation costs of this are not normally borne by the Charity. Trustees occasionally visit the territories in which we work in order better to exercise their strategic function; during 2013 there was one such visit. The Rev Brian Jolly travelled to Jerusalem three times during the year to attend meetings of the Helen Keller School Board, of which he is a member. Trustees are each encouraged to have a specialist focus on a particular country or territory, and the Charity will only normally meet travel and subsistence costs in relation to travel (for induction or familiarisation purposes) to the relevant country or territory. The cost to the Charity of trustee overseas travel in 2013 was £6k (2012: £2k).

### Management & organisational structure

Trustees, working through the Council 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 management team which operates within the frameworks set by the trustees. Led by a Chief Executive Officer, the senior management team includes the Head of Communications & Fundraising, the Head of Partnerships and the Principal of the Helen Keller School for Visually Impaired Children in East Jerusalem. Senior and middle management team members based in the UK and other senior staff members attend Council meetings but do not vote.

There are currently five UK-based teams within Embrace the Middle East:

- The Chief Executive's office (headed by the CEO, Jeremy Moodey, who is also Company Secretary), which provides overall strategic leadership and day-to-day management of the Charity. Jeremy also takes senior management responsibility for finance, as well as line management of the Principal of the Helen Keller School for Visually Impaired Children in East Jerusalem.
- The Communications & Fundraising team (headed by Tricia Pruden, who is also Deputy Chief Executive), which takes responsibility for all matters relating to communications and fundraising, including appeals, publications and the Charity's website.
- The Partnerships team (headed by Jamie Eyre since June 2013), which is responsible for managing the Charity's grants programme and overseas partnerships.
- The Finance team (headed day-to-day by Andrew Green), which is responsible for managing the income and expenditure of the Charity, the financial systems, and the Charity's trading operations, effected through Embrace the Middle East Trading Limited, a wholly owned subsidiary of the Charity.
- IT and Systems (headed day-to-day by Peter Jones), which is responsible for information technology and communication systems.

### Risk management

Over the last two years the Council and management have increased their focus on risk analysis. All significant activities undertaken are subject to a risk review by management. Major risks are identified and recorded in a detailed risk register which assesses them for potential impact and likelihood of occurrence, and then outlines the appropriate management using the 4 Ts approach (treat, tolerate, transfer or terminate). The risk register is reviewed by trustees at each meeting of the Finance and Audit Committee and once a year by the full Council.

Risks which could affect our financial position or our fundraising capabilities are rated highly because of the severity of their impact on the Charity. These are:

- Loss of income caused by increased 'competition' from other charities and/or disaster appeals, and by continued problems in the global economy.
- Long-term attrition of our supporter base and the impact of its age profile.
- Volatility of income, given the relatively high proportion arising from legacies, which are notoriously unpredictable.

## Who we are

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### Trustees

Tanas Alqassis

Rev Andrew Ashdown (*Chair of Partnerships Committee from 4 December 2013*)

Rev Canon Anthony Ball

Hugh Bradley

Douglas Callander

Judy Hackney

Rev Brian Jolly (*Chair of Trustees, also trustee representative on the Jerusalem Board*)

Neil Lawrence (*from 3 December 2013*)

Dr Brian McGucken (*Chair of the Governance Committee*)

John Neate (*from 3 December 2013*)

Joanna Robertson MBE (*Chair of the Partnerships Committee until 4 December 2013*)

Victoria Smith (*Treasurer and Chair of Finance & Audit Committee*)

Mariam Tadros

Lisa Toner

### Patrons

His Grace Bishop Angaelos, General Bishop of the Coptic Orthodox Church in the UK

Rev David Coffey OBE, former President, Baptist World Alliance

Rt Rev Dr Michael Langrish, former Bishop of Exeter

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

### Senior management team

Jeremy Moodey (*Chief Executive Officer and Company Secretary*)

Tricia Pruden (*Deputy CEO and Head of Communications and Fundraising*)

Jamie Eyre (*Head of Partnerships*)

Suad Younan (*Principal of the Helen Keller School for Visually Impaired Children*)

### Registered office

24 London Road West  
Amersham  
Buckinghamshire  
HP7 0EZ

### Auditors

Wilkins Kennedy LLP  
Statutory Auditor  
Chartered Accountants  
Greytown House  
221–227 High Street  
Orpington  
Kent  
BR6 0NZ

### Bankers

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

### Solicitors

Anthony Collins Solicitors LLP  
134 Edmund Street  
Birmingham  
B3 2ES

### Investment advisers

Investec Wealth and Investment  
2 Gresham Street  
London  
EC2V 7QN

## Statement of trustees' responsibilities

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

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources, including the income and expenditure of the charitable company for 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.
- 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 the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

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

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.

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

So far as the trustees are aware, there is no relevant information (as defined by Section 495 and 496 of the Companies Act 2006) of which the Charity's auditors are unaware, and each trustee has taken all the steps that he or she ought to have taken as a trustee/director in order to make himself or herself aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

Approved by the Board of Trustees on 28 May 2014 and signed on its behalf by:



**Rev Brian Jolly**  
Chair of Trustees

28 May 2014

## REPORT OF THE INDEPENDENT AUDITORS

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We have audited the consolidated financial statements of Embrace the Middle East for the year ended 31 December 2013 on pages 15 to 32. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of the Management Committee and auditors

As explained more fully in the Statement of Trustees' Responsibilities set out on page 13, the trustees (who are also the directors of the 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the charitable company's affairs as at 31 December 2013 and of the Group's and charitable company's incoming resources and application of resources, including the 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.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of the Management Committees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Wilkins Kennedy LLP*

Michelle Wilkes (Senior Statutory Auditor)  
for and on behalf of Wilkins Kennedy LLP  
Chartered Accountants  
Statutory Auditor  
Greytown House  
221-227 High Street  
Orpington  
Kent  
BR6 0NZ

Date: 2 June 2014

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## Consolidated Statement of Financial Activities

(incorporating an income and expenditure account) For the year ended 31 December 2013

|   | Note  | Unrestricted funds<br>£'000 | Restricted funds<br>£'000 | Total funds<br>2013<br>£'000 | Total<br>2012<br>£'000 |
|---|-------|-----------------------------|---------------------------|------------------------------|------------------------|
| <b>Incoming resources</b>                                 |       |                             |                           |                              |                        |
| <b>Incoming resources from generated funds</b>            |       |                             |                           |                              |                        |
| Subscriptions and donations                               | 3     | 816                         | 1,293                     | 2,109                        | 1,904                  |
| Legacies  | 3     | 730                         | 1                         | 731                          | 1,778                  |
| <b>Total voluntary income</b>                             |       | <b>1,546</b>                | <b>1,294</b>              | <b>2,840</b>                 | <b>3,682</b>           |
| <b>Incoming resources from investments</b>                |       |                             |                           |                              |                        |
| Investment income   | 3     | 91                          | –                         | 91                           | 113                    |
| Interest income   | 3     | 10                          | –                         | 10                           | 9                      |
| <b>Incoming resources from trading operations</b>         |       |                             |                           |                              |                        |
| Income from Trading                                       | 2     | 322                         | –                         | 322                          | 297                    |
| <b>Incoming resources from charitable activities</b>      |       |                             |                           |                              |                        |
| Generated from Helen Keller                               | 3     | –                           | 493                       | 493                          | 381                    |
| Other incoming resources                                  | 3     | 40                          | 2                         | 42                           | 32                     |
| <b>Total incoming resources</b>                           |       | <b>2,009</b>                | <b>1,789</b>              | <b>3,798</b>                 | <b>4,514</b>           |
| <b>Resources expended</b>                                 |       |                             |                           |                              |                        |
| Cost of generating voluntary funds                        | 4     | 596                         | –                         | 596                          | 707                    |
| Costs of trading activities                               | 2     | 316                         | –                         | 316                          | 307                    |
| Investment management costs                               |       | 19                          | –                         | 19                           | 20                     |
| <b>Total expenditure incurred in generating resources</b> |       | <b>931</b>                  | <b>–</b>                  | <b>931</b>                   | <b>1,034</b>           |
| <b>Funds available for charitable activities</b>          |       | <b>1,078</b>                | <b>1,789</b>              | <b>2,867</b>                 | <b>3,480</b>           |
| <b>Charitable activities</b>                              |       |                             |                           |                              |                        |
| Information and education about our work                  | 4     | 234                         | –                         | 234                          | 124                    |
| Grants to partners  | 3,4,5 | 1,022                       | 1,333                     | 2,355                        | 1,554                  |
| Other direct support to partners                          | 4     | 242                         | –                         | 242                          | 185                    |
| Helen Keller School                                       | 3,4   | 343                         | 493                       | 836                          | 750                    |
| <b>Total costs of charitable activities</b>               |       | <b>1,841</b>                | <b>1,826</b>              | <b>3,667</b>                 | <b>2,613</b>           |
| <b>Governance costs</b>                                   |       |                             |                           |                              |                        |
| Cost of re-branding                                       | 4     | 91                          | –                         | 91                           | 77                     |
|   | 4     | –                           | –                         | –                            | 140                    |
| <b>Total charitable activity and governance costs</b>     |       | <b>1,932</b>                | <b>1,826</b>              | <b>3,758</b>                 | <b>2,830</b>           |
| <b>Net incoming / (outgoing) resources</b>                | 6     | <b>(854)</b>                | <b>(37)</b>               | <b>(891)</b>                 | <b>650</b>             |
| <b>Transfers between funds</b>                            |       | <b>(551)</b>                | <b>551</b>                | <b>–</b>                     | <b>–</b>               |
| <b>Other recognised gains/losses</b>                      |       |                             |                           |                              |                        |
| Net gains arising from investment assets                  | 10    | 238                         | –                         | 238                          | 108                    |
| Revaluation of Jerusalem assets                           |       | 20                          | –                         | 20                           | 6                      |
| Unrealised foreign exchange losses                        |       | –                           | –                         | –                            | –                      |
| Other realised gains or losses on disposal of assets      |       | (1)                         | –                         | (1)                          | –                      |
| <b>Net movement in funds</b>                              |       | <b>(597)</b>                | <b>(37)</b>               | <b>(634)</b>                 | <b>764</b>             |
| <b>Reconciliation of funds</b>                            |       |                             |                           |                              |                        |
| Total funds brought forward                               |       | 5,111                       | 106                       | 5,217                        | 4,453                  |
| <b>Total funds carried forward</b>                        |       | <b>4,514</b>                | <b>69</b>                 | <b>4,583</b>                 | <b>5,217</b>           |

### Continuing operations

All incoming resources and resources expended arise from continuing activities.

The notes form part of these financial statements.

## Consolidated Balance Sheet

As at 31 December 2013

|  | Note | 2013<br>Group<br>£'000 | 2012<br>Group<br>£'000 | 2013<br>Charity<br>£'000 | 2012<br>Charity<br>£'000 |
|--|------|------------------------|------------------------|--------------------------|--------------------------|
| <b>Fixed assets</b>                        |      |                        |                        |                          |                          |
| Tangible assets                            | 9    | 1,050                  | 1,066                  | 1,050                    | 1,066                    |
| Investments                                | 10   | 2,635                  | 2,752                  | 2,636                    | 2,753                    |
|  |      | 3,685                  | 3,818                  | 3,686                    | 3,819                    |
| <b>Current assets</b>                      |      |                        |                        |                          |                          |
| Stocks                                     |      | 50                     | 48                     | 6                        | –                        |
| Debtors: amounts falling due within 1 year | 11   | 129                    | 50                     | 175                      | 114                      |
| Cash at bank and in hand                   |      | 1,338                  | 1,636                  | 1,307                    | 1,593                    |
|  |      | 1,517                  | 1,734                  | 1,488                    | 1,707                    |
| <b>Creditors</b>                           |      |                        |                        |                          |                          |
| Amounts falling due within 1 year          | 12   | (619)                  | (335)                  | (580)                    | (294)                    |
| <b>Net current assets</b>                  |      | 898                    | 1,399                  | 908                      | 1,413                    |
| <b>Net assets</b>                          |      | 4,583                  | 5,217                  | 4,594                    | 5,232                    |
| <b>Funds</b>                               |      |                        |                        |                          |                          |
| Restricted funds                           | 16   | 69                     | 106                    | 69                       | 106                      |
| Designated funds                           | 15   | 1,975                  | 1,991                  | 1,975                    | 1,991                    |
| Reserves available for charitable purposes |      | 2,549                  | 3,135                  | 2,550                    | 3,135                    |
| Non charitable trading funds               |      | (9)                    | (15)                   | –                        | –                        |
| <b>Total funds</b>                         |      | 4,583                  | 5,217                  | 4,594                    | 5,232                    |

The financial statements were approved by the Finance and Audit Committee on the 28 May 2014 and were signed on its behalf by:

  
**Rev Brian Jolly**  
 Chair of Trustees

The notes form part of these financial statements.

## Consolidated Cash Flow Statement

For the year ended 31 December 2013

### Reconciliation of net (outgoing) / incoming resources to net cash outflow from operating activities

|  | 2013<br>£'000 | 2012<br>£'000 |
|--|---------------|---------------|
| Net (outgoing) / incoming resources  | (891)         | 650           |
| Unrealised foreign exchange losses   | –             | (4)           |
| Depreciation charges   | 33            | 34            |
| Interest received  | (10)          | (9)           |
| Interest paid  | –             | –             |
| Dividends received   | (91)          | (113)         |
| Increase / (decrease) in stock   | 2             | 2             |
| Increase / (decrease) in debtors   | (79)          | 93            |
| Increase / (decrease) in creditors   | 284           | (30)          |
| <b>Net cash outflow from operating activities</b>                                      | <b>(752)</b>  | <b>623</b>    |
| <b>Returns on investments and servicing of finance</b>                                 |               |               |
| Interest received  | 10            | 9             |
| Interest paid  | –             | –             |
| Dividends received   | 91            | 113           |
| <b>Net cash inflow for returns on investments and servicing of finance</b>             | <b>101</b>    | <b>122</b>    |
| <b>Capital expenditure and financial investment</b>                                    |               |               |
| Purchase of tangible fixed assets  | (17)          | (66)          |
| Sale of tangible fixed assets  | (5)           | –             |
| Purchase of fixed asset investments  | (280)         | (357)         |
| Sale of fixed asset investments  | 635           | 345           |
| Revaluation of Jerusalem net worth   | 20            | 6             |
| <b>Net capital inflow / (outflow) for capital expenditure and financial investment</b> | <b>353</b>    | <b>(72)</b>   |
| <b>Increase / (decrease) in cash for the period</b>                                    | <b>(298)</b>  | <b>673</b>    |
| <b>Movement in net debt in the period</b>  |               |               |
| Cash at bank and in hand as at 1 January   | 1,636         | 963           |
| Change in net debt arising from cash flows   | (298)         | 673           |
| <b>Cash at bank and in hand as at 31 December</b>                                      | <b>1,338</b>  | <b>1,636</b>  |

The notes form part of these financial statements.

## Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2013

### 1. Accounting policies

#### Accounting convention

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value as modified by the revaluation of certain assets pursuant to the Companies Act 2006, the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP) and the Charities Act 2011.

#### Basis of consolidation

The financial statements consolidate on a line-by-line basis the results of the Charity (which includes the results of the Helen Keller School) and its wholly owned subsidiary Embrace the Middle East Trading Limited. A separate statement of financial activities and income and expenditure for the Charity is not presented because the Charity has taken advantage of the exemptions afforded by the Companies Act 2006 and paragraph 397 of the SORP.

#### Incoming resources

##### Donations

Donations are brought into the financial statements when the receipts have been deposited into the bank. Gift aid tax reclaimable is recognised 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 can be quantified.

##### Grants

Grants are recognised 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.

#### Resources expended

All overhead expenditure is accounted for on an accruals basis and classified under headings which aggregate all costs relating to the categories listed below.

##### *Costs of generating voluntary income*

Costs of generating funds are those costs incurred in seeking voluntary donations and include employment costs of fund raising employees along with the direct costs of publications.

Investment management fees are the fees charged by the fund managers who manage the investment portfolio.

##### *Charitable activities*

Charitable activities are both the grants made and the costs directly incurred in the support of expenditure on the Charity's objectives, also the cost of the Helen Keller Centre.

Information and education about our work costs are those costs incurred in providing information to supporters and other interested parties about the work of the Charity, both that which has taken place and that which is planned for the future. The cost includes employment costs of employees producing literature and making presentations, along with direct costs of the publications.

##### *Governance costs*

Governance costs include the costs of Trustees' meetings including employment costs of facilitating them and producing reports for them. It also includes other costs primarily undertaken to comply with regulatory and statutory requirements, such as audit fees.

##### *Support costs*

Support costs are those costs that cannot be attributed directly to one of the above headings. The costs are necessarily undertaken but are not specific to a particular operation. Accounting, data processing, payroll, utilities are examples of the costs included. The costs are allocated to the above categories in proportion to allocations of hours worked by employees on the above headings.

**Irrecoverable VAT**

Irrecoverable VAT is included in the costs on which it was incurred.

**Reserves and Funds policies**

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.

**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                          | – | 20% on a straight line basis over 4 years, with a 20% residual value at the end of that period |
| Computer equipment (including software) | – | 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.

The property in Jerusalem is valued at £1 due to the uncertainty of determining its marketability due to the political, social and economic situation prevailing in Israel and Palestine. This policy is reviewed each year.

Stocks of goods held by the trading company are valued at the lower of cost and net realisable value.

**Foreign currencies**

Assets and liabilities denominated in foreign currencies are translated into Sterling at the rate on the balance sheet date. Transactions in foreign currencies are converted into sterling at the exchange rate of the day the transaction took place. Exchange differences are taken into account in the operating results.

**Pension costs and other post-retirement benefits**

The group operates a defined contribution scheme, including a salary sacrifice arrangement. The Charity's contributions are charged as an expense in the pay period to which they relate.

**Investment assets and income**

Investments are held primarily to generate capital growth in order to support the work of the Charity over a long term period. Fixed asset investments are shown at open market valuation in line with the SORP, with net gains and losses arising on revaluations or disposals included in the accounts for the period concerned.

Income from equity and bond holdings is accounted for in the period in which it is received, while income from gilts and rental income is accounted for in the period to which it relates, on an accruals basis.

Unrealised gains and losses arise when fixed assets or fixed asset investments for Charity use are included in the balance sheet at revalued or market amounts. They are included in the Statement of Financial Activities as an incoming resource or additional depreciation as appropriate in the period in which they arise. Realised gains or losses are accounted for in the period when the asset is disposed of.

## Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2013

### 2. Commercial trading activities of the trading subsidiary

Embrace the Middle East Trading Limited is a wholly owned subsidiary of the Charity, incorporated in England and Wales.

A summary of the trading results is as follows:

#### Summary profit and loss account

|  | 2013<br>£'000 | 2012<br>£'000 |
|--|---------------|---------------|
| Turnover   | 322           | 297           |
| Cost of sales and administrative expenses                        | (316)         | (307)         |
|  | 6             | (10)          |
| Contribution from parent company towards rebrand disposals costs | –             | 10            |
| Profit (loss) for the year                                       | 6             | –             |

#### Summary balance sheet as at the year end

|                                       | 2013<br>£'000 | 2012<br>£'000 |
|---------------------------------------|---------------|---------------|
| <b>Current assets</b>                 |               |               |
| Stock                                 | 44            | 47            |
| Debtors                               | 32            | 14            |
| Cash                                  | 32            | 43            |
|                                       | 108           | 104           |
| Creditors falling due within one year | 117           | 119           |
| Net current liabilities / (assets)    | (9)           | (15)          |
| Called up share capital               | 1             | 1             |
| Capital redemption reserve            | 8             | 8             |
| Profit and loss account               | (18)          | (24)          |
| Shareholders' funds                   | (9)           | (15)          |

### 3. Charitable activities

The Charity has two principle charitable activities, the provision of grants to Christian partners in the areas where we work and owning and managing the Helen Keller School, a school in East Jerusalem which is a centre of excellence for the rehabilitation of children and young people with visual impairment.

A summary of our charitable activities is given below:

|   | Grant<br>making<br>£'000 | Helen<br>Keller<br>Centre<br>£'000 | Total<br>2013<br>£'000 | Total<br>2012<br>£'000 |
|---|--------------------------|------------------------------------|------------------------|------------------------|
| <b>Incoming resources</b>                           |                          |                                    |                        |                        |
| Voluntary income                                    |                          |                                    |                        |                        |
| Unrestricted funds                                  | 816                      | –                                  | 816                    | 885                    |
| Restricted funds                                    | 1,293                    | –                                  | 1,293                  | 1,019                  |
| Legacies  |                          |                                    |                        |                        |
| Unrestricted funds                                  | 730                      | –                                  | 730                    | 1,777                  |
| Restricted funds                                    | 1                        | –                                  | 1                      | 1                      |
| Ministry of Education                               |                          |                                    |                        |                        |
| Restricted funds                                    | –                        | 373                                | 373                    | 335                    |
| Other local income                                  | 42                       | 120                                | 162                    | 78                     |
| <b>Total charitable incoming resources</b>          | <b>2,882</b>             | <b>493</b>                         | <b>3,375</b>           | <b>4,095</b>           |
| Grants paid   | 2,355                    | –                                  | 2,355                  | 1,554                  |
| Other support to partners                           | 242                      | –                                  | 242                    | 185                    |
| Information and education about our work            | 234                      | –                                  | 234                    | 124                    |
| School running expenses                             | –                        | 836                                | 836                    | 750                    |
| <b>Total charitable activity expense</b>            | <b>2,831</b>             | <b>836</b>                         | <b>3,667</b>           | <b>2,613</b>           |
| <b>Net surplus / (deficit) for the year</b>         | <b>51</b>                | <b>(343)</b>                       | <b>(292)</b>           | <b>1,482</b>           |
| Transfers between activities                        | (366)                    | 366                                | –                      | –                      |
| <b>Surplus / (deficit) on charitable activities</b> | <b>(315)</b>             | <b>23</b>                          | <b>(292)</b>           | <b>1,482</b>           |

## Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2013

### 4. Analysis of resources expended

| Category                   | Direct<br>staff costs | Direct<br>costs | Support<br>costs | Total<br>2013 | Total<br>2012 |
|----------------------------|-----------------------|-----------------|------------------|---------------|---------------|
| Cost of generating funds   | 210                   | 221             | 165              | 596           | 707           |
| Charitable activities      |                       |                 |                  |               |               |
| Information and education  | 67                    | 106             | 61               | 234           | 124           |
| Grants to partners         | –                     | 2,355           | –                | 2,355         | 1,554         |
| Other support to partners  | 137                   | 28              | 77               | 242           | 185           |
| Helen Keller School        | 679                   | 155             | 2                | 836           | 750           |
|                            | 883                   | 2,644           | 140              | 3,667         | 2,613         |
| Governance                 |                       |                 |                  |               |               |
| Governance                 | 34                    | 32              | 25               | 91            | 77            |
| Rebrand                    | –                     | –               | –                | –             | 140           |
|                            | 34                    | 32              | 25               | 91            | 217           |
| Total costs of the charity | 1,127                 | 2,897           | 330              | 4,354         | 3,537         |
| Trading company            | 59                    | 257             | –                | 316           | 307           |
| Investment management      | –                     | 19              | –                | 19            | 20            |
| Total group costs          | 1,186                 | 3,173           | 330              | 4,689         | 3,864         |



## 5. Details of the grants we paid to our partners

### Israel and Palestine

| Partner  | 2013<br>£'000 | 2012<br>£'000 |
|--|---------------|---------------|
| Nazareth School of Nursing                     | 50            | 100           |
| Al Ahli Arab Hospital, Gaza                    | –             | 80            |
| Arab Evangelical School, Hebron                | 42            | 49            |
| Talitha Kumi School, Beit Jala                 | 36            | 48            |
| Bethany Girls' School                          | 31            | 47            |
| Caritas Jerusalem                              | 25            | –             |
| Four Homes of Mercy, Bethany                   | 72            | 43            |
| Rawdat El Zuhur School, Jerusalem              | 26            | 35            |
| Princess Basma Centre, Jerusalem               | 26            | 21            |
| SIRA School, Bethlehem                         | 30            | 19            |
| Hope School, Beit Jala                         | 22            | 18            |
| DSPR – ICC                                     | 67            | 16            |
| DSPR – ICCI                                    | 20            | –             |
| DSPR – NECC                                    | 150           | –             |
| Bethlehem Arab Society for Rehabilitation      | 25            | 15            |
| East Jerusalem YMCA                            | 80            | 15            |
| House of Hope                                  | 30            | –             |
| Musalaha                                       | 25            | –             |
| Palestinian Bible Society, Jericho             | 36            | –             |
| Spafford Children's Centre, Jerusalem          | –             | 12            |
| Pontifical Mission in Palestine, Jerusalem     | 72            | 10            |
| Annahda Centre, Ramallah                       | –             | 9             |
| Lighthouse School, Gaza                        | 25            | –             |
| St Luke's Hospital, Nablus                     | 50            | 8             |
| Secretariat of Solidarity (the bursary scheme) | 104           | 99            |
| <b>Total Israel and Palestine</b>              | <b>1,044</b>  | <b>644</b>    |
| Of which children's gifts                      | 4             | 6             |
| <b>Total excluding children's gifts</b>        | <b>1,040</b>  | <b>638</b>    |

## Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2013

### 5. Details of the grants we paid to our partners continued

#### Lebanon and Syria

| Partner   | 2013<br>£'000 | 2012<br>£,000 |
|---|---------------|---------------|
| Al Kafaàt Foundation  | 255           | 244           |
| LSESD (Lebanese Society for Educational & Social Development) | 170           | 75            |
| Pontifical Mission Lebanon                                    | 48            | 47            |
| J L Schneller School  | 40            | 41            |
| Joint Christian Committee for Social Service (part of DSPR)   | 23            | 19            |
| Habitat for Humanity Lebanon                                  | 33            | 19            |
| Cedar Home Orphanage  | 16            | 16            |
| Evangelical Swiss School, Mejdeltanjar                        | –             | 13            |
| Armenian Evangelical School, Anjar                            | 26            | 11            |
| Armenian Evangelical School, Beirut                           | –             | 11            |
| Birds Nest Orphanage, Byblos                                  | –             | 8             |
| Armenian Evangelical Guertmenian School                       | –             | 7             |
| Armenian Evangelical Torosian School                          | 6             | 6             |
| CAHL  | 1             | 4             |
| Armenian Evangelical Central High School                      | 1             | 3             |
| Zvartnotz   | 3             | 3             |
| Learning Centre for the Deaf                                  | 18            | 3             |
| Armenian Evangelical College                                  | 3             | 1             |
| Beit el Nour  | 21            | –             |
| Inter-Church Network for Development and Relief               | 27            | –             |
| <b>Total Lebanon and Syria</b>                                | <b>691</b>    | <b>531</b>    |
| Of which children's gifts                                     | 6             | 9             |
| <b>Total excluding children's gifts</b>                       | <b>685</b>    | <b>522</b>    |

**Egypt**

| <b>Partner</b>  | <b>2013<br/>£'000</b> | <b>2012<br/>£'000</b> |
|---|-----------------------|-----------------------|
| Coptic Evangelical Organisation for Social Services                                   | 142                   | 50                    |
| Habitat for Humanity Egypt  | 50                    | 50                    |
| Harpur Memorial Hospital, Menouf (part of the Diocese of Egypt)                       | –                     | 50                    |
| Think & Do  | 110                   | 41                    |
| Refuge Egypt (part of the Diocese of Egypt)   | 81                    | 40                    |
| Deaf Unit, Cairo (part of the Diocese of Egypt)                                       | 15                    | 37                    |
| Salaam Centre for Medico Social Services  | 30                    | 30                    |
| EpiscoCare (part of the Diocese of Egypt)   | 53                    | 30                    |
| BLESS – Coptic Orthodox Church Bishopric<br>of Public, Ecumenical and Social Services | 81                    | 30                    |
| El Saray Church, Alexandria   | 13                    | 12                    |
| Shams El Birr Centre, Cairo   | 18                    | 10                    |
| DUET (Development of Upper Egypt Trust)   | 10                    | 6                     |
| DUET (Development of Upper Egypt Trust)   | –                     | (11)                  |
| Christian Medical Fellowship  | –                     | 5                     |
| Vocational Training Centre for the Deaf (part of the Diocese of Egypt)                | 17                    | –                     |
| <b>Total Egypt</b>  | <b>620</b>            | <b>379</b>            |
| <b>Total Grants paid</b>  | <b>2,355</b>          | <b>1,554</b>          |

**6. Net incoming / (outgoing) resources**

|   | <b>Year ended<br/>2013<br/>£'000</b> | <b>Year ended<br/>2012<br/>£'000</b> |
|---|--------------------------------------|--------------------------------------|
| <b>Net resources are stated after charging:</b>             |                                      |                                      |
| Auditors' remuneration                                      | 23                                   | 20                                   |
| Depreciation – owned assets                                 | 32                                   | 34                                   |
| Staff pension contributions                                 | 72                                   | 57                                   |
| Services provided by the Charity's auditor during the year: |                                      |                                      |
| Audit of the Charity and consolidated financial statements  | 14                                   | 12                                   |
| Audit of the trading subsidiary                             | 5                                    | 4                                    |
| Audit of the Helen Keller School by Israeli auditors        | 4                                    | 4                                    |
|   | <b>23</b>                            | <b>20</b>                            |

## Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2013

### 7. Trustees' remuneration and benefits

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

During the year the Charity reimbursed travel expenses to all Trustees and Patrons that served during the year. The total expenses were:

|                         | 2013<br>£'000 | 2012<br>£'000 |
|-------------------------|---------------|---------------|
| Trustee travel expenses | 16            | 12            |

### 8. Staff costs

|                            | 2013<br>£'000 | 2012<br>£'000 |
|----------------------------|---------------|---------------|
| Wages and salaries         | 1,207         | 1,069         |
| Social Security costs      | 91            | 85            |
| Pension plan contributions | 72            | 57            |
|                            | 1,370         | 1,211         |

Employment costs in respect of the Helen Keller School included above totalled £679k. The equivalent number in 2011, was £656k.

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

|                           | 2013 | 2012 |
|---------------------------|------|------|
| UK administrative staff   | 15   | 13   |
| Helen Keller School staff | 32   | 34   |
| UK management staff       | 5    | 5    |
|                           | 52   | 52   |

Number of employees receiving emoluments, including pension contributions and severance, in the ranges:

|                   | 2013 | 2012 |
|-------------------|------|------|
| £60,000 – £70,000 | –    | –    |
| £70,000 – £80,000 | 1    | 1    |

**9. Tangible fixed assets****Group**

|                            | UK Freehold<br>Property<br>£'000 | Israel<br>Freehold<br>Property<br>£'000 | Fixtures<br>and fittings<br>£'000 | Computer<br>related<br>£'000 | Motor<br>vehicles<br>£'000 | Totals<br>£'000 |
|----------------------------|----------------------------------|---|-----------------------------------|------------------------------|----------------------------|-----------------|
| <b>Cost</b>                |                                  |   |                                   |                              |                            |                 |
| At 1 January 2013          | 968                              | –                                       | 106                               | 179                          | 10                         | 1,263           |
| Additions                  | –                                | –                                       | 11                                | 6                            | –                          | 17              |
| Disposals                  | –                                | –                                       | 6                                 | –                            | –                          | 6               |
| <b>At 31 December 2013</b> | <b>968</b>                       | <b>–</b>                                | <b>111</b>                        | <b>185</b>                   | <b>10</b>                  | <b>1,274</b>    |
| <b>Depreciation</b>        |                                  |   |                                   |                              |                            |                 |
| At 1 January 2013          | 20                               | –                                       | 46                                | 123                          | 8                          | 197             |
| Charge for the year        | 10                               | –                                       | 8                                 | 14                           | –                          | 32              |
| Disposals                  | –                                | –                                       | 5                                 | –                            | –                          | 5               |
| <b>At 31 December 2013</b> | <b>30</b>                        | <b>–</b>                                | <b>49</b>                         | <b>137</b>                   | <b>8</b>                   | <b>224</b>      |
| <b>Net Book Value</b>      |                                  |   |                                   |                              |                            |                 |
| <b>At 31 December 2013</b> | <b>938</b>                       | <b>–</b>                                | <b>62</b>                         | <b>48</b>                    | <b>2</b>                   | <b>1,050</b>    |
| At 31 December 2012        | 948                              | –                                       | 60                                | 56                           | 2                          | 1,066           |

**Charity**

|                            | UK Freehold<br>Property<br>£'000 | £'000    | Fixtures<br>and fittings<br>£'000 | Computer<br>related<br>£'000 | Motor<br>vehicles<br>£'000 | Totals<br>£'000 |
|----------------------------|----------------------------------|----------|-----------------------------------|------------------------------|----------------------------|-----------------|
| <b>Cost</b>                |                                  |          |                                   |                              |                            |                 |
| At 1 January 2013          | 968                              | –        | 105                               | 179                          | 10                         | 1,262           |
| Additions                  | –                                | –        | 11                                | 6                            | –                          | 17              |
| Disposals                  | –                                | –        | 6                                 | –                            | –                          | 6               |
| <b>At 31 December 2013</b> | <b>968</b>                       | <b>–</b> | <b>110</b>                        | <b>185</b>                   | <b>10</b>                  | <b>1,273</b>    |
| <b>Depreciation</b>        |                                  |          |                                   |                              |                            |                 |
| At 1 January 2013          | 20                               | –        | 45                                | 123                          | 8                          | 196             |
| Charge for the year        | 10                               | –        | 8                                 | 14                           | –                          | 32              |
| Disposals                  | –                                | –        | 5                                 | –                            | –                          | 5               |
| <b>At 31 December 2013</b> | <b>30</b>                        | <b>–</b> | <b>48</b>                         | <b>137</b>                   | <b>8</b>                   | <b>223</b>      |
| <b>Net Book Value</b>      |                                  |          |                                   |                              |                            |                 |
| <b>At 31 December 2013</b> | <b>938</b>                       | <b>–</b> | <b>62</b>                         | <b>48</b>                    | <b>2</b>                   | <b>1,050</b>    |
| At 31 December 2012        | 948                              | –        | 60                                | 56                           | 2                          | 1,066           |

The Helen Keller School, in East Jerusalem, was revalued in US Dollars on 15 September 1999 on the basis of vacant possession by Quity, Dahleh and Associates. This value has previously been stated in the accounts at the exchange rate prevailing on that date, which amounted to \$5,832k, translated at that time to £3,600k. The Trustees believe that, due to the uncertain political and economic situation in East Jerusalem, it would not be prudent to record the existence of the property at this substantial valuation.

The value was written down to a nominal value of £1 in the year ended 30 April 2006.

## Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2013

### 10. Fixed asset investments

| Group                                    | Listed investments<br>£'000 | Unlisted investments<br>£'000 | Total<br>£'000 |
|--|-----------------------------|-------------------------------|----------------|
| Market value as at 31 December 2012      | 2,745                       | 7                             | 2,752          |
| Additions                                | 280                         |                               | 280            |
| Disposals                                | 635                         |                               | 635            |
| Revaluations                             | 238                         |                               | 238            |
| Market value as at 31 December 2013      | 2,628                       | 7                             | 2,635          |
| Historical cost of the investments were: |                             |                               |                |
| 31 December 2012                         | 2,379                       | 1                             | 2,380          |
| 31 December 2013                         | 2,074                       | 2                             | 2,076          |

| Charity                             | Listed investments<br>£'000 | Unlisted investments<br>£'000 | Holding in trading company<br>£'000 | Total<br>£'000 |
|-------------------------------------|-----------------------------|-------------------------------|-------------------------------------|----------------|
| Market value as at 31 December 2012 | 2,745                       | 7                             | 1                                   | 2,753          |
| Market value as at 31 December 2013 | 2,628                       | 6                             | 2                                   | 2,636          |

Listed investments were comprised of the following:

|                                    | 2013<br>£'000 | 2012<br>£'000 |
|------------------------------------|---------------|---------------|
| UK equities                        | 1,408         | 1191          |
| UK bonds                           | 507           | 578           |
| Property                           | 76            | 249           |
| Far East and Australasian equities | 112           | 222           |
| North American equities            | 187           | 180           |
| European equities                  | 183           | 134           |
| Emerging economies                 | –             | 88            |
| Other investments                  | 155           | 103           |

No holding constituted more than 5% of the total market value of the portfolio.

Of the unlisted investments, £6k were invested overseas.

**11. Debtors: amounts falling due within one year**

|                                  | Group         |               | Charity       |               |
|----------------------------------|---------------|---------------|---------------|---------------|
|                                  | 2013<br>£'000 | 2012<br>£'000 | 2013<br>£'000 | 2012<br>£'000 |
| Trade debtors                    | 33            | 14            | –             | –             |
| Amount owed by group undertaking | –             | –             | 78            | 78            |
| Other debtors                    | 72            | 15            | 72            | 15            |
| Prepayments                      | 24            | 21            | 25            | 21            |
| <b>Total</b>                     | <b>129</b>    | <b>50</b>     | <b>175</b>    | <b>114</b>    |

**12. Creditors: amounts falling due within one year**

|                                 | Group         |               | Charity       |               |
|---------------------------------|---------------|---------------|---------------|---------------|
|                                 | 2013<br>£'000 | 2012<br>£'000 | 2013<br>£'000 | 2012<br>£'000 |
| Trade creditors                 | 27            | 30            | 12            | 14            |
| Social security and other taxes | 53            | 37            | 35            | 17            |
| Other creditors                 | 303           | 198           | 302           | 198           |
| Accruals                        | 236           | 70            | 231           | 65            |
| <b>Total</b>                    | <b>619</b>    | <b>335</b>    | <b>580</b>    | <b>294</b>    |

**13. 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 £66k, (period to 31 December 2012 £57k). There were £1k contributions outstanding at 31 December 2013 (period to 31 December 2012 £–).

## Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2013

### 14. Analysis of net assets between funds

|                     | Unrestricted<br>funds<br>£'000 | Designated<br>funds<br>£'000 | Restricted<br>funds<br>£'000 | 2013<br>total<br>funds<br>£'000 | 2012<br>total<br>funds<br>£'000 |
|---------------------|--------------------------------|------------------------------|------------------------------|---------------------------------|---------------------------------|
| Fixed assets        | –                              | 1050                         | –                            | 1,050                           | 1,066                           |
| Investments         | 2,635                          | –                            | –                            | 2,635                           | 2,752                           |
| Current assets      | 523                            | 925                          | 69                           | 1,517                           | 1,734                           |
| Current liabilities | (619)                          | –                            | –                            | (619)                           | (335)                           |
|                     | 2,539                          | 1,975                        | 69                           | 4,583                           | 5,217                           |

### 15. Designated funds

|   | As at<br>1 January<br>2013 | New<br>designations | Designations<br>released | 31 December<br>2013 |
|---|----------------------------|---------------------|--------------------------|---------------------|
| Fixed assets <sup>1</sup>               | 1066                       | –                   | 16                       | 1,050               |
| Helen Keller Centre assets <sup>2</sup> | 75                         | –                   | –                        | 75                  |
| Legacy equalisation fund <sup>3</sup>   | 700                        | –                   | –                        | 700                 |
| IT upgrade <sup>4</sup>                 | 100                        | –                   | –                        | 100                 |
| Marketing fund <sup>5</sup>             | 50                         | –                   | –                        | 50                  |
|   | 1991                       | –                   | 16                       | 1975                |

1 Trustees have resolved to designate funds to the value of £1,050k to reflect the value of fixed assets being unavailable for use in the charity's usual operations.

2 Trustees have designated £75k to reflect the value of the assets necessary for its day to day operations at the Helen Keller School and therefore outside of the UK and not available to the charity for its usual operations.

3 The legacy equalisation fund has been set up in order to set aside funds so that the conditionally renewable grants programme in future years can be sustained in the event that legacy income in those years does not meet budget. Trustees will review the necessity for this fund annually, taking into account legacy income projections.

4 Trustees have designated these funds so that the Charity's IT capabilities can be upgraded as part of the 'Fit for Fifteen' programme with the intention of using the funds in 2014.

5 Trustees have set this sum aside in order to build on the progress made during the rebrand in 2012.



## 16. Restricted funds

The table below shows the income and expenditure, with opening and closing balances where appropriate, for the main categories of restricted funds. The only significant sums outstanding at year end were funds received or allocated to specific partners and which have now been disbursed to them.

|  | Opening<br>balance<br>£'000 | Income<br>during<br>2013<br>£'000 | Spending<br>during<br>2013<br>£'000 | Closing<br>balance<br>£'000 |
|--|-----------------------------|-----------------------------------|-------------------------------------|-----------------------------|
| <b>General funds <sup>1</sup></b>                                |                             |                                   |                                     |                             |
| Education  | –                           | 158                               | 158                                 | –                           |
| Health   | –                           | 46                                | 46                                  | –                           |
| Community development  | 29                          | 27                                | 56                                  | –                           |
| Country specific funds   | –                           | 221                               | 179                                 | 42                          |
| <b>Appeals <sup>2</sup></b>                                      |                             |                                   |                                     |                             |
| Lent 2013  | –                           | 52                                | 52                                  | –                           |
| Summer 2013  | –                           | 114                               | 108                                 | 6                           |
| Christmas 2013   | –                           | 67                                | 67                                  | –                           |
| Emergency appeal   | –                           | 60                                | 60                                  | –                           |
| Embrace Christmas  | –                           | 20                                | 20                                  | –                           |
| <b>Alternative gifts <sup>3</sup></b>                            | –                           | 68                                | 68                                  | –                           |
| <b>Partners working within the following fields <sup>4</sup></b> |                             |                                   |                                     |                             |
| Education  | 11                          | 187                               | 192                                 | 6                           |
| Health   | –                           | 21                                | 7                                   | 14                          |
| Community development  | 63                          | 30                                | 93                                  | –                           |
| Special needs and disability                                     | 3                           | 163                               | 165                                 | 1                           |
| Restricted funds Helen Keller                                    | –                           | 58                                | 58                                  | –                           |
| Other restricted funds   | –                           | 4                                 | 4                                   | –                           |
| <b>Restricted funds UK charity</b>                               | <b>106</b>                  | <b>1296</b>                       | <b>1333</b>                         | <b>69</b>                   |
| <b>Restricted funds Helen Keller</b>                             | <b>–</b>                    | <b>493</b>                        | <b>493</b>                          | <b>–</b>                    |
| <b>Total restricted funds</b>                                    | <b>106</b>                  | <b>1789</b>                       | <b>1826</b>                         | <b>69</b>                   |

1 General funds are funds restricted either by field of work or by country.

2 Appeals are made for specific projects or activities, usually in response to needs that reflect current conditions at the time. In order for us to make an appropriate response to these needs additional funds may be required to be allocated from general funds. Where donations have been received shortly before the year end it may not be possible to disburse the money by year end.

3 Alternative gifts are sold through the trading subsidiary's catalogue and the funds received are passed by the company directly to the Charity. The gifts specify a purpose to which the funds would be put, for example school meals for disadvantaged children, Braille textbooks, bus travel for visually impaired children from refugee camps to school and so on. The gifts are held in funds identified for each purpose and used to support projects of that nature.

4 There are 42 funds in this section, which are restricted to specific partners working in the fields shown.

## Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2013

### 17. 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.

Total donations from Trustees and former Trustees totalled £5k (2012 £3k) during the year and it is not considered that any donations made influenced the policy of the Charity.

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

|   | 2013<br>£'000 | 2012<br>£'000 |
|---|---------------|---------------|
| Donations received on behalf of the charity     | 54            | 69            |
| Alternative gifts sold on behalf of the charity | 68            | 53            |
| <b>Total</b>                                    | <b>122</b>    | <b>122</b>    |

As at 31 December a sum of £78k (2012 £78k) was receivable from the trading company.

### 18. Company limited by guarantee.

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

## **Embrace the Middle East**

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Registered charity number: 1076329  
A company Limited by Guarantee: 3706037

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