

ANNUAL REPORT 2021-22

Adoption UK Charity
Company number 09454981

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About us

Adoption UK Charity (Adoption UK) is the leading charity for those parenting or supporting adopted children. With over 6,000 members we are the largest voice of adopters in the UK. We work with adopters, adopted people, professionals and decision makers in England, Scotland, Wales and Northern Ireland. We also work with kinship families and those parenting children with a Special Guardianship Order.

Why families need us

Being an adoptive parent is extraordinary, and most families tell us they would encourage others to adopt. But adopting can be tough. Three quarters of adopted children have suffered significant violence, abuse or neglect in their birth families, which has lasting impacts on their mental and physical health, relationships and learning. Adoption takes resilience, understanding and the right support from the start.

What we do

We help adoptive families build brighter futures for vulnerable children. We offer community support, expert advice, therapeutic services and advocacy. In campaigning for improvements to policy and practice, we draw on our growing evidence base about the experience of adopters and adopted people

What drives us

Vision

An equal chance of a bright future for every child unable to live with their birth parents.



Purpose

To secure the right support at the right time for the children at the heart of every adoptive and kinship care family.



Values

We are open

We champion every adoptive and kinship care family - we value diversity, equality and inclusion.

We're honest about the realities of adoption and kinship care, and about what needs to change.

We work constructively with others - we stand up for great ideas, good decisions and excellent support for families.

We are stronger together

We pioneer peer support in adoption and kinship care.

We enable families to build, and draw strength from, their networks.

We work with families to build an expert case for better support.

We are determined

We won't stop until every adoptive and kinship care family has what they need to thrive.

We will empower every adoptive and kinship care family to ask for, and get, what they need.

Together, our community is a powerful force for change in the lives of the children we love.

Chair's report



This annual report covers a pivotal period for Adoption UK Charity. Having adapted and responded well to the impact of the Covid-19 pandemic, this year spanned a period of change as the world started to emerge from the effects of the pandemic and we faced the beginnings of a difficult time for the wider economy with the rise in the cost of living creating new challenges across the charity sector.

The pandemic caused significant disruption to the support available to many adoptive and kinship families, from their schools, professionals, and family and friends. Many families are still struggling with the ongoing impacts of this disruption and are now struggling with emerging financial constraints. It is vital that as a charity we continue to adapt our services to support the families who need us.

Our successful approach of converting many of our services to virtual delivery across the last two years saw us broadening our reach and growing our range of services; including popular webinars, online training for parents and carers; and further expansion of our membership community support groups. We were able to reach over 25,000 families over this period, connecting people, providing direct support, and influencing policy and practice on behalf of the whole adoption community.

However, without the benefit of ongoing access to the additional funding we saw during the Covid pandemic; and without central government funding in England, we have faced challenges in maintaining universal services at the same levels. We closed the year with a 12.4 per cent growth in income, bringing in over £3.4m for the first time; but an unexpected quarter four fall in planned income and increased costs resulted in a small year end deficit. I am very grateful to the funders and partners whose flexibility has allowed the contribution and adaptation of our work, and to those funders who have continued to support us.

Our status as a four-nation charity continues to benefit our work, enabling us to support adoptive families and individuals wherever they are and to learn from the developments in each nation. This has created conditions for important partnerships driving the development of innovative projects – including our Adopter Voice programme in England, the original Therapeutic and Educational Support Service for Adoption (TESSA) in Northern Ireland (which has since expanded across the UK), our FASD Hub and the Kinship Care Advisory Support Service in Scotland, and the Connected programme for adopted young people in Wales.

In 2022-23 we are growing our income sources, consolidating to ensure that we emerge from the economic downturn a stronger, more agile organisation, able to focus on investing in our staff and volunteers and building our reserves. All this puts us in a much stronger position to achieve our vision and purpose of supporting children who cannot live with their birth family, throughout their lives.

A handwritten signature in dark ink, appearing to read 'Mike Rebeiro', with a horizontal line drawn underneath it.

Mike Rebeiro
Chair of Trustees

Chief Executive's overview



Emily Frith
Chief Executive

I am delighted to have joined Adoption UK in October 2022, and have been warmly welcomed by our committed and passionate team. I have joined at a time of reflection and change for the adoption sector as a whole and for Adoption UK itself. Like many charities, the Covid-19 pandemic turned the lives of our staff, volunteers and everyone we support upside down and more recently the rising cost of living has added new challenges and pressures to the wider charity and adoption sectors. These challenges have coincided with a time when the role of adoption within children's social care is being reflected upon and a renewed focus has been given to the role of kinship care, and modernizing and adapting adoption policy and practice.

The last quarter of 2021-22 financial year gave clear indications that the coming year would present new challenges for the families we support and for Adoption UK. Our services across all four nations remain strong and the new services introduced in recent years are now established, with strong clinical leadership, setting a standard in integrated early support for families experiencing the effects of early childhood trauma. Our family membership service continues to grow and we're reaching thousands of families and individuals with expert help, friendship and support

Short term funding during the pandemic saw us transition to the online delivery of training, webinars and support groups; and while we will continue with this approach where it works well, we are also returning to providing opportunities for face to face engagements and support. Many families are again enjoying the events we host across the UK, including visits to pantomimes, theme parks and other activities.

Our Adoption Barometers in 2021 and 2022 further explored and highlighted the challenges faced by adoptive families and young people; and in our 2022 report we shared the experiences of over 330 adopted people. Evidence from the Adoption Barometer influenced the development of the NICE Quality Standard on FASD, and we have influenced policy and practice in all nations of the UK, including Northern Ireland's landmark Adoption and Children Act (2022).

Following our 50th anniversary in 2021, we are looking forward to our next 50 years, exploring how we can respond to the changing needs of families and adopted people.

We ended March 2022 in a good position and the next couple of years will see us transitioning to become stronger, more secure and able to extend our range of services for children, young people and adopted adults.

Emily Frith
Chief Executive

AdoptionUK Together we're family

Our work 2021-2022

Our families continued to face the challenges of Covid and the growing impacts of rises to the cost of living



In the past year Adoption UK has helped more than

23,000 families

Build brighter futures for vulnerable children



Through the efforts of our fantastic donors, supporters and fundraising events we raised more than

£150,000

to help us support even more families



1,500

New members joined our community of thousands



6,156

People took part in our webinars, online events, community engagement and WOW events



Our peer support services gave

521 families

the guidance and connection they needed



2,700 people

contacted our helplines to access support, information and advice about adoption matters, kinship and fetal alcohol spectrum disorder.



2,452

Adopters and prospective adopters gave their views in the 2021 Adoption barometer, as did

159

adopted young People



Thank You



to all those who helped us keep going this past year your on-going support is needed more than ever and makes a huge difference to the lives of vulnerable children



Membership

We are delighted that so many of those families who received family membership subscriptions, funded through the Adoption Support Fund have chosen to stay with us and that overall we welcomed around 1,500 families to the adoption UK membership community.

Our members continue to benefit from the legacy of the growth in online resources developed during Covid. We are excited by the prospect of rolling out new groups and have already delivered or planned some WOW events across the country.

As families who joined us during Covid begin to self-fund their memberships (at just £4.50 a month) and as prospective and newly approved adopters join our family, we are excited about our future plans to grow member benefits, creating many new opportunities to bring families together.

The Health and Social Care Board in Northern Ireland contributes to the ongoing enrolment of family membership to Northern Ireland's adoptive families.

However, it is still the case that the majority of our family members self-fund in order to benefit from the sense of community Adoption UK and benefits that membership provides, and because they want to engage in our policy and practice improvement activities. Our bi-monthly magazine, *Adoption Today*, also remains a highly valued aspect of the membership offer, as do the new digital offerings we now provide.

Each year we look to build on our resources and activities for members and our online delivery of training, webinars and support groups makes access to members resources more accessible than ever.

However, for many, there's no substitute for meeting in person. Young people especially can't get as much from a virtual meeting as they can from a family event, and we have started bringing back in-person activities already, with plans in place for exciting new activities.

A key focus for us going forward will be the broadening of our family membership style subscriptions to wider relatives and friends as well as development of an adopted person membership to support the adopted adult communities; these were launched in autumn 2022.

Some of our community activities were funded through a grant in 2021-22, as they are in 2022-23; but we will need to fundraise to ensure that the community events, activities and supports are not eroded by increasing costs and reduced funding in 2023.



Fundraising

Your support

We would like to say a huge thank you to each and every person who has supported Adoption UK Charity this year. Every donation we receive makes a real difference to the families that rely on us – and in this very difficult year, many needed our support more than ever. To all our volunteers, members and donors who had to think flexibly and creatively to help us keep our services going – we simply couldn't have done it without you.

Trusts, foundations and corporates

We are extremely grateful to all the many the charitable trusts, foundations and corporate sponsors who have supported Adoption UK Charity this year. In particular, we would like to recognise the support of:

BBC Children in Need

Dulverton Trust

Halifax Foundation

The National Lottery Community Fund

Henry Smith Charity

John Ellerman Foundation

The Morrisons Foundation

The Corra Foundation

The Harris Charitable Trust

Tesco

Waterloo Foundation

The Alexander Hoare Foundation Trust

The Shanly Foundation

The Corra Foundation

The Harris Charitable Trust

The National Lottery Community Fund

Waterloo Foundation

and many others.

Community giving

Despite ongoing challenges with the Covid pandemic, our incredible community of members, supporters and volunteers raised and donated thousands of pounds this year through events and activities including such as running, cycling, walking, birthday giving and even donating their own pocket money. We have been inspired by their dedication, inventiveness and tenacity.

Some of the highlights included a ball held on behalf of Adoption UK and another charity which raised £29,000 for us in November 2021 and our Big Give 2021 Christmas Challenge in December 2021 which raised over £27,000. These events helped provide vital funding for our advice and community support services.



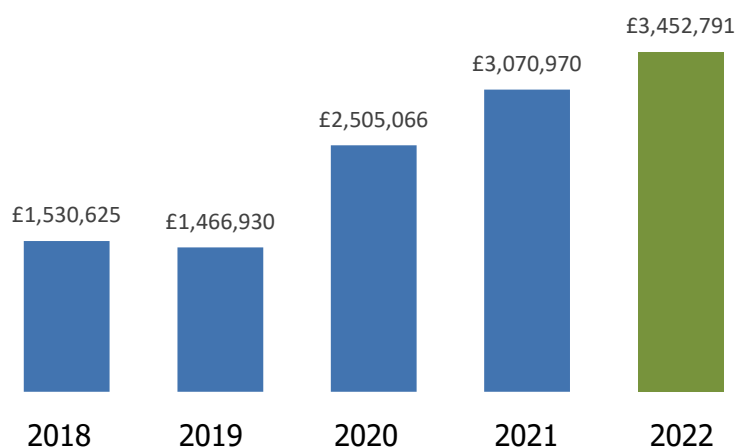
Financial summary

Income

Most of our income is made up of adoption support contracts and grants to deliver support services. We also rely heavily on donations and membership subscriptions to help us represent and meet the needs of the families we serve.

After several years of income decline, driven by changes in the adoption sector, the last three years have seen major service and income growth.

Income 2018-2022



Our total income for the year rose by 11.2% per cent from £3,070,970 in 2020-21 to £3,452,791 in 2021-22. This further increase was in large part due to on-going contributions from service programmes introduced in the last three years – including the Connected service in Wales, the FASD Hub in Scotland, the PATHWAYS-UK therapeutic services programme (formerly known as TESSA) and the second year of our Kinship Care Advice and Support Service in Scotland. Our income from donations and community fundraising events was less adversely impacted by the lockdowns and during the first half of the year we still benefited from some Covid-related grants. In addition, we saw a small number of additional grants to support project development work, particularly across our development of youth services. This revenue enabled us to fund extended universal and core services, as well as invest in new ways of working.

Expenditure

One of the biggest areas of challenge for us was the impact of a combination of the cost of investment in fundraising and therapeutic teams as well as the impact of service growth.

Our expenditure increased from £2,867,774 in 2020-21 to £3,595,370 in 2021-22, an increase of 25 per cent during the year. The key areas of cost growth were activities around bringing in-house the psychology and therapeutic expertise required to deliver our PATHWAYS service (overlapping with external costs for therapeutic services), increased activity for our external therapeutic support and unforeseen additional costs as the cost of living increased.

These factors mean that our unrestricted reserves fell from £329,154 in 2020-21 to £195,755. This remains well below our own reserves policy target of six months' worth of operating costs. We are taking steps to reduce unrestricted costs and overheads in 2022, ahead of longer term plans to increase our reserves further over the subsequent three years.

New vision of success

In early 2020 we published a business strategy setting ourselves four big goals for the next three years. These were:

- Goal one: Broaden and deepen our community of adoptive and kinship families and individuals
- Goal two: Pioneer and expand our peer-led services
- Goal three: Increase our influence on policy and practice decisions which improve life chances for adoptive and kinship care children
- Goal four: Create a strong charity that will empower our community

While these goals remain valid and sit at the heart of our plans across the next few years, the rapid change required during the Covid pandemic, the post-Covid increased competition for funding and increasing costs means that Adoption UK, like many charities, is reviewing our short to medium term goals and the activities that deliver them.

Forecasts and early results in 2022-23 have prompted the charity to plan a change programme that will reduce dependence on fundraising and income growth to meet our core costs. We will do this through a programme of restructuring that will achieve reduced premises costs, reduced staff numbers (while protecting capacity for service delivery), reduction of overheads and reduced indirect costs. This means that while we will maintain our service delivery capacity in 2022, we will become a slimmer, more agile, cost effective and efficient organisation by March 2023.

We have also recruited a new Chief Executive who will take the charity through this phase of change and who, along with the senior leadership team, will work closely with the board of trustees to implement a programme of planned growth and development, investing in key areas of the business, to help us deliver our goals.

Staff and volunteers

The majority of our staff, volunteers and trustees are personally connected with adoption and kinship care – either as adopters, carers or adopted people. We draw our expertise from the heart of the community we serve to bring the lived experience of adoption and kinship care into every part of our work.

Our unique position means that we can support adoptive and kinship care families now, while also championing the needs we anticipate our community will have in the future.

Understanding of attachment and trauma is growing all the time, and we have a key role to play in connecting, supporting and influencing for and with adoptive and kinship care families.

Our priority is to ensure adoption, education and health systems give children who cannot remain with their birth parents an equal chance to thrive.

We will work closely with our colleagues and volunteers, with partners in children's care and education, and with our inspiring community of adoptive and kinship care families to deliver on these aims.

Reference and administrative details

Trustees

Mike Rebeiro	Chair of Trustees
Tony Eastwood	Chair Of Finance and Scrutiny Committee
Anna Jaques	Elected 23 June 2021; Chair of People and Culture Committee and Co-Vice Chair
Melissa Shackleton	Co-Vice Chair of Trustees
Wesley Graham	Trustee
Clare Hudson	Trustee
Henrietta Delalu	Trustee, elected 23 June 2021
Anju Mahbubani	Trustee, elected 23 June 2021
Jordina Walker	Trustee, elected 23 June 2021
Anuradha Parekh	Trustee, elected 23 June 2022
Daniella Stuart	Trustee, elected 27 July 2022
Jeremy Langley	Resigned 03 May 2022
Emily Boardman	Resigned 02 November 2022
Eleanor Bradford	Resigned 01 December 2021
Beth Clarke	Resigned 05 May 2022

Other registered individuals

William Joel Sadler	Registered as a Director on 05 January 2023, Joel is a paid employee, acting in the role of Chief Operating Officer and does not hold any voting rights on the Board of Trustees.
Jacquie Joy	Company Secretary

Senior leadership

Dr Sue Armstrong Brown	Chief Executive, resigned 01 March 2022
Emily Frith	Chief Executive, appointed 03 October 2022

Bank	HSBC, 15 Church Street, rugby, Warwickshire, CV21 3PN
Accountant	Crossley Third Sector, Star House, Star Hill, Rochester, Kent, ME1 1UX
Solicitor (charity)	Anthony Collins Solicitors LLP, 134 Edmund Street, Birmingham, B3 2ES
Auditors	Moore Kingston Smith LLP, 9 Appold Street, London, EC2A 2AP
Registered charity number (England and Wales)	1160647
Registered charity number (Scotland)	SC037892
Company registration number (England and Wales)	09454981
Registered address	Bloxham Mill, Barford Road, Bloxham, Oxfordshire, OX15 4FF
Regional offices:	
Northern Ireland	63-75 Duncairn Gardens, Belfast, BT15 2GB
Wales	Penhevad Studios, Penhevad Street, Cardiff, CF11 7LU (until 31 December 2022); Office 9 – Big Yellow, 65 Penarth Road, Cardiff, CF10 5DL (from 01 January 2023).
Scotland	Great Michael House, 14 Links Place, Edinburgh, EH6 7EZ

Structure, governance and management

Trustees

The trustees are responsible for Adoption UK Charity. As stated by the Charity Commission, their responsibilities are to ensure the charity is carrying out its purposes for the public benefit, comply with the charity's governing documents and the law, act in the charity's best interests, manage the charity's resources responsibly, act with reasonable care and skill, and ensure the charity is accountable. The trustees agree an outline plan and budget annually.

In planning the activities, the trustees have had regard to the guidance on public benefit issued by the Charity Commission.

Trustees are appointed by existing trustees. The induction and training of trustees includes:

- Reading an induction pack. This includes: the Charity Commission's booklet, *The essential trustee: what you need to know, what you need to do* (CC3); our Memorandum and Articles of Association; our key policies and procedures; our most recent annual accounts/report; our most recent strategic plan; and other relevant documents.
- Meeting with the chair of trustees and chief executive. The nature of this meeting will largely depend on what was covered during the recruitment process. But it will be an opportunity for new trustees to ask questions about Adoption UK and discuss more about their role as a trustee.
- Getting to know the staff team. Within approximately three months of becoming a trustee, we will arrange for them to meet with senior leaders. Trustees are all encouraged to attend the annual Adoption UK conference – but particularly during their first year.
- Updates from the Charity Commission. As part of our endeavour to not only be compliant but be an example of good practice, we ask trustees to commit to reading, and disseminating as necessary, updates from the Charity Commission. The Trustees have recently reviewed our practices using the 'Charities Governance Code', agreeing some governance changes and are about to review the potential impact of the Charities Act 2022.

The governing documents of Adoption UK are our Memorandum and Articles of Association dated 24 February 2015 and the charity is constituted as a company limited by guarantee.

Leadership

The Trustees delegate certain duties and responsibilities to the Chief Executive, who is supported by a team of senior leaders. Our Chief Executive is Emily Frith, who joined Adoption UK in October 2022.

Emily is supported by a Senior Leadership Team comprised of our Chief Operating Officer (Joel Sadler), Director of Public Affairs and Communications (Alison Woodhead), Wales Director (Ann Bell), Scotland Director (Fiona Aitken) and Northern Ireland Director (EJ Havlin) who represent all areas of our work and are responsible for day-to-day decision making.

The role of the senior leadership team is to support the CEO in the delivery of the strategy decided by the board of and includes: appointing staff and decisions regarding expenditure – as long as staff appointments and expenditure are in-line with our strategy – budget, and delegated authority agreed by trustees.

Remuneration of senior staff is reviewed annually by the trustees as part of our budget setting and all staff roles are subject to independent salary benchmarking, by reference to charity sector information.

External engagement

Adoption UK recognises the importance of engaging with key stakeholders in the sector and other experts, as well as our service users. As part of our review of activities in 2022 we have ended the practice of using nation-based advisory boards in Scotland, Northern Ireland and Wales and will be moving to a theme based approach to engage with a wide range of stakeholders on a regular basis.

Risk management

The trustees and senior leadership team consider the risks to Adoption UK Charity on a regular basis, reflecting on internal and external changes, and assess whether existing practices, processes, systems and reporting mechanisms are effective and adequate to minimise risk and mitigate the impacts should risk events occur. The senior leadership team and trustees are informed about risk management using a risk register as a dashboard. Assessment of risk is also built into the development and ongoing monitoring of each service delivery programme. The main risks detailed in the register and our plans to manage them are:

Staff and volunteer wellbeing

Trustees and senior leaders continue to monitor and manage the potential wellbeing and health risks to staff, volunteers and our services, with most staff working from home since spring 2020. We have transformed how we work and deliver many of our services for families via video or audio channels. We will continue to offer virtual supports alongside any resumption of face-to-face activities. Our flexible and responsive approach to activities has allowed us to maintain existing grants and funding streams in most areas and also meant we were able to access additional funding during the first Covid lockdowns.

We have plans to invest further in staff learning, development and wellbeing and utilize annual staff surveys to inform how we support staff and volunteers.

Mission drift

Trustees regularly review the activities of the charity in the context of the values, purpose and mission of the organisation. In December 2020 we reviewed and restated our purpose to take us forward in line with our charitable purposes and these will be reviewed further as we restructure the organisation and agree any changes to our strategy and business plans.

Loss of operational capacity

The charity has grown over the previous two years as we built our delivery staff teams and strengthened our senior leadership team and board of trustees. Although this growth was directly related to the expansion of our service provision and created a rise in income, it also gave rise to increased overheads and indirect costs, which are now at risk of inflationary pressures. We are also conscious of sector funding challenges and therefore we are using 2022-23 to restructure, reducing unrestricted spend, overheads and indirect costs in order to safeguard core activities and service delivery. We will continue to invest in areas of the business that will drive income growth and support sustainability

Financial risk

Our reserves policy states that Adoption UK Charity should have sufficient funds to meet its financial commitments, to demonstrate future sustainability and security, to ensure that we can manage future unforeseen financial difficulties, and to ensure that excessive funds are not held without any identifiable reason or for any unidentifiable purpose. Our aim of holding between three and six-months' worth of operating costs as reserves has not been possible over the last six years; as a consequence of this, in 2022 trustees agreed to implement a number of organisational changes to better position the charity for year on year growth; by reducing unrestricted spend and central overheads, premises costs and indirect costs, enabling more of our income growth to contribute to reserves and strategic developments.

External factors

Our work is impacted by the continually changing landscape of fostering and adoption in the UK – as a result of legal precedence, government policy, legislative change and social work practice. We make sure we stay on top of what is happening and are creating an organisation that, while having a clear direction, remains agile so we can effectively respond to these changes. A broad funding base is a vital factor in ensuring our resilience in an ever-changing landscape and to this end we are developing a varied and sustainable approach to income generation.

Governance and compliance

Adoption UK Charity is committed to meeting all of the requirements of the Charity Commission, Companies House, Care Inspectorate Wales, Ofsted and other relevant regulatory bodies. We are also committed to being a model of good practice in governance and regulatory compliance. We ensure we are aware of the impact of changes to legislation and guidelines and, as our activities develop, we actively check whether that introduces the need for us to comply with additional legislation or guidelines.

External changes

Along with most other charities and organisations operating in the adoption sector we are conscious of the risks and impacts that can emerge from legislative change and public funding decisions. We are proactive in not just horizon scanning, but in actively engaging with the UK and devolved governments to influence and drive change in the agenda. In order not to be overly reliant on a small number of government grants and local authority income, we continue to diversify our activities and income streams. We are also investing in strengthening our capacity and expertise to grow unrestricted funding and mitigating those risks.

Health, safety and environment

As an employer and provider of services to the adoption community, we understand areas of risk including workload and working hours, travel/commuting, working environments, travel and manual handling. We aim to mitigate these risks through policies and guidelines, training, good line management and peer-to-peer accountability.

Safeguarding

We have an approved safeguarding policy which is reviewed regularly and is part of the induction process. This is supported by a safeguarding lead and a contingent of safeguarding contacts to ensure 24-hour cover. There is an annual refresher of awareness training.

Financial review

Financial position at the end of March 2022

We are pleased that 2021-22 saw us increase our income by 11.2% compared to the prior year; however, an unexpected Q4 fundraising fall, rising supplier costs, higher than planned project, delivery and staff costs created meant that we ended the year reporting a deficit.

The turnover for the year ending 31 March 2022 was £3,452,791, expenditure being £3,595,370, resulting in an overall deficit of £142,579 for the year.

The charity's restricted reserves position fell from £166,233 to £157,053 as we utilised reserves held for restricted grant funded work during the year, in line with the agreement of funders.

The total reserves position on 31 March 2022 was £352,808, of which £195,755 are unrestricted reserves. We designated £80,000 for spend against specific projects in 2022-23, meaning that we have total free reserves of £115,755 at the year end.

Notable sources of income during the year included:

- Year 2 of the £270,000 per annum contract with Scottish Government to deliver the Scotland Kinship Care Advice and Support Service.
- An award of a £100,000 grant from Barclays in December 2021 to fund development of our Chance To Thrive youth services.
- A £98,000 grant from Corra Foundation The Promise project in Scotland.
- £866,442 year 3 of the National Lottery Communities Fund, supporting delivery of the TESSA support service.

Reserves policy

Our reserves policy is to ensure that Adoption UK Charity has sufficient funds to meet its financial commitments, to demonstrate that we are sustainable into the future, to ensure that we can manage future unforeseen financial difficulties and to ensure that excessive funds are not held without any identifiable reason or for any unidentifiable purpose.

It is the trustees' general view that the desirable level of free reserves is six months' of operating cost, with additional consideration of a risk-based approach that considers known income for the year ahead and the security of that income. Based on the risk-based calculations the trustees consider that for 2022-23, the desirable unrestricted reserves level would be approximately £675,000. Our unrestricted reserves are £195,755.

The trustees acknowledge that the charity's reserves position at the end of the year is significantly lower than our policy target. However, our short term loan commitment is reduced from the prior year £118,679 following a combination of repayments and conversion into unrestricted grants. Our remaining short term loan commitment is £10,000 with longer term loan commitments of £35,833, both relating to a bounce back loan. See note 20 in the notes to the financial statements for further information.

Fundraising

Our fundraising plans are approved by the trustees and monitored by the senior leadership team. Although our income (see more details below) is derived from a number of sources, a significant proportion of our income comes from grant giving trusts and foundations, as well as central government grants. In addition, we operate a subscription membership offer and we work in partnership with agencies and local authorities, who commission our services and support programmes. Our fundraising activities are primarily conducted by our staff team and volunteers – from time-to-time drawing on the expertise of advisors.

Our approach to fundraising

During the year, around 4.3 per cent of Adoption UK's income was generated from our general fundraising activities – often thanks to individuals raising income at Adoption UK events or their own events and activities.

We do not employ the services of any fundraising agencies or third parties, nor do we run telephone or door-to-door fundraising campaigns. Our relationship with our supporters is very important to us and the charity does not wish for them to feel under any pressure to donate.

We have a close relationship with our fundraisers and support them in delivering their events and complying with the relevant codes of practice. Where we work with commercial participators, contracts are exchanged so we can ensure compliance with the code of fundraising practice, applicable laws and adherence to best practice.

We received no complaints about our fundraising practices in the year to 31 March 2022, nor for the year ended 31 March 2021.

Fundraising practices

As part of our commitment to best practice, we adhere to the standards set by the Fundraising Regulator and the Institute of Fundraising. We aim to ensure that our fundraising is respectful, open, honest and accountable to the public. Adoption UK is registered with the Fundraising Regulator.

We have a clearly documented complaints procedure in place, enabling any concerns regarding our fundraising activities to be responded to quickly. During the year, there have been no instances of non-compliance with the requirements of the fundraising code of practice and no complaints have been received by the charity regarding fundraising activities.

Our fundraising policy clearly states the steps that should be followed to protect vulnerable people and ensure that anyone who wants to support the charity has the relevant capacity to make the decision to donate.

Going concern

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charity to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. With current committed income streams and costs forecast up to 31 March 2024, trustees have taken steps to restructure the organisation that has assured a very positive 2023-24 budget, which carries high confidence in delivering significant contributions to reserves.

The trustees have considered the impact of the latter stages of coronavirus pandemic and the likely impacts on income and expenditure as a consequence of UK economic uncertainty and inflationary pressures. Income growth was 11.2 percent in 2021-22, which followed a prior year growth of 22 percent and is forecast to grow by a further 10.5% in 2022-23. Trustees were prudent in their assumptions on continued growth and, having regard to the emerging external economic challenges for the third sector, the wider economy and for our staff, made budget adjustments linked to a business change plan that incorporates restructuring of some services and departments, as well as driving a reduction in current and future unrestricted spend, including overheads and indirect costs.

These adjustments, restructuring and adjusted fundraising plans have delivered a 2022-23 forecast and 2023-24 budget that delivers reserves growth and elimination of current short and long term debt. The charity did not make use of the furlough scheme during the year.

As of 31 March 2022, the charity had net current assets of £324,422 (2021: £480,240) and our unrestricted reserves fell to £195,755 (2020: £329,154), which are below our reserves policy risk adjusted target of £675,000. A review of our risk adjusted reserves target will be undertaken in 2023 and the current year-end forecast and budget for 2022-23 and 2023-24 respectively indicate significant reserves growth.

Trustees have considered forecasts and projections and based on the recent income growth, the level of reserves, the delivered and forecast reductions in our unrestricted costs, overheads and indirect costs, our cash position, our forecast 2022-23 and 2023-24 budget surpluses and our managed pipeline of additional income opportunities. They have concluded that there are no material uncertainties as to the charity's ability to continue in operational existence for the foreseeable future. The charity continues to adopt the going concern basis in preparing the financial statements.

Statement of the board's responsibilities

The trustees (who are also directors of Adoption UK Charity for the purposes of company law) are responsible for preparing the trustees' annual report (including the strategic report) and the financial statements, in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources – including the income and expenditure – of the charitable company for that period. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles laid out by the 'Accounting and Reporting by Charities: Statement of Recommended Practice 2015' (Charities SORP)
- make judgements and estimates that are reasonable and prudent
- state whether FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' has been followed, subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the charitable company. These records should also enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006, as amended by The Charities Accounts (Scotland) Amendment (No 2) Regulations 2014.

Trustees are also responsible for safeguarding the assets of the charitable company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In so far as the board of trustees is aware:

- there is no relevant audit information of which the company's auditors are unaware and
- they have taken all the steps that they ought to have taken as trustees to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The trustees' annual report is approved by the trustees of the charity. The strategic report, which forms part of the annual report, is approved by the trustees in their capacity as directors in company law of the charity.

By order of the board of trustees on 25 April 2023 and signed on its behalf:



Mike Rebeiro,
Chair of Trustees

Independent auditor's report

To the trustees and members of Adoption UK Charity

Opinion

We have audited the financial statements of Adoption UK Charity ('the company' for the year ended 31 March 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 (as amended), regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of financial statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and,

except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters where the Companies Act 2006, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011 require 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 trustees' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit. or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report and from preparing a Strategic Report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 19, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to

going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, the Companies Act 2006 and Section 151 of the Charities Act 2011 and report to you in accordance with regulations made under those Acts.

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

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

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 (as amended), regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council and UK taxation legislation.
- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006; and to the charity's trustees, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, and in respect of the consolidated financial statements, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we

do not accept or assume responsibility to any party other than the charitable company, the charitable company's members, as a body, and the charity's trustees, as a body for our audit work, for this report, or for the opinion we have formed.

Moore Kingston Smith LLP

Luke Holt (Senior Statutory Auditor)

for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

9 Appold Street

London

EC2A 2AP

Date: 25/04/2023

Moore Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

Statement of financial activities

(for the year ending 31 March 2022)

		Unrestricted 2022	Restricted 2022	Total 2022	Total 2021
	Notes	£	£	£	£
Income from:					
Donations and legacies	2	249,079	-	249,079	70,528
Charitable activities					
External Communications		77,842	-	77,842	59,251
Membership Services		361,242	-	361,242	335,012
Adoption Support Services		858,292	1,874,629	2,732,921	2,591,197
Other trading activities		31,406	-	31,406	14,813
Investments		301	-	301	169
Total Income		1,578,162	1,874,629	3,452,791	3,070,970
Expenditure on:					
Fundraising	3	168,072	-	168,072	70,991
Charitable activities					
External Communications	3	452,866	-	452,866	338,608
Membership Services	3	304,907	-	304,907	131,174
Adoption Support Services	3	698,682	1,970,843	2,669,525	2,327,003
Total Expenditure		1,624,527	1,970,843	3,595,370	2,867,774
Net (expenditure)/income for the year and net movement in funds	4	(46,366)	(96,214)	(142,578)	203,196
Transfers between funds		(87,033)	87,033	-	-
Net movement in funds		(133,398)	(9,180)	(142,578)	203,196
Reconciliation of funds:					
Total funds brought forward		329,153	166,233	495,387	292,191
Total funds carried forward		195,755	157,053	352,808	495,387

The company's income and expenditure all relate to continuing operations. The company has no recognised gains or losses other than shown above. Movements in funds are disclosed in Note 14a to the financial statements. The accompanying notes form an integral part of these financial statements.

Balance sheet

(as at 31 March 2022)

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed Assets:					
Tangible Assets	9		58,913		47,340
Intangible Assets			6,306		17,806
			64,219		65,146
Current Assets:					
Stock		5,853		2,702	
Debtors	10	514,211		464,610	
Cash at bank and in hand		134,182		597,031	
		654,246		1,064,343	
Liabilities:					
Creditors: Amounts falling due within one year	11	(329,825)		(584,103)	
Net current assets			324,422		480,240
Total assets less Current Liabilities			388,641		545,387
Creditors: amounts falling due after one year	12		(35,833)		(50,000)
Total net assets			352,808		495,387
The funds of the charity:					
Restricted income funds			157,053		166,233
Unrestricted income funds:					
Designated funds			80,000		62,000
General funds			115,755		267,154
Total charity funds	14a		352,808		495,387

The accompanying notes form an integral part of these financial statements. The accounts on pages 28 to 43 were approved and authorised for issue by the Board of Trustees on 25 April 2023 and signed on its behalf by:



Mike Rebeiro, Chair of Trustees

Registered Company Number: 09454981

Statement of cash flows

(as at 31 March 2022)

	Notes	2022 £	2022 £	2021 £	2021 £
Cash flows from operating activities					
Net cash provided by operating activities	15		(417,648)		389,006
Cash flows from investing activities:					
Dividends, interest and rents from investments		301		169	
Purchases of fixed assets		(45,502)		(15,156)	
Net cash used in investing activities			(45,201)		(14,987)
Change in cash and cash equivalents in the year			(462,849)		374,019
Cash and cash equivalents at the beginning of the year			597,031		223,012
Cash and cash equivalents at the end of the year			134,182		597,031

Notes to the financial statements

For the year ended 31 March 2022

1 ACCOUNTING POLICIES

a. Statutory information

Adoption UK Charity is a charitable company limited by guarantee and is incorporated in the United Kingdom. The registered office address is Bloxham Mill, Barford Road, Bloxham, Oxfordshire, OX15 4FF.

b. Basis of preparation

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these financial statements. The financial statements have been prepared in accordance with the 'Accounting and Reporting by Charities: Statement of Recommended Practice' applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) including Update Bulletin 2, (Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

c. Public benefit entity

Adoption UK constitutes a public benefit entity as defined by FRS 102.

d. Going concern

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charity to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. With current committed income streams and costs forecast up to 31 March 2024, trustees have taken steps to restructure the organisation that has assured a very positive 2023-24 budget, which carries high confidence in delivering significant contributions to reserves.

The trustees have considered the impact of the latter stages of coronavirus pandemic and the likely impacts on income and expenditure as a consequence of UK economic uncertainty and inflationary pressures. Income grew 11.2 percent in 2021-22, which followed a prior year growth of 22 percent. Trustees were prudent in their assumptions on continued growth and, having regard to the emerging external economic challenges for the third sector, the wider economy and for our staff, made budget adjustments linked to a business change plan that incorporates restructuring of some services and departments, as well as driving a reduction in current and future unrestricted spend, including overheads and indirect costs.

These adjustments, restructuring and adjusted fundraising plans have delivered a 2023-24 budget that delivers reserves growth and elimination of current short and long term debt. The charity did not make use of the furlough scheme during the year.

As of 31 March 2022, the charity had net current assets of £324,422 (2021: £480,240) and our unrestricted reserves fell to £195,755 (2020: £329,154), which are below our reserves policy risk adjusted target of £675,000.

Trustees have considered forecasts and projections and based on the recent income growth, the level of reserves, the delivered and forecast reductions in our unrestricted costs, overheads and indirect costs, our cash position, our forecast 2023-24 budget surplus and our managed pipeline of additional income opportunities. They have concluded that there are no material uncertainties as to the charity's ability to continue in operational existence for the foreseeable future. The charity continues to adopt the going concern basis in preparing the financial statements.

e. Income

Income is included in the statement of financial activities when the charitable company is entitled to the income, receipt is probable, and the amount can be measured reliably. Donations are accounted for when they are received. Unrestricted contract income is recognised in proportion to the work completed, receipts in advance of the provision of services of a specified service is deferred to future accounting periods, subject to the criteria for income recognition.

Income from government and other grants, whether capital grants or revenue grants, is recognised when the charitable company has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received, and the amount can be measured reliably and is not deferred.

f. Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund. Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

g. Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in attracting third party voluntary contributions to it, as well as the cost of any activities with a fundraising purpose.
- Expenditure on charitable activities includes the costs of delivering services, events and other training activities undertaken to further the purposes of the charitable company and their associated support costs.
- Other expenditure represents those items not falling into any other heading.
- Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

h. Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charitable company is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Support and governance costs are reallocated to each of the activities on the following basis, which is an estimate, based on staff time, of the amount attributable to each activity.

Governance costs are the costs associated with the governance arrangements of the charitable company. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

i. Operating leases

Rental charges are charged on a straight-line basis over the term of the lease.

j. Tangible and intangible fixed assets

Items of equipment are capitalised where the combined purchase price exceeds £500. Depreciation and amortisation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation and amortisation are provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation and amortisation rates in use are as follows:

- Computer equipment Three years
- Systems development Four years
- Office equipment Four years
- Fixtures and fittings Five years
- Leasehold improvements Five years

k. Stocks

Stocks are publications stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

l. Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

m. Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Cash balances exclude any funds held on behalf of service users.

Notes to the Financial Statements (continued)

n. Creditors and provisions

Creditors and provisions are recognised where the charitable company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

o. Pensions

All qualifying employees are invited to join the charitable company's defined contribution scheme. For those employees who are 'opted in' to the defined contribution scheme, the charitable company contributes a current equivalent of three per cent of gross salary into the scheme. The charitable company's contribution is charged to the statement of financial activities in the financial year. The charitable company has no liability under the scheme other than for the payment of those contributions.

p. Critical accounting estimates and areas of judgement

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. The following judgements and estimates are considered by the trustees to have the most significant effect on amounts recognised in the financial statements:

- Depreciation and amortisation charges are based on the estimated useful life of the assets held.

2 INCOME FROM DONATIONS AND LEGACIES

	Unrestricted £	Restricted £	Total 2022 £	Total 2021 £
Donations	241,533	-	241,533	64,699
Gift aid	7,546	-	7,829	5,829
Total	249,079	-	249,079	70,528

3 ANALYSIS OF EXPENDITURE (current year)

	Charitable activities						2022 Total
	Fundraising	External Communications	Membership Services	Adoption Support Services	Governance costs	Support costs	
	£	£	£	£	£	£	£
Staff Costs (Note 5)	106,464	260,778	200,181	1,922,289	-	324,247	2,813,959
Other staff costs	10,059	389	3,907	27,637	-	13,813	55,805
Trustees' meeting expenses and other costs	-	-	-	-	655	-	655
Online and publication costs	-	61,302	-	(460)	-	1,714	62,556
Fundraising, events and PR costs	1,472	13,490	449	9,234	-	570	25,215
Partnership, groups and training costs	2,234	417	8,852	65,057	4,580	4,019	85,159
Premises and office costs	6,588	9,036	22,118	21,003	817	359,724	419,286
Professional fees	3,000	4,377	-	17,155	23,338	84,864	132,734
	129,817	349,789	235,507	2,061,915	29,390	788,951	3,595,369
Support costs	36,881	99,375	66,907	585,788	-	(788,951)	-
Governance costs	1,374	3,702	2,492	21,822	(29,390)	-	-
Total expenditure	168,072	338,607	131,174	2,669,525	-	-	3,595,369

3a. ANALYSIS OF EXPENDITURE (prior year)

	Charitable activities							
	Fundraising	External Communication s	Membership Services	Adoption Support Services	Governance costs	Support costs	2021 Total	
	£	£	£	£	£	£	£	
Staff Costs (Note 5)	45,678	177,971	66,720	1,656,415	-	136,457	2,083,241	
Other staff costs	298	926	315	42,122	298	9,494	53,452	
Trustees’ meeting expenses and other costs	-	-	-	-	13	-	13	
Online and publication costs	-	44,095	-	1,660	-	169	45,923	
Fundraising, events and PR costs	154	20,952	329	22,525	-	-	43,960	
Partnership, groups and training costs	1,500	254	6,299	65,822	-	598	74,472	
Premises and office costs	8,108	20,653	31,083	42,798	94	338,821	441,557	
Professional fees	950	5,535	-	26,831	14,608	77,230	125,155	
	56,688	270,386	104,746	1,858,173	15,013	562,768	2,867,774	
Support costs	13,931	66,448	25,741	456,648	-	(562,768)	-	
Governance costs	372	1,773	687	12,182	(15,013)	-	-	
Total expenditure	70,991	338,607	131,174	2,327,002	-	-	2,867,774	

4 NET INCOME FOR THE YEAR

This is stated after charging:

	2022	2021
	£	£
Depreciation	46,429	40,666
Operating lease rentals:		
Property	77,178	81,901
Other	3,110	6,804
Auditors' remuneration (excluding VAT):		
Audit	13,588	14,404

5 ANALYSIS OF STAFF COSTS, KEY MANAGEMENT COSTS AND TRUSTEE EXPENSES

Staff costs were as follows:

	2022	2021
	£	£
Salaries and wages	2,000,984	1,664,084
Temporary/agency staff	575,812	242,689
Redundancy and termination costs	24,689	3,790
Social security costs	161,564	130,193
Employer's contribution to defined pension schemes	50,687	42,285
Other forms of employee benefits	223	201
	2,813,959	2,083,241

The following number of key management employees received employee benefits (excluding employer pension costs) during the year between:

	2022	2021
	No.	No.
£60,000 - £69,999	1	1

The total employee benefits including pension contributions of the key management personnel were £312,045 (2021 - £318,667).

The trustees were not paid or received any other benefits from employment with the charitable company in the year. No trustee received payment for professional or other services supplied to the charitable company.

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £1,459 (2021 - £644)

6 STAFF NUMBERS

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2022 No.	2021 No.
Fundraising	2.9	1.9
External Communications	6.2	5.4
Membership Services	7.8	4.0
Adoption Support Services	111.0	103.9
Support	7.1	3.8
	135.0	119.0

Of the average number of employees listed, the average number of full-time equivalent staff was 47 (2021 – 19).

7 RELATED PARTY TRANSACTIONS

There were no related party transactions during 2022 (2021 – none)

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

8 TAXATION

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

9 TANGIBLE FIXED ASSETS

	Intangible Assets	Office Equipment	Computer Equipment	Fixtures and Fittings	Total
	£	£	£	£	£
Cost or valuation					
Balance brought forward	76,456	1,750	89,622	4,482	172,310
Additions in year	-	-	45,502	-	45,502
Disposals in year	-	-	-	-	-
At the end of the year	76,456	1,750	135,124	4,482	217,812
Depreciation					
Balance brought forward	58,650	1,276	45,197	2,041	107,164
Charge for the year	12,500	438	32,818	673	46,429
Eliminated on disposal	-	-	-	-	-
At the end of the year	71,150	1,714	78,015	2,714	153,593
Net book value					
As at 31 March 2022	5,306	37	57,109	1,768	64,219
As at 31 March 2021	17,806	474	44,425	2,441	65,146

All of the above assets are used for charitable purposes

10 DEBTORS

	2022 £	2021 £
Trade debtors	371,322	319,845
Other debtors	5,281	5,695
Prepayments	33,064	24,494
Accrued income	104,544	114,575
	514,211	464,610

11 CREDITORS: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	26,788	19,147
Taxation and social security	93,161	98,836
Other creditors	3,238	11,455
Accruals	151,645	92,900
Deferred income	44,993	243,085
Loan notes	-	118,679
Bounceback Loan	10,000	-
	329,825	584,103

Loan notes issued 20/10/2016, were repaid in full and/or converted into unrestricted grant payments in 2021-22.

12 CREDITORS: amounts falling due more than one year

	2022	2021
	£	£
Bounceback Loan	35,833	50,000
	35,833	50,000

The Bounceback loan was the government backed Covid-19 support loans to help businesses impacted by the pandemic. This unsecured loan is repayable over 5 years at a fixed rate of 2.5% interest

13 DEFERRED INCOME

Deferred income comprises contracts, training and other income where the activity to deliver services funded by this income does not occur until the following year.

	2022	2021
	£	£
Balance at the beginning of the year	243,085	148,335
Amount released to income in the year	(243,085)	(148,335)
Amount deferred in the year	44,993	243,085
Balance at the end of the year	44,993	243,085

14a MOVEMENTS IN FUNDS (CURRENT YEAR)

	Income & gains	Expenditure & losses	Transfers	At 31 March 2022
	£	£	£	£
Restricted funds				
National Lottery - TESSA	866,422	(1,113,393)	80,738	-
Department of Health: Northern Ireland	15,826	(16,832)	1,006	-
Scottish Government (FASD Project)	220,315	(220,315)	-	-
Wales 3 rd Sector Grant	185,000	(185,513)	513	-
Corra Foundation (The Promise)	42,000	(32,515)	-	9,485
Corra Foundation (Brothers & Sisters)	98,000	(19,600)	-	78,400
National Adoption Service (Wales)	187,500	(187,827)	327	-
NAS (Natwest Covid)	17,500	(17,870)	370	-
Health and Social Care Board	98,766	(99,645)	879	-
Halifax Foundation	5,800	(9,000)	3,200	-
WCVA	37,500	(18,005)	-	19,495
Barclays Charity Trust	100,000	(50,327)	-	49,673
Total restricted funds	1,874,629	(1,970,842)	87,033	157,053
Designated funds				
John Ellerman - to support policy work	50,000	(50,000)		50,000
50th Anniversary celebration	-	-	(12,000)	-
FASD Glasgow and Clyde	20,000			20,000
Children in Hearing	10,000			10,000
Total designated funds	80,000	(50,000)	(12,000)	80,000
Unrestricted funds				
Fundraising	249,079	(168,072)	-	81,007
Membership	361,242	(304,906)	-	56,336
Trading income including adoption support	109,549	(452,866)	12,000	(331,317)
Other including core grants	778,292	(648,682)	(87,033)	42,576
Other	-	-	-	267,154
Total unrestricted funds	1,498,162	(1,574,526)	(87,033)	115,756
Total funds	3,372,791	(3,545,369)	-	402,809

14b MOVEMENTS IN FUNDS (Prior year)

	Income & gains	Expenditure & losses	Transfers	At 31 March 2021
	£	£	£	£
Restricted funds				
National Lottery - TESSA	912,564	(871,976)	-	166,233
Department of Health: Northern Ireland	15,826	(16,282)	456	-
Department for Education Covid Relief	216,050	(216,050)	-	-
Henry Smith - Wales	16,350	(20,113)	3,763	-
Wales 3 rd Sector Grant	185,541	(185,541)	-	-
Scottish Government (FASD Project)	190,006	(238,982)	-	-
Children in Need	18,100	(18,100)	-	-
National Adoption Service (Wales)	165,000	(196,779)	-	-
Robertson Trust	10,000	(10,000)	-	-
R S MacDonald	10,000	(10,000)	-	-
Waterloo Foundation	10,000	(10,000)	-	-
Health and Social Care Board	74,217	(78,304)	4,087	-
Halifax Foundation	9,050	(9,050)	-	-
Total restricted funds	1,832,704	(1,881,177)	8,306	166,233
Designated funds				
John Ellerman - to support policy work	-	-	50,000	50,000
50th Anniversary celebration	-	-	12,000	12,000
Total designated funds	-	-	62,000	62,000
Unrestricted funds				
General funds	1,238,266	(986,597)	(70,306)	267,154
Total unrestricted funds	1,238,266	(986,597)	(8,306)	329,154
Total funds	3,070,970	(2,867,774)	-	495,387

Purposes of restricted funds

National Lottery Community Fund (TESSA)

Funding to develop and deliver therapeutic education support services in adoption, a new approach to supporting adoptive families

Department of Health: Northern Ireland

Partially funding Leadership for Adoption UK's support services across Northern Ireland

The Promise: Corra Foundation

Funding to develop resources to support adoptive parents and kinship carers to support brothers and sisters living in their care, or living separately.

Brothers and Sisters: Corra Foundation

Funding for AUK Scotland to pilot services for adoptive parents of brothers and sisters living together and apart to strengthen sibling relationships, and develop resources for families and practitioners based on engagements with these groups.

Welsh Government (Adoptive Community Support Services Grant)

Funding to deliver support to the adoption community in Wales with particular emphasis on those families where the children are now teenagers.

Scottish Government (FASD Project)

Funding for the development and provision of resources and support for families with children affected by fetal alcohol spectrum disorder.

WCVA : Wales

Funding to increase the resilience of Adoption UK by developing and marketing a training package and a counselling service designed to meet the needs of adopted young people

National Adoption Service: Wales

Funding to support additional TESSA service provision to adoptive families across Wales and to fund Adoption UK's children and young people support activities as part of the Wales Connected service.

Barclays Charity Trust

Funding to enable Adoption UK develop and launch a UK-wide model for services to support and engage with adopted children and young people, building on the successes and experience of devolved nation support services.

Health and Social Care Board

Funding to provide universal and community support services to adoptive families across Northern Ireland.

Halifax Foundation

Funding for Adoption UK's office rent and associated costs in Northern Ireland.

Analysis of net assets between funds

2022	Restricted funds £	Unrestricted funds £	Total £
Fixed assets	-	64,219	64,219
Net current assets	157,053	167,369	324,422
Long term liabilities	-	(35,833)	(35,833)
Total Funds	157,053	195,756	352,808

2021	Restricted funds £	Unrestricted funds £	Total £
Fixed assets	-	65,146	65,146
Net current assets	166,233	314,007	480,240
Long term liabilities	-	(50,000)	(50,000)
Total Funds	166,233	329,154	495,387

15 RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2022 £	2021 £
Net income for the reporting period (as per the statement of financial activities)	(142,578)	203,196
Depreciation changes	46,429	36,152
Dividends, interest and rent from investments	(301)	(169)
(Profit)/loss on the disposal of fixed assets	-	558
Decrease/(increase) in stocks	(3,151)	(485)
(Increase)/decrease in debtors	(49,601)	(86,946)
Increase/(decrease) in creditors	(272,612)	286,700
(Increase)/decrease in debt (cash movements)	4,167	(50,000)
Net cash provided by operating activities	(417,648)	389,006

16 ANALYSIS OF CHANGES IN DEBT

	At 1 April 2021 £	Cash flows £	Other non- cash changes £	At 31 March 2022 £
Cash	597,030	(462,849)	-	134,182
Loans falling due within one year	(118,679)	(76,821)	31,858	(10,000)
Loans falling due after one year	50,000	(4,437)	9,730	(35,833)
Balance at the end of the year	428,351	(544,106)	41,588	88,349

17 OPERATING LEASE COMMITMENTS

The charitable company's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property 2022 £	Equipment 2022 £	Property 2021 £	Equipment 2021 £
Less than one year	52,242	1,765	27,139	14,337
One to five years	9,830	441	5,475	2,547
	62,072	2,206	32,614	16,884

18 LEGAL STATUS OF THE CHARITABLE COMPANY

The charitable company is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

19 CAPITAL COMMITMENTS

There were no capital commitments not provided for in the financial statements (2021: None)

20 POST BALANCE SHEET EVENTS

After the year end the organisation underwent a restructure to realign key services to better support future business priorities and to reduce salaries, overheads and support costs.

The effect of this is an overall reduction in headcount, which will reduce both salaries and associated overheads costs in the following financial year.