



ANNUAL REPORT
2022-23

Adoption UK Charity

Company number 09454981

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About us

Adoption UK is the leading charity for those who are or were unable to grow up with their birth parents. With over 6,000 members we are the largest voice of adopters and adopted people in the UK. We work with adopters, adopted people, kinship care families, professionals and decision makers in England, Scotland, Wales and Northern Ireland.

Why we are needed

Three quarters of adopted children have suffered significant violence, abuse or neglect in their birth families, which has lasting impacts on mental and physical health, relationships and learning.

There are lifelong impacts of being adopted. Historic, forced adoption practices have had significant impacts for those separated from their birth families. The majority of modern adoptions result from child protection procedures. Many adopted children, young people and adults live with the lifelong impacts of early life trauma, neglect or abuse and of being unable to grow up with their birth parents.

In order to support adopted children and young people, we are there to support adoptive parents in their important role, as well as being there for the adopted child. Being an adoptive parent is extraordinary, and most families tell us they would encourage others to adopt. But adopting and supporting a child who has experienced trauma can be tough. It takes resilience, understanding and the right support from the start.

What we do

We help families build brighter futures for vulnerable children and we help those unable to grow up with their birth parents, in childhood and into adulthood. 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.

The activities currently carried out by the charity can broadly be categorised into the following:

Information and advice

We provide a one-stop information service for those interested in adoption through our website and social media. We also run a UK-wide helpline, open to all. Our membership services for adoptive families, their friends and relatives and adopted people also provide news and information – for example, the members' areas on our website, newsletters and for families - our bi-monthly membership magazine, *Adoption Today*. We also have a lending library. We also provide information and advice on Kinship Care and Fetal Alcohol Spectrum Disorder (FASD).

Connecting people

We provide safe spaces for people to connect with others in the same boat, including online forums, conferences, community groups and events. We provide these services for adopters, adopted people, kinship carers and families affected by FASD.

Providing direct support

Our adoption support services include: 1:1 peer support for adopters; support groups; training courses; and our Psychology and Therapy Hub.

Influencing

Through our policy work and campaigning we are raising public, political and professional awareness of the needs of adopted children and young people and their families, and adopted adults, and influencing policy and legislation across the UK.

How our activities deliver public benefit

We use our knowledge and research to influence policy and legislation across the UK. We are the only organisation that speaks for adopters and adopted people at a national policy level, and we have been actively involved in the adoption reform programmes in England and Wales. We advise ministers and civil servants in all four nations of the UK.

We work with practitioners involved in adoption to promote the concerns and interests of adoptive families and adopted people, and to develop appropriate support services in partnership with them.

We do this by providing information, advice, support and training to prospective adopters, adoptive parents and others delivering permanence to children who cannot live with their birth parents. Our information and services are rooted in the personal experiences of those we work with so that, as an organisation, we are at the centre of a self-help network of peer support.

These networks:

- Enable adopted young people and adults to come together, build peer support and influence policy and practice.
- Help parents and carers to explore the unique social, emotional and developmental needs of their children and promote effective parenting practice based on a combination of personal experiences and current theories of trauma, attachment and child development.

Our work delivers clear public benefit through supporting those who are or were unable to live with their birth parents, in childhood and in adulthood – giving them an equal chance to thrive. We support people individually and we support their families, helping everyone to deal with the effects of early trauma. Adoptive parents, carers and their families, as well as practitioners that work with them, benefit from the support we offer in carrying out their therapeutic role.

Influencing change

Adoption UK engages with adopted people, those with care experience, adopters, kinship and foster carers, key sector groups, civil servants, ministers and other stakeholders to advise on draft legislation and push for changes in law, policy and practice.

Our policy and campaigning work is led by our Chief Executive, with the support of our Director of Public Affairs and Communications, our Policy Advisors and the Directors of Services in England, Scotland, Wales and Northern Ireland.

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



I am delighted to present the Adoption UK Trustees' report for 2022-23. This has been another extraordinary year for the charity as we continued to wrestle with the fallout from Covid and cost of living impacts, whilst supporting adopted and care experienced people and their families through challenging times. I am happy to report that in spite of these challenges, through excellent management and planning, the charity continued to provide essential services without interruption.

Once again, we worked closely with our workforce, funders, contractors, donors and members as we made the necessary changes within the organisation to help us navigate these uncertain economic times being experienced by the sector and the country as a whole. Despite the challenges this year, we are in a stronger financial position with growing reserves.

I am equally proud of the leadership, drive, determination and commitment that Adoption UK shows every day. We are always looking for ways in which we can make a difference to families and the lives of young people, whether this is through our 1:1 work, the provision of high-quality services to families and whole communities or through our national campaigning and influencing work.

This year we appointed our new CEO Emily Frith. Emily brings a wealth of experience and expertise in working on behalf of children and families, with a focus on mental health and children's social care policy. She has a strong drive to centre the voices and experiences of adopted children, young people and adults, as well as those parenting and caring for children who are not able to remain with their birth families, in everything we do. Her strong leadership has ensured we are on a secure footing for the coming few years.

In particular, I am delighted that we have:

- Launched new memberships for adopted people, and friends and relatives;
- Extended our work with young people
- Worked directly with adopted adults
- Received a good rating in our Ofsted inspection
- Launched the fourth Adoption Barometer
- And held a successful conference with a focus on the power of connection.

Looking forward, I am confident that Adoption UK is in a strong position to pursue our vision of an equal chance of a bright future for every child unable to live with their birth parents. To help us achieve this, we are investing in workforce development and wellbeing as a key priority in 2023. We will also continue to develop our work directly with adopted people, establishing an Advisory Group to help shape our work in this area.

Mike Rebeiro, Chair of Trustees

November 2023

Chief Executive's overview



I was delighted to join Adoption UK in October 2022, starting straight in the deep end with our brilliant annual conference based on the theme of connections. That conference highlighted the way in which Adoption UK, and the adoption world in general, is changing – the theme of openness in adoption, and managing contact with first families and other important figures in a child's life is one of the biggest issues in adoption today.

I joined Adoption UK because I am passionate about ensuring that people affected by early trauma can get the support they need to thrive. My work in mental health and children's social care policy has helped me to recognise how too often families are left struggling without the right support. My work at the Children's Commissioner has given me a passion for giving children and young people a voice – and that is something I am determined that we at

Adoption UK will do, with the development of our youth services and advisory group.

This year has been a time of significant change for Adoption UK, with a change of leadership and a time of reflection around our strategic direction. We are committed to centering the voices of adopted people within our organisation, and this year we launched our first ever membership offer for adopted people. The voice of adopted people was also much stronger in this year's Adoption Barometer, which focused on the theme of contact with birth family members. Now in its fourth year, the Barometer is a comprehensive survey of the views of people whose lives are touched by adoption, and it is seen as a key indicator of progress in improving the adoption system.

This year has also seen the establishment of our Psychology and Therapy Hub, providing specialist expert therapeutic support to adoptive families across the UK, and marrying expert clinical experience with peer support. I am excited to see how this service can deepen the level of support we offer, enabling us to further enhance our mission as a charity.

Like all charities, we have experienced the challenges of the cost-of-living crisis and this year had to make difficult decisions to tighten our belts. However, we ended the year in a very strong financial position, with income from grants, contracts and fundraising meaning that we were able to move closer to meeting our reserves policy.

This year our services for Kinship carers have also expanded, through our Kinship Care Advice and Support Service and our FASD Hub. The world of adoption and permanence is changing, with a greater focus on open adoption and of the importance of all forms of permanence. We are changing with it, and I want to create spaces where adopted people, adopters, kinship carers, first families, and all those involved in the adoption system can tackle this uncharted territory together. This new direction will be at the heart of our next strategy, which we will be developing over the next year, working with our workforce, stakeholders, our Advisory Groups, and our members and service beneficiaries. Setting out the next steps in our mission to create a society where those who are unable to grow up with their birth parents have an equal chance to thrive.

Emily Frith, CEO

November 2023

Impact report

 <p>6,000</p>	<p>We have a membership of 6,000 from across the adoption community.</p>	 <p>720</p>	<p>There were 720 attendees at our webinars, on topics from therapies to the benefits system.</p>
<p>9/10</p> 	<p>Our research shows 90% of prospective adopters said their decision to adopt was impacted by the rising cost of living.</p>	 <p>2,000</p>	<p>Our helpline handled 2,000 calls and emails, giving support and advice to members and non-members.</p>
<p>2,000</p>	<p>Hours of activities and support were delivered through our youth programmes which provided peer support and skills.</p>		
<p>“ Before I had times where I felt I couldn’t cope, couldn’t carry on – it felt like complete blackness. The group has been a rainbow in that blackness ”</p>	 <p>5,000</p>	<p>There were 5,000 attendances at our community groups and events across the UK providing peer support for families and children.</p>	
<p>580</p> 	<p>families were supported through specialist therapeutic programmes.</p>	<p>“ We were in a state of crisis. We were referred to Adoption UK and it has been fantastic – a game-changer. ”</p>	
<p>3,300</p> 	<p>hours of training on topics such as specialist parenting and education were delivered.</p>	<p>3,000</p> 	<p>respondents added their voice to the Adoption Barometer Report which was taken to UK parliaments as part of our campaigning work.</p>
<p>“ When I felt my smallest and most fearful, you were there as a beacon of knowledge, care and kindness. ”</p>	<p>12</p> 	<p>projects were commissioned that provide support to young people. Kinship carers and those impacted by FASD.</p>	
<p>£1m</p>	<p>Thanks to the generosity of our donors, we have raised £1m in grants and funding, allowing us to reach even more children, families and young people.</p>		

The year in review

March 2022

The Adoption and Children Bill passed into legislation in Northern Ireland. The Bill, which is the result of years of hard work by many politicians, families and organisations including Adoption UK, modernises the adoption process and creates a legal duty to provide post-adoption support.

June 2022

The Adoption Barometer Report was published and launched in the UK parliaments. It is the largest and most influential report into adoption in the UK.

September 2022

Our FASD Hub Scotland, funded by the Scottish Government, led a campaign of training and awareness -raising during FASD Awareness Month.

October 2022

Emily Frith was appointed as our new CEO. She has brought a wealth of experience with her having worked for the Office of the Children's Commissioner and in Westminster.

Two new memberships were launched for adopted people and for friends and relatives.

November 2022

Our in-house therapeutic service PATH was launched and we held our annual conference on the theme of The Power of Connections in Bristol.

January 2023

Our cost of living survey results were published revealing that 9 out of 10 prospective adopters report that the cost of living crisis was significantly influencing decisions they were making about adopting.

February 2023

We received funding from the John Lewis Partnership allowing us to develop our services for adopted children and young people in England.

March 2023

OFSTED inspectors awarded Adoption UK's services in England as 'Good'.

Funding was awarded to Adoption UK to provide therapeutic support for kinship carers in Scotland. Our Adoption Alliance project, focusing on young people and education was launched in Wales, funded by The National Lottery.



Financial summary and fundraising

Income

Most of our income is secured from adoption support contracts and devolved government 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.

Despite ongoing challenges across the adoption sector, our income has grown year on year for the last 5 years and rose by 14% between 2022 and 2023.

This year's increase was in large part due to a single legacy donation notified late in the year, which offset a difficult fundraising environment, with lower than usual income secured from charitable giving trusts and foundations, general donations, community fundraising and membership. We continued to benefit from recently introduced service programmes— including the Connected service in Wales, the FASD Hub and Kinship Care Advice and Support Service in Scotland and Psychology and Therapy Hub (PATH) provision of supports.

We are very grateful to all the families, trusts, foundations and companies who supported us this year.

Expenditure

This year, we began to feel the impacts of inflation and salary increases against those established income grants and contracts which did not allow for forecast annualised increases against inflation. In consideration of these risks and the squeeze on fundraising and donations, our trustees approved carefully planned and managed cost savings and organisational changes designed to reduced central costs and overheads, and to postpone planned organisational development projects. As a result of organisational changes implemented during the course of the year we reduced our forecast expenditure by £265,685, resulting in a year on year fall in expenditure of around £25,000; compared to a £725,000 rise in expenditure the previous year.

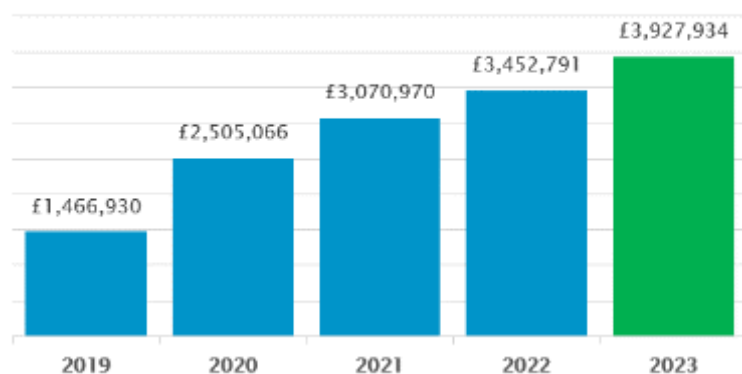
The organisational changes made during the course of 2022-23 financial year, which enabled us to offset inflationary and increased salary costs, has enabled us to begin implementing the planned developments of our partnerships development team, designed to grow unrestricted income and diversify our income streams further; and to invest in our people services team to further develop our workforce, improving retention, skills base and career development.

Your support

We are Incredibly grateful to all those who have taken the time to support the charity again this year, be that as a volunteer, a donor or fundraiser and to those who have remembered us In their will. During the year, community fundraisers have taken part in a number of challenges to raise money for Adoption UK, including the Aberdeen Kiltwalk, Battersea Half Marathon, London to Brighton cycle, The Wolf Run, Edinburgh Women's 10k, Scottish Half Marathon and a Kilimanjaro Hike..... And many have made collections for their own activities, birthdays, celebrations and in memorial donations. We are grateful for an proud of all those fundraising heroes and heroines who have donated to Adoption UK again this year.



Income: Year ending 31 March



Trusts, foundations and corporates

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

Belfast St Annes Cathedral	The Dulverton Trust
Corra Foundation	The Hugh Fraser Foundation
Doris Field Charitable Trust	The National Lottery Community Fund
John Lewis & Partners Foundation	Cronfa Gymunedol y Loteri Gendlaethol
Mr and Mrs J A Pye Charitable Settlement	The Souter Charitable Trust
Short Breaks Fund	The W M Mann Foundation
Tesco Community Grants	The Waterloo Foundation
The Casey Trust	Victoria Homes Trust
The Courant Fund for Children	WO Street Charitable Foundation

Our vision of success

Our priority is to ensure adoption, education and health systems give children who cannot remain with their birth parents an equal chance to thrive, in childhood and into adulthood. We do this in four ways:

We provide information, advice and training

We aspire to be the leading source of accurate and up-to-date information and advice for adopted people and their families. We empower people by providing accurate, up-to-date and relevant advice and information through our helpline, website, factsheets and resources. We provide high quality and popular training courses to help people provide the right support for children and young people affected by early childhood trauma.

Our webinars and training help to educate and inform on topics as diverse as therapeutic parenting, FASD, the lifelong impacts of adoption, the experiences of trauma, parenting siblings and many more.

We are also a trusted source of information and advice for professionals working with adopted people, including schools and adoption agencies.

We connect people

We create safe spaces for people to build their own networks of support. Through our support groups and events, both online and face to face, we bring people together to have fun, to offload and to support each other. We build connections that often last a lifetime. We help people find others who understand their experiences and create spaces where they can be themselves.

We provide direct support

We provide a powerful combination of professional expertise and peer support directly to children, young people and their families. This includes mentoring, peer support, and specialist therapeutic services.

We change the system

We work hand in hand with those with lived experience to bring about changes to policy and practice that will translate into real improvements in the lives of care experienced people and their families. We influence politicians, policymakers and practitioners to create the change we want to see in the adoption and care system. We aim to centre the voices of those who are unable to live with their birth parents, ensure they are listened to by those with the power to change things for the better.

This year we are in the process of developing a new strategy, with the views and experiences of adopted people at the centre. The world of adoption is changing and modernising and we are changing with it. We are listening to the voices of adopted and care experienced people and to those who care for them, to understand how we can fulfil our vision and make the biggest difference for the families who need our support.

Reference and administrative details

Trustees

The trustees who served during the period under review and up to the date of approval of the financial statements were:

Mike Rebeiro	Chair of Trustees
Anna Jaques	Joint Vice Chair of Trustees; chair of People and Culture Committee
Melissa Shackleton	Joint Vice Chair of Trustees
Tony Eastwood	Chair of Finance and Scrutiny Committee
Wesley Graham	Trustee
Clare Hudson	Trustee
Anju Mahbubani	Trustee
Jordina Walker	Trustee
Anuradha Parekh	Trustee, appointed 23 June 2022
Dani Stuart	Trustee, appointed 27 July 2022
Siobhan Rhodes	Trustee, appointed 22 June 2023
Jeremy Langley	Trustee, resigned 03 May 2022
Beth Clarke	Trustee, resigned 05 May 2022
Emily Boardman	Trustee, resigned 02 November 2022
Henrietta Delalu	Trustee, resigned 22 September 2023

Officers

Emily Frith	Chief Executive
William Joel Sadler	Director and Chief Operating Officer and does not hold any voting rights on the Board of Trustees.
Jacque Joy	Company Secretary

Principal advisors to Adoption UK

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, 6th Floor, 9 Appold Street, London, EC2A 2AP

Company details

Registered charity number (England and Wales)	1160647
Registered charity number (Scotland)	SC037892
Company registration number (England and Wales)	09454981

Offices

Registered head office	Bloxham Mill, Barford Road, Bloxham, Oxfordshire OX15 4FF
Northern Ireland	63-75 Duncairn Gardens, Belfast, BT15 2GB
Scotland	Great Michael House, 14 Links Place, Edinburgh, EH6 7EZ
Wales	Office 9, Big Yellow, 65 Penarth Road, Cardiff CF10 5DL

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 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.

A review of the organisation's Articles of Association and Charitable Objects was undertaken by the Board of Trustees in September 2023; changes proposed will allow the organisation to further diversify our services to meet the needs of all those impacted when children are unable to live with their birth parents.

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), Northern Ireland Director (EJ Havlin), Director of Quality Assurance (Jane White) and Head of England Service Delivery (Samantha Parkin) 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 employees and volunteers and decisions regarding expenditure – as long as employee and volunteer appointments and expenditure are in-line with our strategy – budget, and delegated authority agreed by trustees.

Remuneration of senior employees is reviewed annually by the trustees as part of our budget setting and all employee 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 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 organisation has a low appetite for reputational and financial risk. 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:

Employee and volunteer wellbeing

Trustees and senior leaders continue to monitor and manage the potential wellbeing and health risks to employees, volunteers and our services, with most employees 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 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 the 2023-24 and 2024-25 financial years we plan to invest further in workforce learning, development and wellbeing and better utilize annual surveys and on-going employee and volunteer engagement to inform how we support and develop our workforce. In the summer of 2023 we have appointed a People Development and Wellbeing Manager and two People Development Officers to deliver this change and we will introduce a new HR Management system in November 2023.

Mission drift

Trustees regularly review the activities of the charity in the context of the values, purpose and mission of the organisation. In September 2023 our Board of Trustees reviewed and proposed a restatement our Charitable Objects to better reflect the planned direction of travel for the organisation; this was needed to ensure that the organisation was aligned with the changing landscape of the adoption and permanence sector, which is making Increased use of kinship care, long-term foster care/continuing care arrangements for children unable to live with their birth parents. The proposed changes to our Charitable Objects and Articles of Association have been submitted to The Charity Commission.

We have this year changed our Ofsted registration to allow us to directly deliver services to children and young people In England, following the success of programmes in Northern Ireland, Scotland and Wales.

Loss of operational capacity

The charity grew significantly over the previous two years, as we built our delivery 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 gave rise to increased overheads, indirect costs and increased spend on fundraising activities, which have been adversely impacted by inflationary pressures at a time when we saw a downturn in general public donations and greater competition for grant giving trust funds. In response to those emerging challenges we undertook some organisational changes during the year, reducing unrestricted spend, overheads and indirect costs in order to safeguard core activities and service delivery. In 2023 and 2024 we are investing in areas of the business that will drive income growth, support sustainability and diversification of Income streams and Investing in workforce development to reduce turnover and Improve productivity and quality of services; these planned developments will reduce risk around loss of operational capacity.

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

The 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 committed to being a model of good practice in governance and compliance, with the Board supported by trustee-led sub-committees for finance, people and culture and equality, diversity and inclusion. 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 newly appointed Director of Quality Assurance, who is also our registered manager for regulated services in England and is the organisation's safeguarding lead. We operate with 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 2023

We are pleased that 2022-23 saw us increase our income by 14% compared to the prior year; however, we are conscious that this was largely due to a single legacy and in the face of a challenging year for general fundraising and charitable grant income.

The income for the year ending 31 March 2023 was £3,927,934, expenditure being £3,570,671 resulting in an operational surplus of £357,264 for the year.

The charity's restricted reserves position fell from £157,053 to £40,874 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 2023 was £710,072, of which £669,198 are unrestricted reserves. We designated £18,970 for spend against specific projects in 2023-24, meaning that we had general funds of £650,228 at the year end.

Notable sources of income during the year included:

- A one-off legacy of £750,000.
- Year 3 of the £270,000 per annum contract with Scottish Government to deliver the Scotland Kinship Care Advice and Support Service.
- Collective National Lottery Communities Fund, Scottish Government and Welsh Government funding of £1,023,988 to deliver year 4 of our Adoption Pathways (formerly TESSA) service in England, Scotland and Wales.
- Scottish Government grant of £195,544 funding of our Fetal Alcohol Spectrum Disorder (FASD) service.
- Membership Income of £291,351

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 2023-24, the desirable unrestricted reserves level would be approximately £675,000. Our free reserves are £669,198.

While this means that the charity's reserves position at the end of the year is marginally lower than our policy target, and our short and long term loan commitments remain low at £10,000 and £25,581 respectively (both relating to a bounce back loan), the total amount due to creditors within one year rose by £150,301. See note 11 in the notes to the financial statements for further information.

Trustees will review the charity's policy for the appropriate level of unrestricted reserves required at our November 2023 Board of Trustees meeting, taking into account any changed risk factors and planned expenditure.

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 employees and volunteers – from time-to-time drawing on the expertise of advisors.

Our approach to fundraising

During the year, around 2.2 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.

In 2023 we have Invested In our fundraising and partnerships team, with the Intention to grow our general fundraising activities.

We received no complaints about our fundraising practices in the year to 31 March 2023, nor for the year ended 31 March 2022.

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 2025, 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 potential impact of the UK economic uncertainty and ongoing related inflationary pressures. Income growth was 14 percent in 2022-23, which followed a prior year growth of

11.2 percent and is forecast to remain steady in 2023-24. 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 workforce, made budget adjustments linked to a business change plan that incorporated 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 costs savings delivered a 2022-23 expenditure £24,699 lower than the prior year, and £265,865 less than the original planned spend for the year, despite increased employee salary costs and inflationary pressures; thus enabling the organisation's reserves to benefit fully from the Income growth achieved.

As of 31 March 2023, the charity had net current assets of £694,082 (2022: £324,422) and our unrestricted reserves rose to £669,198 (2022: £195,755), which are marginally below our reserves policy risk adjusted target of £675,000. A review of our risk adjusted reserves target will be undertaken in November 2023 and the year-end forecast for 2023-24 and budget for 2024-25 indicate further surpluses and 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 2023-24 and 2024-25 draft budget surpluses. 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 29 November 2023 and signed on its behalf:

Mike Rebeiro, Chair of Trustees

November 2023

Independent auditors' report

To the Members of Adoption UK Charity

Opinion

We have audited the financial statements of Adoption UK Charity ('the company') for the year ended 31 March 2023 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 2023 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 and strategic 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; or
- we have not received all the information and explanations we require for our audit; or

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 22, 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.

Luke Holt (Senior Statutory Auditor)

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

9 Appold Street

London

EC2A 2AP

Date:

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

Statement of financial activities

Incorporating the income and expenditure account for the year ending 31 March 2023

	Notes	Unrestricted 2023 £	Restricted 2023 £	Total 2023 £	Total 2022 £
Income from:					
Donations and legacies	2	835,194	-	835,194	249,079
Charitable activities					
External Communications		5,471	-	5,471	77,842
Membership Services		291,351	-	291,351	361,242
Adoption Support Services		962,402	1,728,377	2,690,779	2,732,921
Other trading activities		104,222	-	104,222	31,406
Investments		917	-	917	301
Total Income		2,199,557	1,728,377	3,927,934	3,452,791
Expenditure on:					
Fundraising	3	180,671	-	180,671	168,072
Charitable activities					
External Communications	3	395,038	-	395,038	452,866
Membership Services	3	306,502	-	306,502	304,906
Adoption Support Services	3	819,104	1,869,355	2,688,459	2,669,525
Total Expenditure		1,701,315	1,869,355	3,570,670	3,595,369
Net income for the year and net movement in funds	4	498,242	(140,978)	357,264	(142,578)
Transfers between funds		(24,800)	24,800	-	-
Net income before other recognised gains and losses		473,442	(116,178)	357,264	(142,578)
Net movement in funds		473,442	(116,178)	357,264	(142,578)
Reconciliation of funds:					
Total funds brought forward		195,756	157,052	352,808	495,386
Total funds carried forward		669,198	40,874	710,072	352,809

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 2023)

	Notes	2023 £	2023 £	2022 £	2022 £
Fixed Assets:					
Tangible Assets			33,657		58,913
Intangible Assets			7,914		5,306
	9		41,571		64,219
Current Assets:					
Stock		2,825		5,853	
Debtors	10	970,243		514,211	
Cash at bank and in hand		201,140		134,182	
		1,174,208		654,246	
Liabilities:					
Creditors: Amounts falling due within one year	11	(480,126)		(329,825)	
Net current assets			694,082		324,422
Total assets less Current Liabilities			735,653		388,641
Creditors: amounts falling due after one year	12		(25,581)		(35,833)
Total net assets			710,072		352,808
The funds of the charity:					
Restricted income funds			40,874		157,053
Unrestricted income funds:					
Designated funds			18,970		80,000
General funds			650,228		115,755
Total charity funds	14a		710,072		352,808

The accompanying notes form an integral part of these financial statements. The accounts on pages 27 to 44 were approved and authorised for issue by the Board of Trustees on 29 November 2023 and signed on its behalf by:

Mike Rebeiro,
Chair of Trustees

Statement of cash flows

(as at 31 March 2023)

	Notes	2023 £	2023 £	2022 £	2022 £
Cash flows from operating activities					
Net cash provided by / used in operating activities	15		75,018		(417,648)
Cash flows from investing activities:					
Dividends, interest and rents from investments		917		301	
Purchases of fixed assets		(8,977)		(45,502)	
Net cash used in investing activities			(8,060)		(45,201)
Change in cash and cash equivalents in the year			66,958		(462,849)
Cash and cash equivalents at the beginning of the year			134,182		597,031
Cash and cash equivalents at the end of the year			201,140		134,182

Notes to the financial statements

(For the year ended 31 March 2023)

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. All financial reporting is in Sterling and rounded to the nearest pound £.

c. Public benefit entity

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

d. Going concern

In the current economic climate, there are always risks that some income may not come in as anticipated and, indeed, external events may, despite considered planning, have an adverse effect on the charitable company. Annual budget have been revised taking this into account with prudent figures for both income and expenditure. Current committed income streams and costs have been forecast up to 31 March 2025 and management are working strategically to secure other sources and constantly work to keep costs to a minimum.

As at 31 March 2023, The charity had net current assets of £694,082 (2022 - £324,422). Conscious of the need to strengthen liquidity in a difficult environment and to return reserves to a strong base, management took steps to secure new long term funding and to reduce the cost base. These steps are further described in the Trustees' Report.

The trustees have reviewed the plans and the detailed forecasts that management have prepared for the charitable company taking into account the new finance raised. Accepting that it is not always possible to predict all external factors that might affect the organisation, the trustees consider that it is reasonable to assume that the charitable company will continue as a going concern and to prepare the accounts on that basis.

e. Income

Income is recognised when the charitable company has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

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.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

Notes to the Financial Statements (continued)

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 employee time 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 employee time 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. 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:

Notes to the Financial Statements (continued)

- | | |
|--------------------------|---------------------------|
| • Computer equipment | Three years straight line |
| • Systems development | Four years straight line |
| • Office equipment | Four years straight line |
| • Fixtures and fittings | Five years straight line |
| • Leasehold improvements | Five years straight line |
| • Intangible Assets | Four years straight line |

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.

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.

Notes to the Financial Statements (continued)

2 INCOME FROM DONATIONS AND LEGACIES

	Unrestricted £	Restricted £	Total 2023 £	Total 2022 £
Donations	830,140	-	830,140	241,533
Gift aid	5,054	-	5,054	7,546
Total	835,194	-	835,194	249,079

3 ANALYSIS OF EXPENDITURE (current year)

	Charitable activities						2023 Total
	Fundraising	External Communications	Membership Services	Adoption Support Services	Governance costs	Support costs	
	£	£	£	£	£	£	£
Workforce Costs (Note 5)	137,737	195,726	178,968	1,791,809	-	229,428	2,533,668
Other workforce costs		53,130	4,808	162,089	-	32,130	252,157
Trustees' meeting expenses and other costs	-	-	-	-	449	-	449
Online and publication costs	-	52,190	-	4,583	-	41	56,814
Fundraising, events and PR costs	3,293	3,030	5,750	-	-	377	12,450
Partnership, groups and training costs	4,152	-	23,978	73,544	389	1,295	103,358
Premises and office costs	2,419	13,696	37,894	133,132	3,460	257,320	447,921
Professional fees	588	6,245	-	39,963	24,174	92,883	163,853
	148,189	324,017	251,398	2,205,120	28,472	613,474	3,570,670
Support costs	31,041	67,871	52,660	461,902	-	(613,474)	-
Governance costs	1,441	3,150	2,444	21,437	(28,472)	-	-
Total expenditure	180,670	395,038	306,502	2,688,459	-	-	3,570,670

3a. ANALYSIS OF EXPENDITURE (prior year)

	Charitable activities				Governance costs	Support costs	2022 Total
	Fundraising	External Communications	Membership Services	Adoption Support Services			
	£	£	£	£	£	£	£
Workforce Costs (Note 5)	106,464	260,778	200,181	1,922,289	-	324,247	2,813,959
Other workforce 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	452,866	304,907	2,669,525	-	-	3,595,369

Notes to the Financial Statements (continued)

4 NET INCOME FOR THE YEAR

This is stated after charging:

	2023	2022
	£	£
Depreciation	34,528	46,429
Operating lease rentals:		
Property	81,692	77,178
Other	3,155	3,110
Auditors' remuneration (excluding VAT):		
Audit	23,310	13,588

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

Workforce costs were as follows:

	2023	2022
	£	£
Salaries and wages	2,271,971	2,000,984
Temporary/agency employees	178,871	575,812
Redundancy and termination costs	7,651	24,689
Social security costs	196,715	161,564
Employer's contribution to defined pension schemes	57,331	50,687
Other forms of employee benefits	73,286	223
	2,785,825	2,813,959

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

	2023	2022
	No.	No.
£60,000 - £69,999	2	1

The total employee benefits including pension contributions of the key management personnel were £294,527 (2022 - £312,045).

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. For interim regulatory requirements the Chief Operating Officer was appointed as a director of the charity; however, they are not paid for their role as a director, being remunerated only for their employee role.

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £449 (2022 - £1,459).

Notes to the Financial Statements (continued)

6 EMPLOYEE NUMBERS

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

	2023	2021
	No.	No.
Fundraising	4.7	2.9
External Communications	11.6	6.2
Membership Services	12.0	7.8
Adoption Support Services	92.0	111.0
Support	6.9	7.1
	127.2	135.0

Of the average number of employees listed, the average number of full-time equivalent employees was 58 (2022 – 47).

7 RELATED PARTY TRANSACTIONS

There were no related party transactions during 2023 (2022 – 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.

Notes to the Financial Statements (continued)

9 TANGIBLE FIXED ASSETS

	Intangible Assets	Office Equipment	Computer Equipment	Fixtures and Fittings	Total
	£	£	£	£	£
Cost or valuation					
Balance brought forward	76,456	1,750	135,124	4,482	217,812
Additions in year	7,490	-	1,487	-	8,977
Disposals in year	-	-	-	-	-
At the end of the year	83,946	1,750	136,611	4,482	226,789
Depreciation					
Balance brought forward	71,150	1,714	78,015	2,714	153,593
Charge for the year	4,882	37	28,936	673	34,528
Eliminated on disposal	-	-	(2,903)	-	(2,903)
At the end of the year	76,032	1,751	104,048	3,387	185,218
Net book value					
As at 31 March 2023	7,914	(1)	32,563	1,095	41,571
As at 31 March 2022	5,306	37	57,109	1,768	64,219

All of the above assets are used for charitable purposes

10 DEBTORS

	2023	2022
	£	£
Trade debtors	143,725	371,322
Other debtors	6,059	5,281
Prepayments	22,494	33,064
Accrued income	797,965	104,544
	970,243	514,211

Notes to the Financial Statements (continued)

11 CREDITORS: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	41,508	26,788
Taxation and social security	299,823	93,161
Other creditors	-	3,238
Accruals	67,340	151,645
Deferred income	61,455	44,993
Bounceback Loan	10,000	10,000
	480,126	329,825

Taxation and social security credit was settled in full In April 2023.

12 CREDITORS: amounts falling due more than one year

	2023	2022
	£	£
Bounceback Loan	25,581	35,833
	25,581	35,833

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.

	2023	2022
	£	£
Balance at the beginning of the year	44,993	243,085
Amount released to income in the year	(44,993)	(243,085)
Amount deferred in the year	61,455	44,993
Balance at the end of the year	61,455	44,993

Notes to the Financial Statements (continued)

14a MOVEMENTS IN FUNDS (CURRENT YEAR)

	As at 01 April 2022	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2023 £
Restricted funds					
National Lottery - TESSA	-	1,023,988	(1,043,364)	19,376	-
Department of Health: Northern Ireland	-	15,826	(16,727)	901	-
Health and Social Care Board	-	73,992	(73,992)	-	-
Scottish Government (FASD Project)	-	195,544	(195,544)	-	-
Wales 3 rd Sector Grant	-	189,723	(191,077)	1,354	-
National Adoption Service (Wales)	-	100,000	(103,169)	3,169	-
WCVA	19,495	12,500	(31,995)	-	-
Wales People & Places	-	82,738	(82,738)	-	-
Corra Foundation (Brothers & Sisters)	78,400	-	(72,398)	-	6,002
Corra Foundation (The Promise)	9,485	14,000	(23,485)	-	-
Barclays Charity Trust	49,673	-	(34,866)	-	14,807
Waterloo	-	20,066	-	-	20,066
Total restricted funds	157,053	1,728,377	(1,869,355)	24,800	40,875
Designated funds					
John Ellerman - to support policy work	50,000	-	(50,000)	-	-
FASD Glasgow and Clyde	20,000	-	(20,000)	-	-
Children in Hearing	10,000	-	(10,000)	-	-
John Lewis	-	18,970	-	-	18,970
Total designated funds	80,000	18,970	(80,000)	-	18,970
Unrestricted funds					
Fundraising	-	835,194	(180,670)	-	654,524
Membership	-	291,351	(306,502)	-	(15,151)
Trading income including adoption support	-	110,610	(395,038)	-	(284,428)
Other including core grants	-	943,432	(739,104)	(24,800)	179,528
Other	115,755	-	-	-	115,755
Total unrestricted funds	115,755	2,180,587	(1,621,315)	(24,800)	650,227
Total funds	352,808	3,927,934	(3,570,670)	-	710,072

Notes to the Financial Statements (continued)

14b MOVEMENTS IN FUNDS (Prior year)

	At 1 April 2021	Income & gains	Expenditure & losses	Transfers	At 31 March 2022
		£	£	£	£
Restricted funds					
National Lottery - TESSA	166,233	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 and 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	166,233	1,874,629	(1,970,842)	87,033	157,053
Designated funds					
John Ellerman - to support policy work	50,000	50,000	(50,000)	-	50,000
50th Anniversary celebration	12,000	-	-	(12,000)	-
FASD Glasgow and Clyde	-	20,000			20,000
Children in hearing	-	10,000			10,000
Total designated funds	62,000	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	(648,683)	(87,033)	42,576
Other	267,153	-			267,155
Total unrestricted funds	267,153	1,498,162	(1,574,527)	(75,033)	115,755
Total funds	495,383	3,452,791	(3,595,369)	-	352,808

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.

National Lottery Community Fund People and Places grant: Wales

This service will advocate for the needs of adopted young people at a; school level, local education authority level and national level. At the same time, the young people in our community will gain skills, knowledge and experience by working in an adoption aware environment with the support of trusted adults.

Waterloo Foundation

For the practical dissemination of findings on the neurocognitive profiles of children adopted from care, and their emotional and behavioural problems

Notes to the Financial Statements (continued)

Analysis of net assets between funds

2023	Restricted funds £	Unrestricted funds £	Total £
Fixed assets	-	41,571	41,571
Net current assets	40,874	653,208	694,082
Long term liabilities	-	(25,581)	(25,581)
Total Funds	40,874	693,198	710,072

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	195,755	352,808

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

	2023 £	2022 £
Net income for the reporting period (as per the statement of financial activities)	357,264	(142,578)
Depreciation changes	34,528	46,429
Dividends, interest and rent from investments	(917)	(301)
(Profit)/loss on the disposal of fixed assets	2,903	-
Decrease/(increase) in stocks	(3,029)	(3,151)
(Increase)/decrease in debtors	(456,032)	(49,601)
Increase/(decrease) in creditors	130,049	(272,612)
(Increase)/decrease in debt (cash movements)	10,252	4,167
Net cash provided by operating activities	75,018	(417,648)

Notes to the Financial Statements (continued)

16 ANALYSIS OF CHANGES IN DEBT

	At 1 April 2022	Cash flows	Other non-cash changes	At 31 March 2023
	£	£	£	£
Cash	134,182	66,958	-	201,141
Loans falling due within one year	(10,000)	-	-	(10,000)
Loans falling due after one year	(35,833)	(10,000)	252	(25,581)
Balance at the end of the year	88,349	56,958	252	165,560

17 ANALYSIS OF CASH AND CASH EQUIVALENTS

	As at 01 April 2022	Cashflows	Other changes	At 31 March 2023
	£	£	£	£
Cash at bank and in hand	134,182	66,958	-	201,140
Short-term deposits	-	-	-	-
	134,182	66,958	-	201,140

18 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 2023	Equipment 2023	Property 2022	Equipment 2022
	£	£	£	£
Less than one year	42,655	1,323	52,242	1,765
One to five years	1,080	-	9,830	441
	43,735	1,323	62,072	2,206

19 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.

20 CAPITAL COMMITMENTS

There were no capital commitments not provided for in the financial statements (2022: None)

21 POST BALANCE SHEET EVENTS

There were no post balance sheet events.

Adoption UK Charity

Bloxham Mill Business Centre

Barford Road

Bloxham

OX15 4FF

Company number 09454981

Charity number (England and Wales) 1160647

Charity number (Scotland) SC037892

