

ADOPTION MATTERS

England & Wales · Charity number 512892

Details

Other names	ADOPTION MATTERS NORTH WEST, CHESTER DIOCESAN ADOPTION SERVICES, FORMERLY: THE CHESTER DIOCESAN BOARD OF SOCIAL RESPONSIBILITY, ADOPTION MATTERS
Status	Registered
Legal form	Charitable company
Company number	01617324
Registered	1983-03-16
Register	View on the Charity Commission register

Contact

Address	Adoption Matters 14 Liverpool Road Chester CH2 1AE
Phone	01244390938
Email	info@adoptionmatters.org.uk
Website	www.adoptionmatters.org.uk

Activities

Objects: "4.1 The Charity's Object is specifically restricted to the following:4.1.1 to promote the care and welfare of vulnerable children without parents or families able to look after them primarily, but not exclusively, through the provision of a high-quality adoption service with the aim of securing permanent homes and stable lives for such children; and4.1.2 in furthering the Object the Charity shall have regard to the principles of the Christian faith."

Activities: Comprehensive Adoption Services

Classification

- **How:** Provides Services
- **What:** Other Charitable Purposes
- **Who:** Children/young People, The General Public/mankind

Geography

- **Area of benefit:** DIOCESE OF CHESTER
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£4,317,136	£4,843,316	£639,323	81
2024-03-31	£4,077,065	£4,848,928	£1,162,683	84
2023-03-31	£4,533,523	£4,760,646	£1,888,825	86
2022-03-31	£4,137,636	£4,545,819	£-1,168,859	89
2021-03-31	£4,937,408	£4,207,673	£-2,495,917	86

Trustees

Name	Role	Appointed
James Martin Robert Bennett	Chair	2019-09-18
ANNESLEY WRIGHT		2013-11-22
Anne Elizabeth Fleming		2026-01-21
Dr Yvonne Ball		2021-12-01
Graham Alton		2023-09-20
JOSEPH JAMES MCARDLE		2007-03-28
LYNN PATES		2018-03-28

ADOPTION MATTERS

England & Wales - Charity number 512892

Accounts



2025

FINANCIAL STATEMENTS

31 March 2025

A Company Limited by Guarantee
Registered Number: 1617324
Charity Registration Number: 512892

www.adoptionmatters.org



A proud history of children's futures



YEAR ENDED 31 MARCH 2025 -

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LEGAL AND ADMINISTRATIVE INFORMATION

YEAR ENDED 31 MARCH 2025

Charity Details	Adoption Matters Registered Number 1617324 Charity Registration Number 512892		
Joint Presidents	Bishop of Blackburn, The Right Reverend Philip North Bishop of Chester, The Right Reverend Mark Tanner Bishop of Durham, The Right Reverend Paul Butler to February 2024 Acting Bishop of Durham, Bishop Sarah Clark of Jarrow from February 2024		
Patrons	Sir Mark Hedley Norman G Goodwin CBE Lord Lieutenant of Lancashire, Amanda Parker		
Board of Trustees	Mrs Carolyn Johnson (Chair) (resigned June 2025) Mr Jamie Bennett (Chair) (appointed June 2025) Ms Lynn Pates (Vice Chair) Mr Graham Alton Dr Yvonne Ball Madeleine Baldon (appointed April 2025) Rev Anita Burke (resigned March 2025) Jonathon Fingerhut (appointed April 2025) Miss Catherine Gibbons Mr Joe McArdle Mr Barry Speker OBE DL Dr Mahilravi Thevasagayam (resigned December 2024) Mr Annesley Wright		
Company Secretary	Mr Annesley Wright		
Chief Executive	Mrs Susy White		
Registered Office and Principal Address	14 Liverpool Road, Chester, Cheshire, CH2 1AE Telephone: 01244 390938 E-mail: info@adoptionmatters.org Website: www.adoptionmatters.org		
Auditors	UHY Hacker Young, Chartered Accountants and Registered Auditors, Merchants House, 4 th Floor, Crook Street, Chester, Cheshire, CH1 2BE		
Bankers and Investment Managers	Lloyds Bank PLC 8 Foregate Street Chester CH1 1XP Cheshire CH1 1XP	CAF Bank Ltd 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ	Quilter Cheviot Investment Management CCLA Investment and Bank
Solicitors and Insurance	Mr Andrew Perrigo Morecrofts LLP 2 Crown Buildings Liverpool Road Crosby Liverpool L23 5SR	Mr Graeme Hughes Brabners LLP Horton House Exchange Flags Liverpool L2 3YL	Markel (UK) Limited Verity House 6 Canal Wharf Leeds LS11 5AS

ANNUAL REPORT OF THE BOARD OF TRUSTEES OF ADOPTION MATTERS

YEAR ENDED 31 MARCH 2025

The trustees present their statutory report and accounts for the year ended 31 March 2025.

The report has been prepared in accordance with Section 8 of the Charities Act 2011 and with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The Accounts have been prepared in accordance with the accounting policies set on pages 19 and 20 of the attached accounts and comply with the Charitable Company's Memorandum and Articles of Association, applicable laws and the requirements of the Statement of Recommended Practice (FRS102) 'Accounting and Reporting by Charities'.

Adoption Matters is a registered charity and also a company limited by guarantee. In the event of the charity dissolving, members are required to contribute an amount not exceeding £1 each. Its aims and activities are set out and governed by the Articles of Association and the Memorandum of Association.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Chief Executive of Adoption Matters, Susy White is directly accountable to the Board of Trustees. The Adoption Matters Chair of Trustees is Carolyn Johnson, who was a practising Barrister of Law until April 2021. Our Vice Chair is Lynn Pates, Charity Investment Consultant ACMA, CGMA; The Chair of our Staffing Committee is Joe McArdle former Health Service Professional now working in Education. The Chair of our Finance Committee is Lynn Pates, Charity Investment Consultant ACMA, CGMA; the Chair of Governance Committee is Catherine Gibbons, Associate Solicitor specialising in charity governance. The Bishops of Chester, Blackburn and Durham are the joint Presidents of Adoption Matters.

Advice and support for the work of Adoption Matters is provided by the Adoption Panels. The Chester Panel is currently chaired by Joyce M'Caw, a retired Chief Executive for Careers Wales North East; the Blackburn Panel by Peter Young, a retired High School Head Teacher; and the Durham Panel by Barry Speker OBE DL as Vice-Chair (following the retirement of Margaret Bell) pending the appointment of a new panel chair. Barry is a retired Employment Lawyer.

The Board of Trustees

Adoption Matters' Board members are directors of the charity for the purpose of company law (Companies Act 2006) and trustees for the purpose of charity law (Charities Act 2011).

Appointment of trustees follows a skills audit, which is conducted periodically to address any gaps in the Board of Trustees' expertise. Potential trustees with the appropriate expertise and experience are given the opportunity to meet the Chair, Chief Executive, other Board of Trustees members. A formal recruitment process is followed and appointment is made after attendance at a full meeting of the Board.

The Bishop of Blackburn, the Bishop of Chester, and the Bishop of Durham, can appoint one trustee each, the Chester Diocesan Synod; the Blackburn Diocesan Synod and the Durham Diocesan Synod can appoint up to three trustees each.

Any person nominated to be considered for election to the post of the Chair or the Vice-Chair shall be subject to the approval of the Bishop of Blackburn, the Bishop of Chester and the Bishop of Durham.

On appointment to The Board, trustees are given an induction programme including meeting with the Chief Executive and other key staff and are familiarised with Adoption Matters' work and with the responsibilities of the Board of Trustees. Trustees are offered a tailored training programme, with individual Board members accessing specific training relevant to their role on the Board. From time to time, joint management / trustees' meetings (also some jointly with the Adoption Panel) with a specific development/training function are held.

ANNUAL REPORT OF THE BOARD OF TRUSTEES OF ADOPTION MATTERS

YEAR ENDED 31 MARCH 2025

Trustees are provided with relevant literature including a copy of the Charity Commission's document CC3: "Responsibilities of Charity Trustees" which provides detailed information and guidance on their roles and responsibilities.

Most importantly, Adoption Matters trustees are responsible for:

- agreeing the strategic aims, objectives and direction of the organisation;
- ensuring that there is identification of risks and management of those risks;
- ensuring that the income of the Charity is applied for the purposes set out in the governing document;
- controlling the administration of the Charity and the assets.

Management and Structure

The ultimate responsibility lies with the Board of Trustees which meets at least quarterly. The financial governance and investments are overseen by the Finance Committee, which is made up of 4 trustees. The committee meets quarterly. The Staffing Committee is made up of 2 trustees, HR manager and the Finance & Business Service Manager which meets quarterly. The Governance Committee meets at least twice a year and is made up of 3 trustees. The Strategic Development Committee is made up of 3 trustees and meet at least twice a year. Day to day management of the Charity is delegated to the Chief Executive.

The following senior staff were in post at 31 March 2025:

- Mrs Susy White Chief Executive Officer
- Mr Paul Dolan Head of Service Adoption North
- Mrs Karen Palfreyman Fostering Service Manager
- Ms Gaynor Richards Business Development Manager
- Mr David Robinson-Field CFAS Service Manager
- Ms Karen Rodriguez Finance and Business Service Manager
- Mrs Jacqui Shore Head of Service Adoption South

The Trustees, Staff Committee and Finance Committee ensure – where funding is available – that staff salaries stay near to LGA rates but the SLT salaries are reviewed by the Chair and Vice Chair of Trustees

Adoption Matters' head office is in Chester and provides the overall operational management of the organisation, including financial management controls. The agency has other offices at Blackburn, Durham, Hale, Leeds, Manchester and Warrington.

Risk Management

The major strategic business and operational risks that Adoption Matters face has been examined by the Board of Trustees. The correct policies, procedures and systems have been established so that necessary steps can be taken to manage risk. The Board of Trustees receive regular updates and reports. The risk register is updated quarterly, by each department and is reviewed by the Governance Committee, any changes to the risk register are reported at the quarterly Board meeting.

The trustees are aware of the uncertainty in adoption due to external factors such as cuts in public spending and no government funding being available to us. A major risk is our recruitment of potential adopters. We know our adoption pipeline for the next 12 months based on enquiries received and monitor these levels each month. If we saw a continued reduction over a 3 month period we would have time to take action and reduce our staffing body in advance of this having an impact on our work flow. We are managing our controls robustly, looking at alternative income streams and have invested in diversifying into fostering. We are working with our fundraiser and ambassadors to explore new innovative ideas for 25/26. We are also investing in bid writing to help secure grants and aim to increase legacy donations and corporate giving. Income generating and expenditure management is Key. The principal risks are a change in direction or emphasis of Government both nationally and locally. There is also continued risks of the cuts to therapies either referred or self-referred. The Ministry of Justice or Judges in the courts can also make adoptions more complex and difficult. Cost of Living strains and employers NI increases on payroll have held back on staff recruitment and reducing surpluses available for future investment. The Board of Trustees and Senior Management Team will continue to monitor and review these risks, taking mitigating action as required.

ANNUAL REPORT OF THE BOARD OF TRUSTEES OF ADOPTION MATTERS

YEAR ENDED 31 MARCH 2025

Funders, stakeholders and sponsors

We would like to express our heartfelt gratitude to local authorities, regional adoption agencies, CVAA and other voluntary adoption agencies, charitable bodies, companies and individuals for their funding to help Adoption Matters' work with children and their families.

Whilst retaining its distinctiveness, Adoption Matters strives to work collaboratively with other relevant charities. We are also fortunate to receive support from a large number of volunteers, including our Board of Trustees and Adoption Panel Members who help us ensure that our practice is compliant, grounded, responsive and accountable.

Note of Appreciation

The Board would like to place on record its thanks to all Adoption Matters' staff for their hard work during this year. Everyone shares in achieving the aims of the organisation.

Thanks

The Board extends its thanks and appreciation to the organisations, churches and individuals who have supported our work during the year.

Volunteers

It is important to recognise the valuable contribution to Adoption Matters made by Presidents, Patrons, Trustees, Sub-Committees of the Board, the Adoption Panel, volunteers who help with our Centre for Adoption Support, our Parish Advocates, those who have undertaken and helped to raise funds and donations and all those who helped in practical ways.

OBJECTIVES AND ACTIVITIES

Public Benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's objectives and aims and in planning future activities for the year.

The Trustees consider that Adoption Matters' aims are demonstrably to the public benefit in that Adoption Matters' main aims are:

- to promote the care and welfare of vulnerable children without parents or families able to look after them primarily but not exclusively, through the provision of a high-quality adoption service with the aim of securing permanent homes and stable lives for such children; and
- support to all those whose lives have been affected by adoption and other types of long-term care.

No charges are made to the public except for peripheral work which is less than 1% of our total income.

The main users of Adoption Matters live in the North of England and local authorities using our services from across the UK.

The Trustees have complied with the duty in section 17(5) of the Charities Act to have due regard to guidance published by the Charity Commission.

Achieving our Aims and Objectives

Metrics used to measure the success of our mission are the number of children placed. For example, in the post Covid era, 81 children were placed during 2024/25 against a budget number of 88. This was below the anticipated placements but exceeds any year since 2020 the Covid year. CFAS (Centre for Fostering and Adoption Support) offer families up to 3 consultation sessions per year and have online webinars and training for our families to Access. We have future forecasting documents that are updated monthly and are shared quarterly with Board to evidence we are achieving our aims and objectives.

ANNUAL REPORT OF THE BOARD OF TRUSTEES OF ADOPTION MATTERS

YEAR ENDED 31 MARCH 2025

Five key strategic themes outline the agency's commitments and form the basis of our current strategy:

1. Quality & Reputation

We are committed to ensuring that quality is at the heart of all our activities and that we provide the best possible service to our families, taking their views and requirements into account at every stage and finding new ways to improve their experience. We have well-defined procedures for Safeguarding with two nominated managers and one trustee taking a lead in this area.

2. Innovation

We aim to be a proactive, dynamic and innovative organisation that anticipates and responds to the changing environment to develop and deliver the very best in Adoption and Adoption Support. We successfully registered as a not-for-profit fostering agency during 2024 which will have the same values and support offer to families as our adoption service.

3. Approachable, Friendly & Collaborative

We strive to be a welcoming, compassionate and inclusive service, whose ethos is based on principles of fairness, equality and respect. From the first point of contact and throughout our work we will support to achieve the best outcomes for children and families.

4. Professional

Underpinning the agency's success is our highly skilled, qualified, experienced and knowledgeable staff team comprised of adoption practitioners, managers, administrative, finance, HR, business development, IT, marketing, fundraising and related professional staff. Our committed, reliable team help ensure consistency and quality throughout periods of growth and transition.

5. Sustainability

The Agency operates in a financially prudent manner employing robust strategies and undertaking due diligence in all its decision making. All staff take responsibility, are aware of the need to work within defined budgets and to meet agreed objectives wherever possible. We monitor quarterly management accounts and cash flow reports regularly with oversight from the Board of Trustees, the Chief Executive and the Finance and Business Service Manager, making decisions and responding appropriately in a timely manner to ensure the continued operation and stability of our services and staff team.

We are working to reduce our carbon footprint, our staff only travel when it is necessary, we are working smarter, favouring virtual rather than face-to-face meetings where possible. Our processes overall are electronic, reducing the need for physical resources. We allow our staff to work on a hybrid basis, which has resulted in less journeys for our staff into their nominated workplace. We aim to achieve Net Zero in each part of our business by looking at how we can improve the natural environment on land we own by 2030. We aim to reduce energy consumption in our offices by looking at solar panels. We have changed the lighting in our Durham office on the first floor to LED Batten lights and our plan is to review the lighting on the ground floor and in our Chester office in the near future.

In addition, four over-arching themes will underpin all activities:

1. Financial and Organisational Viability

A risk management approach will be taken towards all proposed developments and emphasis given to phased and manageable growth that does not leave the agency exposed to financial threat in the event of any change in the political or economic environment. Consideration will be given to how the agency effectively invests any surpluses and retains adequate reserves.

2. Innovation

We will aim to constantly review and develop innovative approaches to our processes, procedures and activities, taking advantage where appropriate of innovative technologies.

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YEAR ENDED 31 MARCH 2025

3. Reputation and Brand

Marketing, PR and promotional activity is to be outlined within a separate Marketing Strategy document with the aim of building and supporting the agency's reputation, maintaining its place in the national agenda and raising awareness and take up of services.

4. Quality

We work in line with Ofsted regulations and are committed to ensuring that quality is at the heart of all our activities and that we provide the best possible service to our families, taking their views and requirements into account at every stage and finding new ways to improve their experience.

We ensure that the correct safeguarding procedures are in place and comply with all the GDPR rules. We are extremely careful about what information goes out via social media/website.

In accordance with best practice, Adoption Matters ensure payments to suppliers are paid within terms.

Funding

Our main funding source is adoption and early permanence placements with local authorities and regional adoption agencies. Other income is from the Adoption and Special Guardianship Support Fund (ASGSF), which are contracts with local authorities who apply to the ASGSF for the provision of post adoption support, and Inter Country Adoption and Partner Adoption contracts.

Fundraising activity undertaken by Adoption Matters involves individual giving; supporter-led fundraising from events, trust, legacies, staff led events and our lottery. We follow the Code of Fundraising Practice and always ensure our actions are compatible with the code and Adoption Matters values. Adoption Matters is registered with the Fundraising Regulator. We do not engage any third parties to fundraise for us.

We received gifts in kind during the year to the value of £36,554 for events to auction, prizes for our events and competitions, advertising and days out for our adopters.

2024/25 Key Achievements

- The organisation placed 81 children for Adoption in the year against a budget number of 88.
- We are currently the only organisation in the North to have achieved five consecutive outstanding results from Ofsted.
- Our Centre for Fostering and Adoption Support (CFAS) was accessed by 293 families for therapeutic support; had a consultation session with 144 families; and had 499 people attend training programmes and workshops in 2024-25.
- The Board held their annual strategy day March 2025.
- Started our first fostering assessments and aim to have 5 approved foster families and have children in placement during 2025.
- Ensured the organisation was GDPR compliant.
- The organisation has continued to invest in our IT systems and are currently moving to a cloud-based system. We invest in our cyber security and equipment for staff. Enabling all staff to work smartly and provide support to families virtually and be able to hold hybrid meetings when necessary.
- Maintained an ethical and cautious Investment Policy.
- To work on our marketing strategy to enable us to recruit the right potential adopters to meet the current need for children.
- Key members of staff are members of national working groups to enable combined strength and benchmarking.
- The organisation is continuing to develop and implement its equality, diversity and inclusion (EDI) strategy, ensuring all staff and Trustees have relevant training
- The organisation is committed to promoting employee wellbeing and mental health.
- Held our Lancashire Lunch fundraiser.
- Launch our new look mission vision and values.

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YEAR ENDED 31 MARCH 2025

- We make every effort to ensure the charity every year, including this one, achieves placements of children with families which are lasting, secure and safe placements for both children or youth and families.

Plans for Future Periods

- We are investing in and growing our fostering as part of our investment diversification for future financial stability.
- Recruitment of families – we are ahead of the trend with our recruitment and plan to continue to invest in our marketing strategy.
- Sale of a property.
- To expand our CFAS services to include specialised fostering therapeutic training and support.
- Grow our Intermediary Service and Access to Record Service.
- Invest in our staff and their training requirements.

Our Vision, Mission and Values

Our Vision

Our vision is a world where all children grow up with the security and benefit of a safe and loving family home, enabling them to reach their full potential.

Our Mission

Children are at the **HEART** of all we do and we seek to have a transformative impact on young lives; building trusting relationships and providing responsive, high-quality services underpinned by therapeutic support as standard.

Our Values



Honesty

We will treat everyone fairly, be professional, respectful, honest and transparent in all our communications and accountable for all our decisions.



Empathy

In our organisation **everyone matters**. We seek to create a safe environment for individuals to express themselves openly, challenge kindly, seeking to learn and develop within a culture of respect and acceptance.



Ambition

We are ambitious for our children's futures and will ensure that we listen to children so that their voice is heard in plans being made about them and will advocate that their needs are met to support them to fulfil their potential.



Respect

We will listen to and value the views and experiences of our children, families, staff and volunteers, ensuring equality of opportunity regardless of gender, race, religion, culture, heritage, age, disability or sexuality.



Together

We will continually develop and improve our services together, through increasing engagement with our children, families, staff and external stakeholders, using their feedback to inform future developments.

Children are at the **HEART** of all we do.



ANNUAL REPORT OF THE BOARD OF TRUSTEES OF ADOPTION MATTERS

YEAR ENDED 31 MARCH 2025

FINANCIAL REVIEW

There is a decrease in the General Fund for the 12 months of £523,361 (£726,142 decrease 2024). We have no pension deficit.

The main reasons were:

- reduction of Practice Improvement Funding by £99,509 to £78,859 (£178,368 received 2024);
- our commitment to funding our newly launched fostering service from our reserves, (launched early 2024 with our Ofsted registration May 24);
- inter-agency placements did not meet budget targets partially due to timescales lengthening causing delays to children being placed; and
- fundraising is up on last year by £23,670 to £40,875 (£17,205). Our new Fundraising and Relationship Manager has been in post since July 2023; it takes time to build new relationships and the current climate due to inflation, geopolitical instability and interest rate volatility makes it harder to secure fundraising and grants.

Funding: Adoption Matters' principal source of funding is from the placement of children for adoption from various Regional Adoption Agencies, this amounts to 64% (58% 2024) of our total income.

Expenditure: 76% (76% 2024) of expenditure during the year is that of staff costs £3,693,248 2025, (£3,722,105 2024). This enables Adoption Matters to employ and retain qualified and experienced staff to support children and parents in their adoption and fostering journey.

External Factors: The monies received on the placement of a child is fixed under a national agreement and is outside the control of individual organisations.

Pension: Adoption Matters is required to show its share of the deficit within the Cheshire Pension Fund in the Statement of Financial Position. The Pension Fund position is common to many organisations and it is important to note that the recorded deficit/surplus do not represent sums which are immediately or otherwise due in the short term. A triennial formal valuation was made as at 31 March 2022 which showed a surplus, no net pension should be recognised in the accounts, and we have included a net asset ceiling which has resulted in a £nil balance. Based on the triennial report, there is no immediate likelihood of the charity having to incur any material expenditure in the near future which could not be met out of current balances.

Investments: Adoption Matters' policy is to invest those funds that are not immediately required into a medium risk portfolio with a number of ethical restrictions (no armaments, no tobacco, no high street lending, no human rights violations and no pornography).

The charity invests in a managed investment portfolio which aims for a return of CPI plus 4% over the long term. Where appropriate fixed terms deposits or notice accounts are also used.

Reserves: Adoption Matters Reserves Policy is to be able to cover a four-month period, our current reserves represent 1.12 months of total expenditure, and we are working to achieve our reserves policy. We have a surplus budget for 25/26, a healthy pipeline of adopters and forecast documents that evidence the 25/26 budget result. We have had additional natural wastage in staffing in 2025 that have not been replaced as a result of improved efficiencies which will improve our financial outcome. The charities free reserves amount to £330,809 (852,515, 2024), these being unrestricted funds excluding tangible fixed assets and pension scheme liability held in interest earning bank accounts and Quilters.

Adoption Matters' reserves are held in interest earning bank accounts and a managed investment portfolio.

Budget: The charity has produced a surplus budget for the coming twelve months; It is based on historical data that the agency has been using to track future placements and trends of income for therapy and CfAS and assumes that sufficient children become available for placement with our recruited families. The budget set is a realistic budget and attempts to recover some of the extra employers NI increased costs and increased levels of costs due to high levels of inflation. The executive have commenced preparation for the forth coming changes to the FRS102 and Charity Commission requirements for Trustee reports from 2026

ANNUAL REPORT OF THE BOARD OF TRUSTEES OF ADOPTION MATTERS YEAR ENDED 31 MARCH 2025

Going concern: At the time of approving the accounts the Trustees have reasonable expectation that the charity will produce adequate resources to continue in operation existence for the foreseeable future based on the budget predictions and the business plan to reduce the staffing body through natural wastage, invest in our fostering arm along with strong monitoring cash flow.

2024/25 has continued to be a difficult year due to high costs of living restricting family income and putting adoption of children well down the lists of family ambitions. The Trustees together with the SLT and executives are strongly of the opinion having tackled overheads that the adoption service has a better opportunity of earning a surplus and allowing the charity to rebuild its reserves. With this level of confidence the Trustees continue to believe that "going concern" is the correct accounting principle to be used again as in previous years.

Statement of Trustees' Responsibilities

The trustees (who are also directors of Adoption Matters for the purposes of company law) are responsible for preparing the Trustees' Report (incorporating the directors' report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent; 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 adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


In so far as the trustees are aware:

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

Auditors

The auditors, UHY Hacker Young, will be proposed for reappointment in accordance with Section 419 of the Companies Act 2006.

Signed on behalf of The Board:

Electronically RSigned by:

ENV 99698420-6880-FAFB-0461-DCFE

Jamie Bennett

Approved by the Board on 6th November 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADOPTION MATTERS

YEAR ENDED 31 MARCH 2025

Opinion

We have audited the financial statements of Adoption Matters (the charitable company) for the year ended 31 March 2025 which comprise the statement of financial activities, statement of financial position, statement of cash flows and notes to the financial statement, including 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 Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2025 and of its incoming resources and application of resources, including income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We draw attention to the disclosure made in note 1 under the heading 'going concern'. The charitable company has reported recurring deficits and recurring cash outflows from operating activities in each of the last four years. The deficit in 2024/25 was £523,361 leaving general reserves of £639,323 compared to £2,542,804 in 2021/22. General reserves are below the required level as set out in the charitable company's reserves policy. The trustees have approved a surplus budget for the 2025/26 financial year and taken steps to reduce fixed overheads. Nevertheless, these conditions indicate that a material uncertainty exists that may cast doubt on the charitable company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 statement is appropriate. Our evaluation of the trustees' assessment of the entity's ability to continue to adopt the going concern basis of accounting included a review of budget and cash flow forecasts prepared by management, critical assessment of the assumptions used in their preparation, comparison of forecasted results with actual performance based on with available post year end data and a review of management's business continuation strategies.

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

Other information

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADOPTION MATTERS

YEAR ENDED 31 MARCH 2025

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 our audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- 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' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees 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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADOPTION MATTERS

YEAR ENDED 31 MARCH 2025

Based on our understanding of the charitable company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the charitable company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to inflated revenue and the charitable company's net income for the year.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, review of any correspondence with legal advisors, and enquiries of management and those charged with governance around actual and potential litigation and claims, enquiries with charitable company's staff to identify any instances with non-compliance with laws and regulations, enquiries of management and review of monthly management accounts and reports in so far as they related to the financial statements, testing of journals and evaluating whether there was evidence of bias by the Trustees that represented a risk of material misstatement due to fraud, undertaking detailed substantive testing of material items and a sample of other items, consideration of the reasonableness of the figures and analytical review, including comparison with previous years and expected trends, and review of the compliance with and effectiveness of internal controls.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Electronically RSigned by:

ENV 99698420-6880-FAFB-0461-DCFE

John Ierston FCA CTA
Senior Statutory Auditor
For and on behalf of
UHY Hacker Young
Chartered Accountants and Statutory Auditor

Merchants House, 4th Floor
Crook Street
Chester
Cheshire
CH1 2BE

Date: 6th November 2025

**STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
YEAR ENDED 31 MARCH 2025**

	Note	Unrestricted Funds £	Total Funds 2025 £	Total Funds 2024 £
INCOME				
Donations and legacies	2	40,875	40,875	17,205
Charitable activities	3	4,218,441	4,218,441	4,002,873
Other trading activities	4	29,866	29,866	17,294
Investment income	5	27,954	27,954	39,693
TOTAL INCOME		4,317,136	4,317,136	4,077,065
EXPENDITURE				
Raising funds	6	67,470	67,470	55,596
Charitable activities	6	4,775,846	4,775,846	4,793,332
TOTAL EXPENDITURE	6	4,843,316	4,843,316	4,848,928
Net gains / (losses) on investments	10	2,819	2,819	45,721
NET INCOME / (EXPENDITURE)		(523,361)	(523,361)	(726,142)
Other recognised gains / (losses):				
Actuarial gains on pension scheme	17	-	-	-
Net movement in funds		(523,361)	(523,361)	(726,142)
Reconciliation of funds:				
Total funds brought forward		1,162,684	1,162,684	1,888,825
Total funds carried forward		639,323	639,323	1,162,683

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

All of the activities of the Charity are classed as continuing.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025**

		2025		2024	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	9		308,514		310,167
Investments	10		353,529		581,715
			662,043		891,882
CURRENT ASSETS					
Debtors	11	599,473		710,610	
Cash at bank		99,853		338,740	
		699,326		1,049,350	
CREDITORS:					
amounts falling due within one year	12	(722,046)		(778,549)	
NET CURRENT ASSETS			(22,720)		270,801
TOTAL NET ASSETS before pension surplus			639,323		1,162,683
Pension scheme	17		-		-
NET ASSETS			639,323		1,162,683
Unrestricted funds:					
General Fund	13		639,323		1,162,683
Unrestricted funds excluding pension liability			639,323		1,162,683
Plus: pension scheme surplus / (deficit)	17		-		-
			639,323		1,162,683
TOTAL CHARITY FUNDS			639,323		1,162,683

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Charities SORP (FRS102).

These financial statements were approved by the members of the Board on 6th November 2025 and are signed on their behalf by:

Electronically RSigned by:
Jamie Bennett
ENV 99698420-6880-FAFB-0461-DCFE

MR JAMIE BENNETT
Trustee

Electronically RSigned by:
Annesley Wright
ENV 99698420-6880-FAFB-0461-DCFE

MR ANNESLEY WRIGHT
Trustee

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2025

	2025	2024
	£	£
Cash flows from operating activities		
Net income/(expenditure) for the year	(523,361)	(726,142)
Depreciation	1,653	8,395
Losses/(gains) on investments	(2,819)	(45,721)
Investment income	(30,773)	(39,693)
Decrease/(increase) in debtors	111,137	132,507
(Decrease) in creditors	(56,503)	(220,861)
Net cash generated by/(used in) operating activities	(500,666)	(891,515)
Cash flows from investing activities		
Purchase of tangible fixed assets	-	(2,704)
Purchase of investments	(87,949)	(224,857)
Proceeds from disposal of investments	304,326	312,612
Investment income	30,773	39,693
Net cash (used in) investing activities	247,150	124,744
Net change in cash and cash equivalents	(253,516)	(766,771)
Cash and cash equivalents brought forward	358,428	1,125,199
Cash and cash equivalents carried forward	104,912	358,428
Analysis of cash and cash equivalents		
Cash at bank	99,853	338,740
Cash within investment portfolio	5,059	19,688
	104,912	358,428

The charity had no debt during the year.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2025

1 ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in compliance with FRS102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the 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) (Charities SORP (FRS102)) and the Charities Act 2011.

Company information

The charity is a private company limited by guarantee registered in England and Wales and a registered charity in England and Wales. The address of the registered offices is 14 Liverpool Road, Chester, Cheshire CH2 1AE. The company, limited by guarantee, does not have a share capital. The trustees named on page 3 are members of the company. Every member of the Charity undertakes to contribute to the assets of the Charity, in the event of the same being wound up while he/she is a member or within one year after he/she ceases to be a member, for payment of the debts and liabilities of the Charity contracted before he/she ceases to be a member, such an amount as may be required not exceeding one pound.

Basis of preparation

The financial statements have been prepared on the historical cost basis. The financial statements are prepared in Sterling which is the functional currency of the entity.

Going concern

The charity's ability to continue is being closely monitored; there have been cash flow issues during 2024/25 which remain on-going. The charity has completed various cash flow and future forecasting documents and have reassured the Trustee's that with careful expenditure, natural staff wastage that the executive are aware of over the coming 12 months, and with the current landscape as it. Also having the first foster placements by September 2025 and five foster families approved by the end of 2025 that they can remain viable. The Trustees receive monthly updates of our current position and are satisfied that the agency is on track as predicted; therefore the going concern accounting policy has been reviewed and retained after assurances that a sustainable agency is likely to be achieved.

Critical accounting estimates and judgements

The preparation of financial statements requires the trustees to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below:

Pensions

The determination of the pension cost and defined benefit obligation of the charity's defined benefit pension scheme depends on the selection of certain assumptions which include the discount rate, inflation rate, salary growth, mortality and expected return on scheme assets. Differences arising from actual experiences or future changes in assumptions will be reflected in subsequent periods. See note 16 for further details.

Fund accounting

Unrestricted funds are available for use in accordance with the charitable objects at the discretion of the trustees; there are no designated or restricted funds.

Restricted funds can only be used for particular purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are restricted for particular restricted purposes.

Income

All income is included in the statement of financial activities when the charity has entitlement to the funds.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2025

Service income and fees are accounted for when contractual obligations have been fulfilled and any such monies received in advance are deferred.

Income from donation and grants including contract income is included in income when they are receivable except when the donor specifies that the donation or grant given must be used in future accounting periods, the income is deferred until these periods. When these conditions are imposed, no income will be recognised until the charity is entitled. When donors specify conditions on grants and donation's these are classed as restricted funds and will be included in the income and shown as restricted funds.

For legacies, entitlement is the earlier of the date on which the charity is aware that probate has been granted, the estate has and notification made by the executors to the charity that a distribution will be paid or when distribution is received from the estate. Interest is included when receivable by the charity.

Expenditure

All expenditure reflects amounts paid and accrued during the year. Expenditure includes VAT which cannot be recovered and is reported as part of the expenditure it relates to. All expenditure costs are allocated between expenditure categories of the statement of financial activities (SOFA) on a basis designed to reflect the expenditure.

Raising funds

Costs incurred in seeking voluntary contributions and do not include the cost of disseminating information in support of charitable activities.

Charitable expenditure

Comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis, e.g. staff time or percentage based on usage as set out in Note 6.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis.

Fixed assets

Fixed assets are stated at cost less accumulated depreciation. The costs of minor additions or those costing below £2,500 are not capitalised.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures, fittings and equipment including IT – 3 years straight line.

No depreciation is charged on land and buildings where the estimated residual value is not less than the book cost.

Investments

Listed investments are measured at fair value with changes in fair value being recognised in income or expenditure. The Statement of Financial Activities includes the net gains and losses arising on revaluations and on disposals during the year.

Creditors

The Charity is committed to the prompt payment of invoices and other claims for payment. In the case of goods and services where the supply has been satisfactorily completed, the charity's objective is to pay within 30 days of receipt of the invoice.

Pension costs

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2025

The Charity operates a defined benefit pension scheme. All staff members are eligible to participate in the Local Government Pension Scheme administered by Cheshire West and Chester Council. Employees contribute between 5.5% and 9.9% of pensionable pay, depending on employee's salary.

Regular valuations are prepared by independent professionally qualified actuaries in respect of the defined benefit scheme. These determine the level of contribution required to fund the benefits set out in the rules of the plan and allow for the periodic increase of pensions in payment. The service cost of providing retirement benefits to employees during the year, together with the cost of any benefits relating to past service, is charged to the Statement of Financial Activities in the year.

The difference between the market value of the assets and the present value of accrued pension liabilities is shown as an asset or liability in the Statement of Financial Position. Actuarial gains and losses are recognised in the Statement of Financial Activities.

2 DONATIONS AND LEGACIES

	Unrestricted Funds	Restricted Funds	Total Funds 2025	Total Funds 2024
	£	£	£	£
Trust Income	14,650	-	14,650	4,400
Legacies	451	-	451	139
General donations	25,774	-	25,774	12,666
	<u>40,875</u>	<u>-</u>	<u>40,875</u>	<u>17,205</u>

All of the £17,205 income recognised in 2023/24 related to unrestricted funds.

3 CHARITABLE ACTIVITIES - Income:

	Unrestricted Funds	Restricted Funds	Total Funds 2025	Total Funds 2024
	£	£	£	£
Placement fees	2,696,891	-	2,696,891	2,394,790
Therapist income	985,725	-	985,725	903,117
CfAS income	416,704	-	416,704	459,042
Local authority contracts & other special work	8,631	-	8,631	-
Service agreements	15,178	-	15,178	15,296
Inter country income	7,308	-	7,308	26,699
DfE Practice & Improvement Funding	78,859	-	78,859	178,368
Sundry income	9,145	-	9,145	25,561
	<u>4,218,441</u>	<u>-</u>	<u>4,218,441</u>	<u>4,002,873</u>

All of the £4,002,873 income recognised in 2023/24 related to unrestricted funds.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2025

4 OTHER TRADING ACTIVITIES – Income:

	Unrestricted Funds £	Restricted Funds £	Total Funds 2025 £	Total Funds 2024 £
General fundraising	29,866	-	29,866	17,294
	29,866	-	29,866	17,294

All of the £17,294 income recognised in 2023/24 related to unrestricted funds.

5 INVESTMENT INCOME

	Unrestricted Funds £	Restricted Funds £	Total Funds 2025 £	Total Funds 2024 £
Bank interest	16,674	-	16,674	28,907
Dividends	4,280	-	4,280	10,786
	20,954	-	20,954	39,693

All of the £39,693 income recognised in 2023/24 related to unrestricted funds.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2025

6 TOTAL EXPENDITURE

	Basis	Raising Funds Unrestricted £	Charitable Activities Unrestricted £	Charitable Activities Restricted £	Total 2025 £	Total 2024 £
Costs directly allocated to activities:						
Social workers and management	Direct	-	2,729,893	-	2,729,893	2,772,610
Staff travel	Direct	-	47,231	-	47,231	59,712
Sessional workers	Direct	-	667,494	-	667,494	615,090
Publicity & marketing	Direct	-	40,833	-	40,833	61,129
Fundraising events	Direct	42,645	-	-	42,645	28,329
Investment management fees	Direct	-	3,286	-	3,286	3,139
Other direct costs	Direct	-	13,957	-	13,957	17,256
Support costs allocated to activities:						
Management & admin staff	%	17,699	867,249	-	884,948	873,632
Premises	%	1,533	75,108	-	76,641	86,250
Office costs	%	2,062	101,052	-	103,114	90,915
IT & communications	%	2,250	110,234	-	112,484	93,754
Training & publications	Actual	-	8,575	-	8,575	21,058
Professional fees & charges	Actual	-	46,488	-	46,488	55,816
Governance	% & staff time	1,281	62,793	-	64,074	61,843
Depreciation	Actual	-	1,653	-	1,653	8,395
		67,470	4,775,846	-	4,843,316	4,848,928

All of the £4,848,928 expenditure incurred in 2023/24 was charged to unrestricted funds.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2025

7 STAFF COSTS AND NUMBERS

The aggregate payroll costs were:

	2025	2024
	£	£
Wages and salaries	2,765,101	2,778,419
Employer's social security costs	281,010	285,064
Employer's defined benefit pension scheme contributions	647,137	658,622
	<u>3,693,248</u>	<u>3,722,105</u>

Particulars of employees:

The average number of staff employed by the charity during the financial year amounted to:

	2025			2024		
	Full Time	Part Time	Total No	Full Time	Part Time	Total No
Number of social workers	33	20	53	34	21	55
Number of administrative staff	12	11	23	10	13	23
Number of management staff	5	-	5	6	-	84
	<u>50</u>	<u>31</u>	<u>81</u>	<u>50</u>	<u>34</u>	<u>84</u>

One employee received employment benefits (excluding employer pension contributions) between £70,000 and £79,999 (2024: 1). No employees earned between £60,000 and £69,999 (2024: 0).

The total employee benefits of key management personnel was £388,696 (2024 £458,153). Under FRS 102, employee benefits includes gross salary, employer's National Insurance contributions and employer's pension contributions.

The members of the Board of Trustees did not receive any remuneration (2024: £Nil). No expenses were reimbursed or paid on behalf of Trustees during the year (2024: £Nil).

8 NET INCOME / EXPENDITURE FOR THE YEAR

This is stated after charging:

	2025	2024
	£	£
Employer's pension costs	647,137	658,622
Depreciation	1,653	8,395
Auditors' fees: audit	10,366	10,346
non-audit	-	-
Operating lease rental costs	8,022	65,257

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2025

9 TANGIBLE FIXED ASSETS

	Freehold Land & Buildings	Fixtures, Fittings & Equipment	Total
	£	£	£
COST			
At 1 April 2024	356,565	197,799	554,364
Additions	-	-	-
Disposals	-	-	-
At 31 March 2025	356,565	197,799	554,364
DEPRECIATION			
At 1 April 2024	49,115	195,082	244,197
Charge for the year	-	1,653	1,653
Eliminated on disposal	-	-	-
At 31 March 2025	49,115	196,735	245,850
NET BOOK VALUE			
At 31 March 2025	307,450	2,717	308,514
At 31 March 2024	307,450	2,717	310,171

The Chester property was purchased in 2004. The Trustees had the property valued on 22 June 2021 in the sum of £350,000 on a current use basis as an office investment. The valuation was completed by Tom Creer MRICS of Legat Owen. The Durham property was acquired at an arm's length valuation of £170,000 as part of the merger with DFW Adoption on 28th February 2019. No further depreciation will be provided on either property whilst the net book value is the same or less than its valuation. The Trustees regularly review the property valuations and residual values.

10 INVESTMENTS

Movement in market value

	£	£
Deposits held with banks – Fixed Term		
Value at 1 April 2024	100,000	
Investments maturing during the year	(100,000)	
Investments purchased during the year	-	
		-
Investment portfolio – listed securities-Quilters		
Market value at 1 April 2024	462,027	
Acquisitions at cost	87,949	
Disposals at carrying value	(204,326)	
Revaluation gain	2,814	
		348,469
Cash held within portfolio		5,060
Market value at 31 March 2025		353,529
Historical cost at 31 March 2025		307,519

All investments are unrestricted.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2025

11 DEBTORS: Amounts due within one year

	2025	2024
	£	£
Other debtors – service income	535,594	626,509
Prepayments	54,027	60,239
Accrued income	9,852	23,862
	<u>599,473</u>	<u>710,610</u>

12 CREDITORS: Amounts falling due within one year

	2025	2024
	£	£
Other creditors	117,649	1,836
Accruals	185,539	302,479
Deferred income	418,858	474,234
	<u>722,046</u>	<u>778,549</u>

Movement of deferred income

	Balance at 1 April 2024 £	Released from Previous Years £	Incoming Resources Deferred in Current Year £	Total Deferred Income at 31 March 2025 £
Inter-agency fees received in advance	289,501	(289,501)	344,338	344,338
EP/Contact funding	175,715	(105,109)	-	70,606
Service income received in advance	5,918	(5,918)	-	-
Other	2,152	(2,152)	3,914	3,914
DfE System Capacity Building (SCB)	714	(714)	-	-
Therapy and CFAS in advance	234	(234)	-	-
	<u>474,234</u>	<u>(403,628)</u>	<u>348,252</u>	<u>418,858</u>

The inter-agency fees are paid in full by local authorities at the time of placement, a third of which is only due monthly over the 12 months following placement.

EP/Contact funding is a project with allocated funding each year paid in advance in full, it is not restricted or with a time limit so the income has been carried over.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2025

13 UNRESTRICTED FUNDS
General Fund

	Balance at 1 April 2024 £	Incoming Resources £	Outgoing Resources £	Gains & Losses £	Balance at 31 March 2025 £
General Fund	1,162,684	4,317,136	(4,843,316)	2,819	639,323
Less: pension scheme liability	-	-	-	-	-
	<u>1,162,684</u>	<u>4,317,136</u>	<u>(4,843,316)</u>	<u>2,819</u>	<u>639,323</u>

General Fund

The General Fund of the charity has accumulated since the inception of the Charity and stands at £639,323 (2024: £1,162,684). We have no current pension scheme liability.

14 RELATED PARTY TRANSACTIONS

The Chief Executive's husband was paid £171 for various building and maintenance services throughout the year. There are no other transactions with the Board of Trustees or other connected persons.

Trustee / Non-Executive indemnity comprehensive insurance premium of £517 (2024: £494) is paid to protect the Charity from not only loss but to also indemnify the Trustees against the consequences, due to neglect or default on the part of the Trustees/Non-Executive Directors.

15 OPERATING LEASE COMMITMENTS

The total minimum lease payments due under non-cancellable operating leases are as follows:

	2025 £	2024 £
Due within 1 year (inc additions)	4,240	9,365
Due within 1 to 5 years	3,782	7,565
	<u>8,022</u>	<u>16,930</u>

16 POST BALANCE SHEET EVENTS

There has been notification of a legacy due to be paid by the executor of a will when the remaining residue of the estate has been calculated and this is expected in quarter three of the 2025/26 financial year when it will be accounted for. It is estimated that the residual legacy will be in the region of £200,000.

The charity has agreed to sell its Durham property with completion expected in November 2025.

17 PENSIONS- Adoption Matters (Cheshire Pension Scheme)

The charity operates a defined benefit pension scheme providing benefits based on career average pensionable salary. The assets of the scheme are held separately from those of the company and are administered by Cheshire West and Chester Council.

Contributions to the scheme are charged to the SOFA to spread the cost over the service lives of the scheme members. The contributions are determined by a qualified actuary on the basis of a formal triennial valuation of the scheme, using the projected unit credit method.

The last formal triennial funding valuation of the scheme was at 31 March 2022 and showed the Fund was in a surplus of £2,032,000. The purpose of the funding valuation is to assess the ongoing financial position of

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2025

the Fund and to determine the cash contribution rates going forward, there has been no change to the contribution rates for the next three years.

The accounting valuation which is required under the Accounting Standard FRS 102 to be included in these Financial Statements was a surplus of £5,494,000 at 31 March 2025. The standard only permits inclusion of a net asset position to the extent that the charity can recover the surplus either through reduced contributions in the future or through refunds from the plan. On this basis we have recorded an 'effect of asset ceiling' which has resulted in a nil balance.

The funding and accounting valuations are prepared using different assumptions. The accounting valuation calculation is largely prescribed to facilitate consistency of comparison between pension schemes and is not the funding position. The assumptions made by the scheme actuaries for their 31 March 2025 report for the purposes of FRS102 are set out below:

Actuarial assumptions at:	31 March 2025	31 March 2024
	% pa	% pa
Pension increase rate	2.75%	2.75%
Salary increase rate	3.45%	3.45%
Discount rate	5.80%	4.85%

The FRS102 valuation at 31 March 2025 showed that the market value of the scheme's assets at that date was £19,415,000. The actuarial value of the assets is 136% of the benefits that had accrued to members, after allowing for an expected increase in earnings.

Assets (employer)	Asset Split at 31 March 2025	Assets at 31 March 2025	Asset Split at 31 March 2024	Assets at 31 March 2024
	%pa	£(000)	%pa	£(000)
Equities	48%	9,319	50%	9,279
Bonds	39%	7,572	36%	6,681
Property	12%	2,330	12%	2,227
Cash	1%	194	2%	371
Total		<u>19,415</u>		<u>18,558</u>

Net pension liability as at:	31 March 2025	31 March 2024
	£(000)	£(000)
Fair value of employer assets (as above)	19,415	18,558
Present value of funded liabilities	(13,921)	(15,780)
Net asset / (obligation)	<u>5,494</u>	<u>2,778</u>
Effect of asset ceiling	(5,494)	(2,778)
Net pension (liability)	<u>-</u>	<u>-</u>

It is estimated that present value of funded obligations comprises of approximately £7,220,000, £1,504,000 and £5,197,000 in respect of employee members, deferred pensioners and pensioners respectively as at 31 March 2025. The employer's contributions in the year were 23.4% (23.4% in 2024), no additional deficit lump sum payment was required (£Nil in 2024); employee contributions were between 5.5% and 9.9% depending on salary. The employer's pension cost of the Cheshire Pension Scheme charged to the SOFA for the year was £647,137 in total.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2025

The charge to the Statement of Financial Activities over the financial year comprised:

Operating charge	2025	2024
	£(000)	£(000)
Current service cost	519	593
Past service cost	-	-
Net (gain)/loss	<u>519</u>	<u>593</u>
Other finance income		
Interest income on assets	(909)	(817)
Interest cost on defined benefit obligation	772	734
Total service cost	<u>382</u>	<u>510</u>
Reconciliation of defined benefit obligation:		
Opening position as at 31 March 2024	15,780	15,253
Current service cost	519	593
Interest cost on defined benefit obligation	772	734
Contributions by members	182	185
Actuarial re-measurements	(2,919)	(597)
Benefits paid	(413)	(388)
Closing position as at 31 March 2025	<u>13,921</u>	<u>15,780</u>
Reconciliation of fair value of plan assets:		
Opening position as at 31 March 2024	18,558	16,967
Interest income on assets	909	817
Contributions by members	182	185
Contributions by the employer	649	659
Actuarial re-measurements		
Return on assets	(470)	318
Benefits paid	(413)	(388)
Closing position as at 31 March 2025	<u>19,415</u>	<u>18,558</u>
Assets b/f 1 April 2024	18,558	16,967
Liabilities b/f 1 April 2024	(15,780)	(15,253)
Net asset b/f 1 April 2024	<u>2,778</u>	<u>1,714</u>
Pension scheme gain/(loss) in year	2,716	1,064
Pension scheme net asset c/f at 31 March 2025	<u>5,494</u>	<u>2,778</u>
Assets at 31 March 2025	19,415	18,558
Liabilities at 31 March 2025	(13,921)	(15,780)
Net asset at 31 March 2025	<u>5,494</u>	<u>2,778</u>

The pension asset is an estimate, as at the year end, of the amount by which the expected cost of settling Adoption Matters' existing pension scheme. The view taken is that the accounts should report a 'break even' position. That is to say, no net pension asset should be recognised in the accounts. The basis of his treatment is that the assumptions vary from year to year and the surplus is in all probability only temporary. It is therefore unlikely that the surplus reported this year will lead to a material repayment or material reduction in contributions.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2025

In the current economic climate, the amount of the pension liabilities and values of pension assets are likely to vary considerably from year to year. Adoption Matters' immediate liabilities are the contributions it makes to the scheme, currently set at 23.4% as required by the 2022 triennial valuation.

The average future life expectancies at age 65 are as follows:

Current pensioners	Male	21.4 years	(2024: 21.4 years)
Current pensioners	Female	24.5 years	(2024: 24.6 years)
Future pensioners	Male	22.5 years	(2024: 22.6 years)
Future pensioners	Female	25.4 years	(2024: 25.47 years)

In common with many other businesses of this size and nature, the auditors assist the company on pension and other matters from time to time when required. The management is deemed to be informed.



www.adoptionmatters.org

A Company Limited by Guarantee
Registered Number: 1617324
Charity Registration Number: 512892

Head Office: 14 Liverpool Road, Chester, CH2 1AE.



A proud history of children's futures



Ofsted Outstanding since 2008

ADOPTION MATTERS

England & Wales - Charity number 512892

Accounts

Adoption Matters

Financial Statements

31 March 2024

**A Company Limited by Guarantee
Registered Number 1617324
Charity Registration Number 512892**

ADOPTION MATTERS
YEAR ENDED 31 MARCH 2024
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ADOPTION MATTERS
LEGAL AND ADMINISTRATIVE INFORMATION
YEAR ENDED 31 MARCH 2024

Charity Details	Adoption Matters Registered Number 1617324 Charity Registration Number 512892		
Joint Presidents	Bishop of Blackburn, The Right Reverend Philip North Bishop of Chester, The Right Reverend Mark Tanner Bishop of Durham, The Right Reverend Paul Butler		
Patrons	Sir Mark Hedley Norman G Goodwin CBE Lord Lieutenant of Lancashire, Amanda Parker (appointed March 24)		
Board of Trustees	Mrs Carolyn Johnson (Chair) Professor David Cracknell OBE (Vice-Chair) (resigned September 23) Ms Lynn Pates (Vice Chair) (appointed September 23) Mr Graham Alton (appointed September 23) Dr Yvonne Ball Mr Jamie Bennett Rev Anita Burke (appointed September 23) Mr David Champness (resigned May 23) Miss Catherine Gibbons Mr Joe McArdle Mr Barry Speker OBE DL Dr Mahilravi Thevasagayam Mr Annesley Wright		
Company Secretary	Mr Annesley Wright		
Chief Executive	Mrs Susy White		
Registered Office and Principal Address	14 Liverpool Road, Chester, Cheshire, CH2 1AE Telephone: 01244 390938 E-mail: info@adoptionmatters.org Website: www.adoptionmatters.org		
Auditors	UHY Hacker Young, Chartered Accountants and Registered Auditors, St John's Chambers, Love Street, Chester, Cheshire, CH1 1QN		
Bankers and Investment Managers	Lloyds Bank PLC 8 Foregate Street Chester Cheshire CH1 1XP	CAF Bank Ltd 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ	Quilter Cheviot Investment Management
Solicitors and Insurance	Mr Andrew Perrigo Morecrofts LLP 2 Crown Buildings Liverpool Road Crosby Liverpool L23 5SR	Mr Graeme Hughes Brabners LLP Horton House Exchange Flags Liverpool L2 3YL	Markel (UK) Limited Verity House 6 Canal Wharf Leeds LS11 5AS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADOPTION MATTERS YEAR ENDED 31 MARCH 2024

The Board of Trustees (The Board) of Adoption Matters presents its statutory report and accounts for the year ended 31 March 2024.

The report has been prepared in accordance with Section 8 of the Charities Act 2011 and with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The Accounts have been prepared in accordance with the accounting policies set on pages 19 and 20 of the attached accounts and comply with the Charitable Company's Memorandum and Articles of Association, applicable laws and the requirements of the Statement of Recommended Practice (FRS102) 'Accounting and Reporting by Charities'.

Adoption Matters is a registered charity and is also a company limited by guarantee. In the event of the charity being wound up, members are required to contribute an amount not exceeding £1 each. Its aims and activities are set out and governed by the Articles of Association and the Memorandum of Association.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Chief Executive of Adoption Matters, Susy White is directly accountable to the Board of Trustees. The Adoption Matters Chair of Trustees is Carolyn Johnson, who was a practising Barrister of Law until April 2021. Our Vice Chair is Professor David Cracknell, OBE (resigned September 2023), Professor in Education at the University of Chester and former Director of Education and Community for Cheshire; The Vice Chair is Lynn Pates (appointed September 2023), Charity Investment Consultant ACMA, CGMA; the Chair of our Staffing Committee is Joe McArdle former Health Service Professional now working in Education. The Chair of our Finance Committee is Lynn Pates, Charity Investment Consultant ACMA, CGMA; the Chair of Governance Committee is Catherine Gibbons, Associate Solicitor specialising in charity governance. The Bishops of Chester, Blackburn and Durham are the joint Presidents of Adoption Matters.

Advice and support for the work of Adoption Matters is provided by the Adoption Panels. The Chester Panel is currently chaired by Joyce M'Caw, a retired Chief Executive for Careers Wales North East, the Blackburn Panel by Peter Young, a retired High School Head Teacher and the Durham Panel by Margaret Bell, a retired Director of a VAA.

The Board of Trustees

Adoption Matters' Board members are directors of the charity for the purpose of company law and trustees for the purpose of charity law.

The members of the Board of Trustees are drawn from a variety of disciplines as it is considered that a varied membership of the Trustee Board provides the necessary skills, knowledge and experience including personal experience of adoption to exercise good governance of the organisation. A skills audit is carried out regularly to ensure there is the breadth of skills required.

The Bishop of Blackburn, the Bishop of Chester, and the Bishop of Durham, can appoint one trustee each, the Chester Diocesan Synod; the Blackburn Diocesan Synod and the Durham Diocesan Synod can appoint up to three trustees each.

Any person nominated to be considered for election to the post of the Chair or the Vice-Chair shall be subject to the approval of the Bishop of Blackburn, the Bishop of Chester and the Bishop of Durham.

On appointment to The Board, trustees are given an induction programme including meeting with the Chief Executive and other key staff and are familiarised with Adoption Matters' work and with the responsibilities of the Board of Trustees. Trustees are offered a tailored training programme, with individual Board members accessing specific training relevant to their role on the Board. From time to time, joint management/trustees meetings (also some jointly with the Adoption Panel) with a specific development/training function are held.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

ADOPTION MATTERS

YEAR ENDED 31 MARCH 2024

Trustees are provided with relevant literature including a copy of the Charity Commission's document CC3 - "Responsibilities of Charity Trustees" which provides detailed information and guidance on their role and responsibilities.

Most importantly, Adoption Matters trustees are responsible for:

- Agreeing the strategic aims, objectives and direction of the organisation;
- Ensuring that there is identification of risks and management of those risks;
- Ensuring that the income of the Charity is applied for the purposes set out in the governing document;
- Controlling the administration of the Charity and the assets.

Management and Structure

The ultimate responsibility lies with the Board of Trustees which meets at least quarterly. The financial governance and investments are overseen by the Finance Committee which is made up of 4 trustee's. The committee meets quarterly. The Staffing Committee is made up of 3 trustee, HR manager and the Finance & Business Service Manager which meets quarterly. The Policy Committee is made up of 2 trustees and meets as required, but at least once annually. The Governance Committee meets at least twice a year and is made up of 4 trustees. The agency also has a Business Development Committee comprising both trustees and a cross section of staff and meets quarterly. Day to day management of the Charity is delegated to the Chief Executive.

The following senior staff were in post at 31 March 2024:

- | | |
|----------------------|--|
| ➤ Mrs Susy White | Chief Executive Officer |
| ➤ Ms Karen Davies | Finance and Business Service Manager |
| ➤ Mr Paul Dolan | Head of Service Adoption North |
| ➤ Mrs Anne Fleming | Head of Service Adoption Support (retired 31 st March 2024) |
| ➤ Ms Gaynor Richards | Business Development Manager |
| ➤ Mrs Jacqui Shore | Head of Service Adoption South |

The remuneration of the charity's key management personnel is set using Lancashire Local Authority & the National Joint Council (NJC) for Local Government Services pay scales along with their recommended annual pay increases.

Adoption Matters' head office is in Chester and provides the overall operational management of the organisation, including financial management controls. The agency has other offices at Blackburn, Durham, Hale, Leeds, Manchester, Stoke and Warrington.

Risk Management

The Board has assessed the major risks to which the Charity is exposed, in particular, those relating to the specific operational areas of the Charity, its investments and finances. The Board believes that by monitoring reserve levels, by ensuring that controls exist over key financial systems, and by examining the operational and business risks faced by the Charity including cyber-attacks, it has established effective systems to mitigate those risks.

At a general level, this is achieved by assessing the likelihood and potential impact of the various risks that have been identified; all major risks are reviewed in detail. The organisation continued to feel the impact of the wider economic climate; Local Authorities and Voluntary Adoption Agencies have all struggled to recruit prospective adopters, this has had a financial impact on us during 23/24. We have focused on our marketing strategy to recruit prospective adopters, which has had a positive result. Local Authorities are reporting a high number of children in the care system waiting to be adopted, as soon as our families have been approved at panel they are being linked for a potential placement very quickly. To help mitigate this risk we are aiming to meet gaps in service for others; while maintaining and improving our current standard of service. We also offer therapeutic interventions to children and families on behalf of Local Authorities and Regional Adoption Agencies, the mitigation for this is that our services aim to become self-financing, and assist in our cost to support our families.

Our income sources have diminished and it is key that we identify our major dependencies. The mitigation includes having an adequate reserves policy and diversity of our income streams. Some Authorities are still paying the Interagency Fee at the time of match which has helped cash flow. The number of children with adoption as their plan of permanency is at an all time high nationally. Our families being matched as soon as they have been

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADOPTION MATTERS YEAR ENDED 31 MARCH 2024

approved has been since the start of 2024. LA's are actively looking to VAA's to use their families; this is a big change in how we have been used in the past. Previously it was older children that we would family find for, now we are placing a higher number of younger children even babies, this will help our recovery during 2024/25. Part of our strategy in 2023/24 was to be a registered fostering agency; this will sit within the Adoption Matters organisation like our Centre for Adoption Support. We had Board approval to use reserves to fund a scaled down model, we recruited our Registered Fostering Manager November 2023, and successful completed our registration to become a fostering agency on 1st May 2024, our Marketing and Family Matching Coordinator is joining us July 2024; we have just starting to receive our first enquiries and aim to have our first fostering placement in the autumn of 2024

Adoption Matters' Key Management time will be stretched while we launch our fostering arm and work towards our recovery.

Relationships with Other Charities

Whilst retaining its distinctiveness, Adoption Matters strives to work collaboratively with other relevant charities. We work particularly closely with the Consortium of Voluntary Adoption Agencies (CVAA), Children England, CoramBAAF, New Family Social, the VAA Alliance and the Buckfast Group. We are signatories to the local Cheshire West and Chester CVS compact. We have a particular close working relationship with Caritas Care and work in partnership with them in our Concurrency Project until the end of June 2024.

OBJECTIVES AND ACTIVITIES

Public Benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's objectives and aims and in planning future activities for the year.

The Trustees consider that Adoption Matters' aims are demonstrably to the public benefit in that Adoption Matters' main aims are:

- To promote the care and welfare of vulnerable children without parents or families able to look after them primarily but not exclusively, through the provision of a high quality adoption service with the aim of securing permanent homes and stable lives for such children.;
- Support to all those whose lives have been affected by adoption and other types of long term care.

No charges are made to the public except for peripheral work which is less than 1% of our total income.

The main users of Adoption Matters are those affected by adoption living in the North of England and local authorities using our services from across the UK.

The Trustees have complied with the duty in section 17(5) of the Charities Act to have due regard to guidance published by the Charity Commission.

Objectives

Vision

Adoption Matters is an Ofsted rated Outstanding Specialist Voluntary Adoption Agency (VAA) based in the North of England. We seek to work increasingly in collaboration with other VAAs regionally and nationally and with Local Authority and Regional Adoption Agency Adoption Services to strive towards a situation where all children growing up in the UK will have the security and benefit of a permanent, loving family home.

Mission

Our main aim is to find permanent families for children who, for one reason or another, are no longer able to live with their birth families. We also aim to provide a high quality, comprehensive and responsive support service to potential and existing adopters as well as all those whose lives have been touched by adoption. As we grow and

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADOPTION MATTERS YEAR ENDED 31 MARCH 2024

develop our service increasing both scale and scope whilst maintaining quality, we aim to be the first agency of choice for those considering adoption in the North of England.

Values

All our activities are underpinned by a strong commitment to the following core values and principles:

Ethical

As an organisation that has its roots in the Church of England Diocesan Adoption Services, we maintain Christian values and ethics within the work we do whilst embracing all other faiths and those with no faith.

Celebrating Difference

We work within a culture of respect and acceptance, treating everyone who comes to us for support or advice fairly, professionally and with complete confidentiality.

Inclusive

We strive to ensure equality of opportunity, both for our adoptive families and amongst our staff and Trustees regardless of gender, race, creed, age or sexuality.

Flexible

We aim to continually develop and improve our services and increase engagement with our service users, using their feedback and suggestions to inform future developments.

Honest and Fair

We undertake to treat every case fairly on its individual merits and to be honest and realistic in all our communications.

Achieving our Aims

Metrics used to measure the success of our mission are the number of children placed and the number of families supported by CfAS.

Five key strategic themes outline the agency's commitments and form the basis of our current strategy:

1. Quality & Reputation

We are committed to ensuring that quality is at the heart of all our activities and that we provide the best possible service to our families, taking their views and requirements into account at every stage and finding new ways to improve their experience. We have well-defined procedures for Safeguarding with two nominated managers and one trustee taking a lead in this area.

2. Innovation

We aim to be a proactive, dynamic and innovative organisation that anticipates and responds to the changing environment to develop and deliver the very best in Adoption and Adoption Support. We will have successfully registered as a not for profit fostering agency during 2024/25 which will have the same values and support offer to families as our adoption service.

3. Approachable, Friendly & Collaborative

We strive to be a welcoming, compassionate and inclusive service, whose ethos is based on principles of fairness, equality and respect. From the first point of contact and throughout our work we will support to achieve the best outcomes for children and families.

4. Professional

Underpinning the agency's success is our highly skilled, qualified, experienced and knowledgeable staff team comprised of adoption practitioners, managers, administrative, finance, HR, business development, IT, marketing,

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

ADOPTION MATTERS

YEAR ENDED 31 MARCH 2024

fundraising and related professional staff. Our committed, reliable team help ensure consistency and quality throughout periods of growth and transition.

5. Sustainability

The Agency operates in a financially prudent manner employing robust strategies and undertaking due diligence in all its decision making. All staff take responsibility, are aware of the need to work within defined budgets and to meet agreed objectives wherever possible. We monitor quarterly management accounts regularly with oversight from the Board of Trustees and the Agency's Accountant, making decisions and taking appropriate measures in a timely manner to ensure the continued operation and stability of our services and staff team.

Adoption Matters is a good corporate citizen and pay our creditors promptly.

We are working to reduce our carbon footprint, our staff only travel when it is necessary, we continue to work smarter, favouring virtual rather than face-to-face meetings where possible. Our processes overall are electronic, reducing the need for physical resources. We allow our staff to work on a hybrid basis, which has resulted in less journeys for our staff into their nominated work place. We aim to achieve Net Zero in each part of our business as fast as we can by looking at how we can improve the natural environment on land we own by 2030, reduce energy consumption in our offices by looking at solar panels. We have changed the lighting in our Durham office on the first floor last financial year to LED batten and our plan is to review the lighting on the ground floor and in our Chester office in the near future.

We are also fortunate to receive support from a large number of volunteers, including our Board of Trustees and Adoption Panel Members who help us ensure that our practice is grounded, responsive and accountable.

In addition, four over-arching themes will underpin all activities:

1. Financial and Organisational Viability

A risk management approach will be taken towards all proposed developments and emphasis given to phased and manageable growth that does not leave the agency exposed to financial threat in the event of any change in the political or economic environment. Consideration will be given to how the agency effectively invests any surpluses and retains adequate reserves.

2. Reputation and Brand

Marketing, PR and promotional activity is to be outlined within a separate Marketing Strategy document with the aim of building and supporting the agency's reputation, maintaining its place in the national agenda and raising awareness and take up of services.

3. Innovation

We will aim to constantly review and develop innovative approaches to our processes, procedures and activities, taking advantage where appropriate of innovative technologies.

4. Quality

We are committed to ensuring that quality is at the heart of all our activities and that we provide the best possible service to our families, taking their views and requirements into account at every stage and finding new ways to improve their experience.

Fundraising

Donors to our agency can be assured that we comply with the regulatory standards for fundraising as set out in the Charities Act 2016. We are registered with the Fundraising Regulator.

Our fundraising is carried out by our Fundraising & Relationship Manager who joined us July 2023 after the position had been vacant since August 2022., She has had a positive impact since starting and we are already seeing the results of her hard work and commitment. She has come to us from a corporate back ground and has a lot of good connections. Our Fundraising Strategy document which we implemented in the Spring of 2019 is being updated by our new Fundraising and Relationship Manager. It will take into consideration the current financial crisis and the

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

ADOPTION MATTERS

YEAR ENDED 31 MARCH 2024

impact it has had on all types of Fundraising, including Community, Corporate, Events, Individual Giving, Legacy and Major Donor.

We received gifts in kind during the year to the value of £726 for prizes for our events and competitions.

We do not engage any third parties to fundraise for us.

We ensure that the correct safeguarding procedures are in place and comply with all the GDPR rules and are extremely careful about what information goes out via social media/website etc. We work in an environment where our daily work as an adoption agency is geared to protect vulnerable people.

The Fundraising Complaints Policy, agreed by our trustees in May 2020 is included on our website. All complaints are dealt with in line with the procedures and reviewed annually by trustees, again in line with the agency's complaints procedures to ensure any learning can be incorporated into practice.

2023/24 Progress Report

Highlights:

- The organisation placed 72 children for Adoption in the year;
- We placed children on behalf of 36 local authorities;
- We are currently the only organisation in the North to have achieved five consecutive outstanding results from Ofsted;
- The North West Concurrent Planning Service is jointly commissioned by 4 RAAs;
- Our Centre for Adoption Support (CfAS) was accessed by 315 families for therapeutic support; worked with 100 schools; and had 901 people attend training programmes and workshops in 2023-24;
- The Board held their annual strategy day March 2024;
- The organisation is involved with the following Regional Adoption Agencies, Adoption Now, Adoption Counts, Together for Adoption, Adoption in Merseyside, One Adoption West Yorkshire, One Adoption North Yorkshire, One Adoption South Yorkshire, Tees Valley, Coast to Coast, Adopt North East, the Inter-Country Adoption Centre, Together for Children, Lancashire and Blackpool;
- Started our Ofsted registration to become a not for profit fostering agency and recruited our Registered Fostering Manager November 2023;
- Maintained our partnership working arrangement with Caritas Care;
- Ensured the organisation was GDPR compliant;
- The organisation has continued to invest in our IT systems, cyber security and equipment for staff. Enabling all staff to work smartly and provide support to families virtually and be able to hold hybrid meetings when necessary;
- Maintained an ethical and cautious Investment Policy;
- To work on our marketing strategy to enable us to recruit the right potential adopters to meet the current need for children;
- Working in partnership with both the Northeast and the Northwest RAA's who have secured national funding to improve early permanence;
- Key members of staff are members of national working groups;
- The organisation is continuing to develop and implement its equality; diversity and inclusion (EDI) strategy, ensuring all staff and Trustees have relevant training;
- The organisation is committed to promoting employee wellbeing and mental health through policy and awareness communications. Our planned wellbeing week in May 2023 was a huge success with many activities taking place. Our strategy going forward is to not have a wellbeing week; and to hold regular bite sizes activities such as a 30 minute coffee, cake and chat drop in held via teams that staff can drop in to. This helps staff that do not usually work together to form a bond. We have trained Mental Health First Aiders, a wellbeing working practice group. You can access our Wellbeing Charter via our website. Adoption Matters is a Nurtured Heart organisation with updates and training available throughout the year.
- Launch of our new look Intermediary Service
- Continue to work alongside Home for Good to recruit adopters

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADOPTION MATTERS YEAR ENDED 31 MARCH 2024

2024/25 Challenges

- To continue to ensure the Board of Trustees is compliant with the New Charity Commission Governance Code Audit;
- To enhance our Fundraising Strategy and build our profile as a children's charity within the Code of Fundraising Practice and continue to support post adoption;
- Continue to place children with those RAAs we work in partnership with at a level commensurate with the size of the organisation. We have grown this from a percentage rate in the mid 70%'s to mid-80% over the past three years;
- Working on recruiting families for our newly registered fostering agency and raising our profile;
- 2023/24 has been a very challenging year financially for Adoption Matters, our placements were much lower than predicted. This was due to us using the majority of our families. The Children with permanency orders is at an all-time high with Local Authorities actively looking to us to place much younger children than ever before. We have worked very hard on our marketing strategy to recruit the right families. This has given us an advantage over our competitors, our pipeline is looking very healthy but the whole adoption process over all is very lengthy. This has resulted in us having to closely monitor our cash flow and be very cautious with all expenditure. We have very good tracking tools in place to monitor our progression and they are showing that we are on the predicted path of recovery. The Board are having monthly updates to ensure we are delivering the results we have said we can.
- RAA's have been adopter self-sufficient in the past, but they too have struggled to recruit potential new adopters. The general message we are now hearing is that things have improved for them too. This is currently not a concern to us as there are so many children looking for an adoption placement and we are the experts at older children and siblings if they start to restrict the children available to us again.
- The differential in the inter agency fee charged by LA's to VAA's increases year on year.
- We will require a new IT system as our servers are end of life, we are looking to move to the cloud by winter 2024.

Note of Appreciation

The Board would like to place on record its thanks to all Adoption Matters' staff for their hard work during this year. Everyone shares in achieving the aims of the organisation.

Thanks

The Board extends its thanks and appreciation to the organisations, churches and individuals who have supported our work during the year.

Volunteers

It is important to recognise the valuable contribution to Adoption Matters made by Presidents, Patrons, Trustees, Sub-Committees of the Board, the Adoption Panel, volunteers who help with our Centre for Adoption Support, our Parish Advocates, those who have undertaken and helped to raise funds and donations and all those who helped in practical ways.

FINANCIAL REVIEW

General Fund: There is a decrease in the General Fund for the 12 months of £726,142 (£242,205 decrease in 2023) we have no pension deficit. The main reasons for this were:

- Inter-agency placement income decreased this year by £741,470 to £2,394,790 (£349,827 increase in 2023). Family finding had been taking longer due to placing older children. This has now changed and we are finding we are able to match our families with much younger children. This is down to the high number of children waiting to be adopted and the national struggle to recruit prospective adopters. We have spent a lot of time working on our recruitment message which has resulted in our enquiries and families going through the system increasing which is a positive for this coming financial year. The number of children placed was 56 (89 in 2023; 78 in 2022; 79 in 2021). We also placed a further 16 (7 in 2023) children with our families through our Concurrent Planning Service and local authority contract;
- Staffing costs have increased to £3,722,105 (£3,705,036 in 2023) The NJC pay award was approved for 23/24, we have had staff leave that have not been replaced which has kept our salaries at a similar cost to us. We will not be applying any pay award during 24/25. Travel costs have decreased to £59,712 (£65,105 in 2023) this has remained low due to minimal travel as the organisation remains smarter with meetings, visits and the

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADOPTION MATTERS YEAR ENDED 31 MARCH 2024

delivering of consultations using virtual meetings when possible. The agency pays mileage expenses set by the HMRC Revenue rate;

- Therapy income has increased by £123,968 (£903,117 in 2024, £779,149 in 2023) and we have earned £459,042 (£392,608 in 2023) income from the Centre for Adoption Support (CfAS), both of which are due mainly to the money available to local authorities from the Adoption Support Fund;
- Sessional workers are used to carry out the direct therapy work and also to cover fluctuations of assessment activity and CfAS work, this cost has increased to £615,090 (£494,846 in 2023) the mitigation for this is the increase of income in therapy as these sessions are all completed by sessional staff;
- Income from service agreements including intercountry adoption and local authority special work has reduced to £41,995 (£81,224 in 2023);
- Our fundraising strategy had a significant setback due to timings of our new Fundraising and Relationship Manager joining us. Fundraising income was £17,294 (£13,551 in 2023) and general donations £17,066 (£16,580 in 2023). We have also recognised income from 'In Memoriams' of £139 (£1,065 in 2023). Fundraising costs including staffing have increased to £40,777 (£17,676 in 2023 due to no Fundraising and Relationship Manager in post until July 2023)

Funding: Adoption Matters' principal source of funding is from the placement of children for adoption from various local authorities; this amounts to 58% (70% in 2023) of our total income.

Expenditure: 76% (78% in 2023) of expenditure during the year is that of staff costs (£3,722,105 in 2024, £3,705,036 in 2023). This enables Adoption Matters to employ and retain qualified and experienced staff to carry out the placement and support of children. Family Finding publicity and marketing costs including staffing enable the agency to recruit suitable families for the placement of children (£61,129 in 2024, £56,713 in 2023).

Pension: Adoption Matters is required to show its share of the deficit within the Cheshire Pension Fund in the Statement of Financial Position. The Pension Fund position is common to many organisations and it is important to note that the recorded deficit/surplus do not represent sums which are immediately or otherwise due in the short term. A triennial formal valuation was made as at 31 March 2022 which showed a surplus of £2,032,000. The FRS102 report surplus was £2,778,000 at 31 March 2024, no net pension should be recognised in the accounts, and we have included a net asset ceiling which has resulted in a £nil balance. Based on the triennial report, there is no immediate likelihood of the charity having to incur any material expenditure in the foreseeable future which could not be met out of current balances.

Investments: Adoption Matters' policy is to invest those funds that are not immediately required into a medium risk portfolio with a number of ethical restrictions (no armaments, no tobacco, no high street lending, no human rights violations and no pornography).

The charity invests in a managed investment portfolio which aims for a return of CPI plus 4% over the long term and also in fixed term deposits that achieve a better return than regular savings.

The total return on the Quilter Cheviot portfolio was +12.5% (including dividends reinvested) in the year to 31 March 2024 following a return of -5.9% in the year to March 2023. The increase in CPI in the 12 months to March 2024 was 3.2%. Therefore, our long-term expectation of CPI plus 4% was exceeded. The market value of listed investments on 31 March 2024 was £462,027.

External Factors: The monies received on the placement of children is fixed under a national agreement and is outside the control of individual organisations.

Reserves: Adoption Matters' financial reserves are adequate to cover our expenses for a two month period at any one time and to meet possible but identified contingencies in the future. The Board is aware of the current financial position and are closely monitoring the financial situation on a month by month basis. They remain satisfied that the agency is viable due to all the reporting measures currently in place and our healthy pipeline. We have also recently had our fostering application accepted by Ofsted and are actively recruiting foster families, we hope to have our first placement by early autumn. If anything should change the agency has a list of on the shelf options to help reduce costs further such as reduce to a 4 day week (pro-rata for part time staff) this would be the

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADOPTION MATTERS YEAR ENDED 31 MARCH 2024

quickest way to save expenditure but would result in our recovery potentially being slower as most parts of the agency are working at capacity. No back fills of posts when they leave unless absolutely necessary (ie: CEO/Marketing), redundancies and a pay freeze (which has already been implemented). Reserves are held in interest earning bank accounts, cash deposits, bonds and a managed investment portfolio. The reserves represent 2.0 months of total expenditure (4 in 2023). The Charity's free reserves amount to £852,515 (2023: £1,572,967) this being unrestricted funds excluding tangible fixed assets and pension scheme liability.

Budget: The charity has produced a budget for the coming twelve months with a planned £341,249 deficit; It is based on historical data that the agency has been using to track future placements and trends of income for therapy and CfAS and assumes that sufficient children become available for placement with our recruited families. The budget set is a realistic budget and by the end of the coming financial year we are on our recovery path and the budget for 2025/2026 will be as a surplus. We have produced three year future forecast budget that shows this recovery. This does not include any unrealised gains or losses on investments or pensions.

Going concern: Based on the budget predictions, the reserves and the business plan along with monitoring cash flow, the Trustees have assessed that the charity can continue as a going concern for at least the next 18 months.

Statement of Trustees' Responsibilities

The trustees (who are also directors of Adoption Matters for the purposes of company law) are responsible for preparing the Trustees' Report (incorporating the directors' report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


In so far as the trustees are aware:

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

Auditors

The auditors, UHY Hacker Young, will be proposed for reappointment in accordance with Section 419 of the Companies Act 2006.

Signed on behalf of The Board:

Electronically RSigned by:

ENV 34088746-4071-DEBD-9842-FAED

Carolyn Johnson

Approved by the Board on 18/09/2024 08:07 GDT

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ADOPTION MATTERS
YEAR ENDED 31 MARCH 2024**

Opinion

We have audited the financial statements of Adoption Matters (the charitable company) for the year ended 31 March 2024 which comprise the statement of financial activities, statement of financial position, statement of cash flows and notes to the financial statement, including 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 Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2024 and of its incoming resources and application of resources, including income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We draw attention to the disclosure made in note 1 under the heading 'going concern'. The charitable company has reported a significant deficit for the year and has identified potential cash flow issues in its forecasting for 2024/25. These conditions indicate that a material uncertainty exists that may cast significant doubt on the charitable company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 statement is appropriate. Our evaluation of the trustees' assessment of the entity's ability to continue to adopt the going concern basis of accounting included a review of budget forecasts prepared by management, critical assessment of the assumptions used in their preparation, comparison of forecasted results with actual performance based on available post year end data and a review of management's business continuation strategies.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the financial statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ADOPTION MATTERS
YEAR ENDED 31 MARCH 2024**

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 our audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- 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' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees 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

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

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

Based on our understanding of the charitable company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the charitable company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ADOPTION MATTERS
YEAR ENDED 31 MARCH 2024**

compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated revenue and the charitable company's net income for the year.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, review of any correspondence with legal advisors, and enquiries of management and those charged with governance around actual and potential litigation and claims, enquiries with charitable company's staff to identify any instances with non-compliance with laws and regulations, enquiries of management and review of monthly management accounts and reports in so far as they related to the financial statements, testing of journals and evaluating whether there was evidence of bias by the Trustees that represented a risk of material misstatement due to fraud, undertaking detailed substantive testing of material items and a sample of other items, consideration of the reasonableness of the figures and analytical review, including comparison with previous years and expected trends, and review of the compliance with and effectiveness of internal controls.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Electronically RSigned by:
John Ierston
ENV 34088746-4071-DEBD-9842-FAED

John Ierston FCA CTA
Senior Statutory Auditor
For and on behalf of
UHY Hacker Young
Chartered Accountants and Statutory Auditor

St John's Chambers
Love Street
Chester
Cheshire
CH1 1QN

Date: 18/09/2024 10:10 GDT

ADOPTION MATTERS

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

YEAR ENDED 31 MARCH 2024

	Note	Unrestricted Funds £	Total Funds 2024 £	Total Funds 2023 £
INCOME				
Donations and legacies	2	17,205	17,205	17,645
Charitable activities	3	4,002,873	4,002,873	4,482,629
Other trading activities	4	17,294	17,294	13,551
Investments	5	39,693	39,693	19,698
TOTAL INCOME		4,077,065	4,077,065	4,533,523
EXPENDITURE				
Raising funds	6	55,596	55,596	44,022
Charitable activities	6	4,793,332	4,793,332	4,716,624
TOTAL EXPENDITURE	6	4,848,928	4,848,928	4,760,646
Net gains / (losses) on investments	10	45,721	45,721	(32,193)
NET INCOME / (EXPENDITURE)		(726,142)	(726,142)	(259,316)
Other recognised gains / (losses):				
Actuarial gains on pension scheme	16	-	-	3,317,000
Net movement in funds		(726,142)	(726,142)	3,057,684
Reconciliation of funds:				
Total funds brought forward		1,888,825	1,888,825	(1,168,859)
Total funds carried forward		1,162,683	1,162,683	1,888,825

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

All of the activities of the Charity are classed as continuing.

ADOPTION MATTERS
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

		2023		2023	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	9		310,167		315,858
Investments	10		581,715		630,143
			891,882		946,001
CURRENT ASSETS					
Debtors	11	710,610		843,117	
Cash at bank		338,740		1,099,117	
		1,049,350		1,942,234	
CREDITORS: amounts falling due within one year	12	(778,549)		(999,410)	
NET CURRENT ASSETS			270,801		942,824
TOTAL NET ASSETS before pension surplus			1,162,683		1,888,825
Pension scheme	16		-		-
NET ASSETS			1,162,683		1,888,825
Unrestricted funds:	13				
General Fund		1,162,683		1,888,825	
Unrestricted funds excluding pension liability		1,162,683		1,888,825	
Plus: pension scheme surplus / (deficit)	16		-		-
			1,162,683		1,888,825
TOTAL CHARITY FUNDS			1,162,683		1,888,825

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Charities SORP (FRS102).

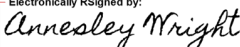
18/09/2024 08:07 GDT

These financial statements were approved by the members of the Board on and are signed on their behalf by:

Electronically RSigned by:

ENV 34088746-4071-DEBD-9842-FAED

MRS CAROLYN JOHNSON
Trustee

Electronically RSigned by:

ENV 34088746-4071-DEBD-9842-FAED

MR ANNESLEY WRIGHT
Trustee

ADOPTION MATTERS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024

	2024	2023
	£	£
Cash flows from operating activities		
Net income/(expenditure) for the year	(726,142)	(259,316)
Depreciation	8,395	17,358
Losses/(gains) on investments	(45,721)	32,193
Investment income	(39,693)	(19,698)
Decrease/(increase) in debtors	132,507	55,425
(Decrease) in creditors	(220,861)	161,957
	<hr/>	<hr/>
Net cash generated by/(used in) operating activities	(891,515)	(12,081)
	<hr/>	<hr/>
Cash flows from investing activities		
Purchase of tangible fixed assets	(2,704)	-
Purchase of investments	(224,857)	(231,350)
Proceeds from disposal of investments	312,612	424,912
Investment income	39,693	19,698
	<hr/>	<hr/>
Net cash (used in) investing activities	124,744	213,260
	<hr/>	<hr/>
Net change in cash and cash equivalents	(766,771)	201,179
Cash and cash equivalents brought forward	1,125,199	924,020
	<hr/>	<hr/>
Cash and cash equivalents carried forward	358,428	1,125,199
	<hr/>	<hr/>
Analysis of cash and cash equivalents		
Cash at bank	338,740	1,099,117
Cash within investment portfolio	19,688	26,082
	<hr/>	<hr/>
	358,428	1,125,199
	<hr/>	<hr/>

The charity had no debt during the year.

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024

1. ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in compliance with FRS102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the 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) (Charities SORP (FRS102)) and the Charities Act 2011.

Company information

The charity is a private company limited by guarantee registered in England and Wales and a registered charity in England and Wales. The address of the registered offices is 14 Liverpool Road, Chester, Cheshire CH2 1AE. The company, limited by guarantee, does not have a share capital. The trustees named on page 3 are members of the company. Every member of the Charity undertakes to contribute to the assets of the Charity, in the event of the same being wound up while he/she is a member or within one year after he/she ceases to be a member, for payment of the debts and liabilities of the Charity contracted before he/she ceases to be a member, such an amount as may be required not exceeding one pound.

Basis of preparation

The financial statements have been prepared on the historical cost basis. The financial statements are prepared in Sterling which is the functional currency of the entity.

Going concern

The charity's ability to continue is being closely monitored, there have been cash flow issues during 2023/24 and they remain on-going. The charity has completed various cash flow and future forecasting documents and have reassured the Trustee's that with careful expenditure over the coming 12 months and with the current landscape as it is that they can remain viable. Monitoring shows that our pinch point will come in the autumn 2024 before our recovery begins at the end of the 2024 calendar year. The Trustees are having monthly updates of our current position and remain satisfied that the agency is on track as predicted.

Critical accounting estimates and judgements

The preparation of financial statements requires the trustees to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below:

Pensions

The determination of the pension cost and defined benefit obligation of the charity's defined benefit pension scheme depends on the selection of certain assumptions which include the discount rate, inflation rate, salary growth, mortality and expected return on scheme assets. Differences arising from actual experiences or future changes in assumptions will be reflected in subsequent periods. See note 16 for further details.

Fund accounting

Unrestricted funds are available for use in accordance with the charitable objects at the discretion of the trustees; there are no designated or restricted funds.

Restricted funds can only be used for particular purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are restricted for particular restricted purposes.

Income

Service income and fees are accounted for when contractual obligations have been fulfilled and any such monies received in advance are deferred. Monies from trusts are recognised in the period the associated expenditure takes place. Grant income is recognised when the contractual obligations are met and is matched

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024

with corresponding expenditure in the period.

Legacies

Legacy income is recognised in the accounts when receipt is probable following grant of probate and the executors have established there are sufficient assets in the estate.

Expenditure

The charity is not eligible to be registered for VAT and all expenditure is shown inclusive of VAT charged as this cannot be recovered by the charity.

All costs are accountable upon the occurrence of the expenditure.

Costs of raising funds comprise the costs associated with attracting donations, fundraising events and investment management fees.

Expenditure on charitable activities comprises spending in accordance with the objects of the Charity and are those costs incurred by the charity in the delivery of its activities and services for its service users. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis, e.g. staff time or percentage based on usage as set out in Note 6.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis.

Fixed assets

Fixed assets are stated at cost less accumulated depreciation. The costs of minor additions or those costing below £2,500 are not capitalised.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures, fittings and equipment including IT – 3 years straight line.

No depreciation is charged on land and buildings where the estimated residual value is not less than the book cost.

Investments

Listed investments are measured at fair value with changes in fair value being recognised in income or expenditure. The Statement of Financial Activities includes the net gains and losses arising on revaluations and on disposals during the year.

Creditors

The Charity is committed to the prompt payment of invoices and other claims for payment. In the case of goods and services where the supply has been satisfactorily completed, the charity's objective is to pay within 30 days of receipt of the invoice.

Pension costs

The Charity operates a defined benefit pension scheme. All staff members are eligible to participate in the Local Government Pension Scheme administered by Cheshire West and Chester Council. Employees contribute between 5.5% and 9.9% of pensionable pay, depending on employee's salary.

Regular valuations are prepared by independent professionally qualified actuaries in respect of the defined

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024

benefit scheme. These determine the level of contribution required to fund the benefits set out in the rules of the plan and allow for the periodic increase of pensions in payment. The service cost of providing retirement benefits to employees during the year, together with the cost of any benefits relating to past service, is charged to the Statement of Financial Activities in the year.

The difference between the market value of the assets and the present value of accrued pension liabilities is shown as an asset or liability in the Statement of Financial Position. Actuarial gains and losses are recognised in the Statement of Financial Activities.

2. DONATIONS AND LEGACIES

	Unrestricted Funds	Restricted Funds	Total Unrestricted Funds 2024	Total Funds 2023
	£	£	£	£
St Bridget's Trust	4,400	-	4,400	4,000
Legacies	139	-	139	1,065
General donations	12,666	-	12,666	12,580
	<u>17,205</u>	<u>-</u>	<u>17,205</u>	<u>17,645</u>

All of the £17,645 income recognised in 2022/3 related to unrestricted funds.

3 CHARITABLE ACTIVITIES - Income:

	Unrestricted Funds	Restricted Funds	Total Funds 2024	Total Funds 2023
	£	£	£	£
Placement fees	2,394,790	-	2,394,790	3,136,260
Therapist income	903,117	-	903,117	779,149
CfAS income	459,042	-	459,042	392,608
Local authority contracts & other special work	-	-	-	19,520
Service agreements	15,296	-	15,296	50,294
Inter country income	26,699	-	26,699	11,430
DfE Practice & Improvement Funding	178,368	-	178,368	84,068
Sundry income	25,561	-	25,561	9,300
	<u>4,002,873</u>	<u>-</u>	<u>4,002,873</u>	<u>4,482,629</u>

All of the £4,482,629 income recognised in 2022/3 related to unrestricted funds

.4 OTHER TRADING ACTIVITES – Income:

	Unrestricted Funds	Restricted Funds	Total Funds 2024	Total Funds 2023
	£	£	£	£
General fundraising	17,294	-	17,294	13,551
	<u>17,294</u>	<u>-</u>	<u>17,294</u>	<u>13,551</u>

All of the £13,551 income recognised in 2022/3 related to unrestricted funds.

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024

5. INVESTMENT INCOME

	Total Unrestricted Funds 2024	Total Funds 2023
	£	£
Bank interest	28,907	11,156
Investment dividend Income	10,786	8,542
	39,693	19,698
	39,693	19,698

All of the £19,698 income recognised in 2022/3 related to unrestricted funds.

6. TOTAL EXPENDITURE

		Raising Funds Unrestricted	Charitable Activities Unrestricted	Charitable Activities Restricted	Total 2024	Total 2023
Basis		£	£	£	£	£
Costs directly allocated to activities:						
Social workers and management	Direct	-	2,772,610	-	2,772,610	2,822,662
Staff travel	Direct	-	59,712	-	59,712	65,105
Sessional workers	Direct	-	615,090	-	615,090	494,846
Publicity & marketing	Direct	-	61,129	-	61,129	56,713
Fundraising events	Direct	28,329	-	-	28,329	17,676
Investment management fees	Direct	3,139	-	-	3,139	3,120
Other direct costs	Direct	-	17,256	-	17,256	20,360
Support costs allocated to activities						
Management & admin staff	%	17,473	856,159	-	873,632	821,092
Premises	%	1,725	84,525	-	86,250	91,884
Office costs	%	1,818	89,097	-	90,915	90,605
IT & communications	%	1,875	91,879	-	93,754	96,964
Training & publications	Actual	-	21,058	-	21,058	32,149
Professional fees & charges	Actual	-	55,816	-	55,816	69,346
Governance	% & staff time	1,237	60,606	-	61,843	60,766
Depreciation	Actual	-	8,395	-	8,395	17,358
		55,596	4,793,332	-	4,848,928	4,760,646
		55,596	4,793,332	-	4,848,928	4,760,646

All of the £4,760,646 expenditure incurred in 2022/23 was charged to unrestricted funds.

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024

7. STAFF COSTS AND NUMBERS

The aggregate payroll costs were:

	2024	2023
	£	£
Wages and salaries	2,778,419	2,784,422
Employer's social security costs	285,064	283,008
Employer's defined benefit pension scheme contributions	658,622	637,606
	3,722,105	3,705,036

Particulars of employees:

The average number of staff employed by the charity during the financial year amounted to:

	2024			2023		
	Full Time	Part Time	Total No	Full Time	Part Time	Total No
Number of social workers	34	21	55	34	25	59
Number of administrative staff	10	13	23	11	10	21
Number of management staff	6	-	6	6	-	6
	50	34	84	51	35	86

One employee earned between £70,000 and £79,999 (2023:1), no employees earned between £60,000 and £69,999 (2023:0).

The total employee benefits of key management personnel was £458,153 (2023 £437,860). Under FRS 102, employee benefits includes gross salary, employer's National Insurance contributions and employer's pension contributions.

The members of the Board of Trustees did not receive any remuneration. £0 expenses were reimbursed or paid on behalf of 0 Trustees during the year (2023, £0).

8. NET INCOME / EXPENDITURE FOR THE YEAR

This is stated after charging:

	2024	2023
	£	£
Employer's pension costs	658,622	637,606
Depreciation	8,395	17,358
Auditors' fees: audit	10,346	9,962
Non-audit	-	-
Operating lease rental costs:	65,257	65,443

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024

9. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £	Fixtures, Fittings & Equipment £	Total £
COST			
At 1 April 2023	356,565	195,981	552,546
Additions	-	2,704	2,704
Disposals	-	(886)	(886)
At 31 March 2024	356,565	197,799	554,364
DEPRECIATION			
At 1 April 2023	49,115	187,573	236,688
Charge for the year	-	8,395	8,395
Eliminated on disposal	-	(886)	(886)
At 31 March 2024	49,115	195,082	244,197
NET BOOK VALUE			
At 31 March 2024	307,450	2,717	310,167
At 31 March 2023	307,450	8,408	315,858

The Chester property was purchased in 2004. The Trustees had the property valued on 22 June 2021 in the sum of £350,000 on a current use basis as an office investment. The valuation was completed by Tom Creer MRICS of Legat Owen. The Durham property was acquired at an arm's length valuation of £170,000 as part of the merger with DFW Adoption on 28th February 2019. No further depreciation will be provided on either property whilst the net book value is the same or less than its valuation. The Trustees regularly review the property valuations and residual values.

10. INVESTMENTS

Movement in market value

	£	£
Deposits held with banks- Fixed Term		
Value at 1 April 2023	201,795	
Investments maturing during the year	(201,795)	
Investments purchased during the year	100,000	
	_____	100,000
Investment portfolio – listed securities-Quilters		
Market value at 1 April 2023	402,266	
Acquisitions at cost	124,857	
Disposals at carrying value	(110,817)	
Revaluation gain	45,721	
	_____	462,027
Cash held within portfolio		19,688
Market value at 31 March 2024		581,715
Historical cost at 31 March 2024		399,868

All investments are unrestricted. The revaluation loss of £32,193 in 2022/23 was recognised in unrestricted funds.

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024

11. DEBTORS: Amounts due within one year

	2024	2023
	£	
Other debtors – service income	626,509	780,231
Prepayments	60,239	57,660
Accrued income	23,862	5,226
	710,610	843,117

12. CREDITORS: Amounts falling due within one year

	2024	2023
	£	£
Other creditors	1,836	60,510
Accruals	302,479	317,112
Deferred income	474,234	621,788
	778,549	999,410

Movement of deferred income

	Balance at 1 April 2023	Released from Previous Years	Incoming Resources Deferred in Current Year	Total Deferred Income at 31 March 2024
	£	£	£	£
Inter-agency fees received in advance	556,066	(556,066)	289,501	289,501
Therapy and CFAS income received in advance	1,376	(1,376)	234	234
EP/Contact funding	57,679	(42,164)	160,200	175,715
Service income received in advance	5,918	-	-	5,918
DfE System Capacity Building (SCB)	714	-	-	714
Other	35	(35)	2,152	2,152
	621,788	(599,641)	452,087	474,234

The inter-agency fees are paid in full by local authorities at the time of placement, a third of which is only due monthly over the 12 months following placement.

The income for therapy and CFAS work is from various local authorities for specific cases and has been deferred according to the stage of the contract, this will end during 24/25.

EP/Contact funding is a project with allocated funding each year paid in advance in full, it is not restricted or with a time limit so the income has been carried over.

Money was paid upfront by a local authority for specific family finding work and only partially used. The SCB money funded an evaluation on early permanence.

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024

13. UNRESTRICTED FUNDS

General Fund

	Movement in resources:					Balance at 31 March 2023
	Balance at 1 April 2023	Incoming Resources	Outgoing Resources	Transfers	Gains & Losses	
	£	£	£	£	£	
General Fund	1,888,825	4,077,065	(4,848,928)	-	45,721	1,162,683
Less: pension scheme liability	-	-	-	-	-	-
	1,888,825	4,077,065	(4,848,928)	-	45,721	1,162,683
	1,888,825	4,077,065	(4,848,928)	-	45,721	1,162,683

General Fund

The General Fund of the charity has accumulated since the inception of the Charity and stands at £1,162,685 (2023 £1,888,825). We have no current pension scheme liability.

14. RELATED PARTY TRANSACTIONS

The Chief Executive's husband was paid £930 for various building and maintenance services throughout the year. There are no other transactions with the Board of Trustees or other connected persons.

Trustee/Non-Executive indemnity comprehensive insurance premium of £494 (2023 £475) is paid to protect the Charity from not only loss but to also indemnify the Trustees against the consequences, due to neglect or default on the part of the Trustees/Non-Executive Directors.

15. OPERATING LEASE COMMITMENTS

The total minimum lease payments due under non-cancellable operating leases are as follows:

	2024	2023
	£	£
Due within 1 year (inc additions)	9,365	15,322
Due within 1 to 5 years	7,565	-
Due after 5 years	-	-
	16,930	15,322
	16,930	15,322

16. PENSIONS

Adoption Matters (Cheshire Pension Scheme)

The charity operates a defined benefit pension scheme providing benefits based on career average pensionable salary. The assets of the scheme are held separately from those of the company and are administered by Cheshire West and Chester Council.

Contributions to the scheme are charged to the SOFA so as to spread the cost over the service lives of the scheme members. The contributions are determined by a qualified actuary on the basis of a formal triennial valuation of the scheme, using the projected unit credit method.

The last formal triennial funding valuation of the scheme was at 31 March 2022 and showed the Fund was in a surplus of £2,032,000. The purpose of the funding valuation is to assess the ongoing financial position of the Fund and to determine the cash contribution rates going forward, there has been no change to the contribution rates for the next three years.

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024

The accounting valuation which is required under the Accounting Standard FRS 102 to be included in these Financial Statements was a surplus of £2,278,000 at 31 March 2024. The standard only permits inclusion of a net asset position to the extent that the charity is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. On this basis we have recorded an 'effect of asset ceiling' which has resulted in a nil balance.

The funding and accounting valuations are prepared using different assumptions. The accounting valuation calculation is largely prescribed to facilitate consistency of comparison between pension schemes and is not the funding position.

The assumptions made by the scheme actuaries for their 31 March 2024 report for the purposes of FRS102 are set out below.

Actuarial assumptions at:	31 March 2024	31 March 2023
	% pa	% pa
Pension increase rate	2.75%	2.95%
Salary increase rate	3.45%	3.65%
Discount rate	4.85%	4.75%

The FRS102 valuation at 31 March 2024 showed that the market value of the scheme's assets at that date was £18,558,000. The actuarial value of the assets is 117% of the benefits that had accrued to members, after allowing for an expected increase in earnings.

Assets (employer)	Asset Split at 31 March 2024	Assets at 31 March 2024	Asset Split at 31 March 2023	Assets at 31 March 2023
	%pa	£(000)	%pa	£(000)
Equities	50%	9,279	48%	8,144
Bonds	36%	6,681	36%	6,108
Property	12%	2,227	13%	2,206
Cash	2%	371	3%	509
Total		18,558		16,967

Net pension liability as at:	31 March 2024	31 March 2023
	£(000)	£(000)
Fair value of employer assets (as above)	18,558	16,967
Present value of funded liabilities ¹	(15,780)	(15,253)
Net asset / (obligation)	2,778	1,714
Effect of asset ceiling	(2,778)	(1,714)
Net pension (liability)	-	-

It is estimated that present value of funded obligations comprises of approximately £8,006,000, £1,831,000 and £5,943,000 in respect of employee members, deferred pensioners and pensioners respectively as at 31 March 2024. The employer's contributions in the year were 23.4% (23.4% in 2023), no additional deficit lump sum payment was required (£Nil in 2023); employee contributions were between 5.5% and 9.9% depending on salary. The employer's pension cost of the Cheshire Pension Scheme charged to the SOFA for the year was £658,622 in total.

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024

The charge to the Statement of Financial Activities over the financial year comprised:

	2024	2023
	£(000)	£(000)
Operating charge		
Current service cost	593	1,218
Past service cost	-	-
	<hr/>	<hr/>
Net (gain)/loss	593	1,218
Other finance income		
Interest income on assets	(817)	(475)
Interest cost on defined benefit obligation	734	572
	<hr/>	<hr/>
Total service cost	510	1,315
	<hr/>	<hr/>
Reconciliation of defined benefit obligation:		
Opening position as at 31 March 2022	17,384	20,701
Current service cost	-	1,218
Interest cost on defined benefit obligation	475	572
Contributions by members	819	181
Actuarial re-measurements	(1,314)	(7,022)
Benefits paid	(397)	(397)
	<hr/>	<hr/>
Closing position as at 31 March 2023	16,967	15,253
	<hr/>	<hr/>
Reconciliation of fair value of plan assets:		
Opening position as at 31 March 2023	16,967	17,384
Interest income on assets	817	475
Contributions by members	185	181
Contributions by the employer	659	638
Actuarial re-measurements		
Return on assets	318	(1,314)
Benefits paid	(388)	(397)
	<hr/>	<hr/>
Closing position as at 31 March 2024	18,558	16,967
	<hr/>	<hr/>
Assets b/f 1 April 2023	16,967	17,384
Liabilities b/f 1 April 2023	(15,253)	(20,701)
	<hr/>	<hr/>
Net liability b/f 1 April 2023	1,714	(3,317)
Pension scheme gain/(loss) in year	1,064	5,031
	<hr/>	<hr/>
Pension scheme asset / (liability)	2,778	1,714
	<hr/>	<hr/>
Assets at 31 March 2024	18,558	16,697
Liabilities at 31 March 2024	(15,780)	(15,523)
	<hr/>	<hr/>
Net asset at 31 March 2024	2,778	1,174
	<hr/>	<hr/>

The pension asset is an estimate, as at the year end, of the amount by which the expected cost of settling Adoption Matters' existing pension scheme. The view taken is that the accounts should report a 'break even' position. That is to say no net pension asset should be recognised in the accounts. The basis of his treatment is that the assumptions vary from year to year and the surplus is in all probability only temporary. It is therefore unlikely that the surplus reported this year will lead to a material repayment or material reduction in

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
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contributions. In the current economic climate, the amount of the pension liabilities and values of pension assets are likely to vary considerably from year to year. Adoption Matters' immediate liabilities are the contributions it makes to the scheme, currently set at 23.4% as required by the 2022 triennial valuation.

The average future life expectancies at age 65 are as follows:

Current pensioners – Male	21.4 years (2023: 21.6 years)
Current pensioners - Female	24.6 years (2023: 24.8 years)
Future pensioners – Male	22.6 years (2023: 22.8 years)
Future pensioners – Female	25.4 years (2023: 25.7 years)

In common with many other businesses of this size and nature, the auditors assist the company on pension and other matters from time to time when required. The management is deemed to be informed.

ADOPTION MATTERS

England & Wales - Charity number 512892

Accounts

Adoption Matters

Financial Statements

31 March 2023

**A Company Limited by Guarantee
Registered Number 1617324
Charity Registration Number 512892**

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YEAR ENDED 31 MARCH 2023
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ADOPTION MATTERS
LEGAL AND ADMINISTRATIVE INFORMATION
YEAR ENDED 31 MARCH 2023

Charity Details	Adoption Matters Registered Number 1617324 Charity Registration Number 512892		
Joint Presidents	Bishop of Blackburn, The Right Reverend Philip North (appointed May 23) Bishop of Blackburn, The Right Reverend Julian Henderson (retired July 22) Bishop of Chester, The Right Reverend Mark Tanner Bishop of Durham, The Right Reverend Paul Butler		
Patrons	Sir Mark Hedley Norman G Goodwin CBE		
Board of Trustees	Mrs Carolyn Johnson (Chair) Professor David Cracknell OBE (Vice-Chair) Dr Yvonne Ball Mr Jamie Bennett Mr David Champness (retired May 2023) Miss Catherine Gibbons Mr Joe McArdle Ms Lynn Pates Mr David Shield (retired Sept 2022) Mr Barry Speker OBE DL Dr Mahilravi Thevasagayam Mr Annesley Wright		
Company Secretary	Mr Annesley Wright		
Chief Executive	Mrs Susy White		
Registered Office and Principal Address	14 Liverpool Road, Chester, Cheshire, CH2 1AE Telephone: 01244 390938 E-mail: info@adoptionmatters.org Website: www.adoptionmatters.org		
Auditors	UHY Hacker Young, Chartered Accountants and Registered Auditors, St John's Chambers, Love Street, Chester, Cheshire, CH1 1QN		
Bankers and Investment Managers	Lloyds Bank PLC 8 Foregate Street Chester Cheshire CH1 1XP	CAF Bank Ltd 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ	Quilter Cheviot Investment Management
Solicitors and Insurance	Mr Andrew Perrigo Morecrofts LLP 2 Crown Buildings Liverpool Road Crosby Liverpool L23 5SR	Mr Graeme Hughes Brabners LLP Horton House Exchange Flags Liverpool L2 3YL	Markel (UK) Limited Verity House 6 Canal Wharf Leeds LS11 5AS

ANNUAL REPORT OF THE BOARD OF TRUSTEES OF ADOPTION MATTERS YEAR ENDED 31 MARCH 2023

The Board of Trustees (The Board) of Adoption Matters presents its statutory report and accounts for the year ended 31 March 2023.

The report has been prepared in accordance with Section 8 of the Charities Act 2011 and with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The Accounts have been prepared in accordance with the accounting policies set on pages 18 and 19 of the attached accounts and comply with the Charitable Company's Memorandum and Articles of Association, applicable laws and the requirements of the Statement of Recommended Practice (FRS102) 'Accounting and Reporting by Charities'.

Adoption Matters is a registered charity and is also a company limited by guarantee. In the event of the charity being wound up, members are required to contribute an amount not exceeding £1 each. Its aims and activities are set out and governed by the Articles of Association and the Memorandum of Association.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Chief Executive of Adoption Matters, Susy White is directly accountable to the Board of Trustees. The Adoption Matters Chair of Trustees is Carolyn Johnson, who was a practising Barrister of Law until April 2021. Our Vice Chair is Professor David Cracknell, OBE, Professor in Education at the University of Chester and former Director of Education and Community for Cheshire; the Chair of our Staffing Committee is Joe McArdle former Health Service Professional now working in Education. The Chair of our Finance Committee is Lynn Pates, Charity Investment Consultant ACMA, CGMA; Chair of Governance Committee is Catherine Gibbons, Associate Solicitor specialising in charity governance. The Bishops of Chester, Blackburn and Durham are the joint Presidents of Adoption Matters.

Advice and support for the work of Adoption Matters is provided by the Adoption Panels. The Chester Panel is currently chaired by Joyce M'Caw, a retired Chief Executive for Careers Wales North East, the Blackburn Panel by Peter Young, a retired High School Head Teacher and the Durham Panel by Margaret Bell, a retired Director of a VAA.

The Board of Trustees

Adoption Matters' Board members are directors of the charity for the purpose of company law and trustees for the purpose of charity law.

The members of the Board of Trustees are drawn from a variety of disciplines as it is considered that a varied membership of the Trustee Board provides the necessary skills, knowledge and experience including personal experience of adoption to exercise good governance of the organisation. A skills audit is carried out regularly to ensure there is the breadth of skills required.

The Bishop of Blackburn, the Bishop of Chester, and the Bishop of Durham, can appoint one trustee each, the Chester Diocesan Synod; the Blackburn Diocesan Synod and the Durham Diocesan Synod can appoint up to three trustees each and up to three trustees are appointed by the members at Annual General Meetings.

Any person nominated to be considered for election to the post of the Chair or the Vice-Chair shall be subject to the approval of the Bishop of Blackburn, the Bishop of Chester and the Bishop of Durham.

On appointment to The Board, trustees are given an induction programme including meeting with the Chief Executive and other key staff and are familiarised with Adoption Matters' work and with the responsibilities of the Board of Trustees. Trustees are offered a tailored training programme, with individual Board members accessing specific training relevant to their role on the Board. From time to time, joint management/trustees meetings (also some jointly with the Adoption Panel) with a specific development/training function are held.

ANNUAL REPORT OF THE BOARD OF TRUSTEES OF

ADOPTION MATTERS

YEAR ENDED 31 MARCH 2023

Trustees are provided with relevant literature including a copy of the Charity Commission's document CC3 - "Responsibilities of Charity Trustees" which provides detailed information and guidance on their role and responsibilities.

Most importantly, Adoption Matters trustees are responsible for:

- Agreeing the strategic aims, objectives and direction of the organisation;
- Ensuring that there is identification of risks and management of those risks;
- Ensuring that the income of the Charity is applied for the purposes set out in the governing document;
- Controlling the administration of the Charity and the assets.

Management and Structure

The ultimate responsibility lies with the Board of Trustees (as mentioned previously) which meets at least quarterly. The financial governance and investments are overseen by the Finance Committee which is made up of 5 trustees. The committee meets quarterly. The Staffing Committee is made up of 1 trustee and staff which meets as required, but no less than once a year. The Policy Committee is made up of 2 trustees and meets as required, but at least once annually. The Governance Committee meets at least twice a year and is made up of 4 trustees. The agency also has a Business Development Group comprising both trustees and a cross section of staff and meets quarterly. Day to day management of the Charity is delegated to the Chief Executive.

The following senior staff were in post at 31 March 2023:

- | | |
|----------------------|--------------------------------------|
| ➤ Mrs Susy White | Chief Executive Officer |
| ➤ Ms Karen Davies | Finance and Business Service Manager |
| ➤ Mr Paul Dolan | Head of Service Adoption North |
| ➤ Mrs Anne Fleming | Head of Service Adoption Support |
| ➤ Ms Gaynor Richards | Business Development Manager |
| ➤ Mrs Jacqui Shore | Head of Service Adoption South |

The remuneration of the charity's key management personnel is set using Lancashire Local Authority & the National Joint Council (NJC) for Local Government Services pay scales along with their recommended annual pay increases.

Adoption Matters' head office is in Chester and provides the overall operational management of the organisation, including financial management controls. The agency has other offices at Blackburn, Durham, Hale, Leeds, Manchester, Stoke and Warrington.

Risk Management

The Board has assessed the major risks to which the Charity is exposed, in particular, those relating to the specific operational areas of the Charity, its investments and finances. The Board believes that by monitoring reserve levels, by ensuring that controls exist over key financial systems, and by examining the operational and business risks faced by the Charity including cyber-attacks, it has established effective systems to mitigate those risks.

At a general level, this is achieved by assessing the likelihood and potential impact of the various risks that have been identified; all major risks are reviewed in detail. The organisation has been impacted by the wider economic climate, and we are aiming to meet gaps in service for others while maintaining and improving our current standard of service. The mitigation for this is that our services aim to become self-financing, and diversifying the funding of our services. We are doing this by offering therapeutic interventions to children and families on behalf of Local Authorities and Regional Adoption Agencies.

Our income sources may diminish and it is key that we identify our major dependencies. The mitigation includes having an adequate reserves policy and diversity of our income streams. Authorities paying the Interagency Fee at the time of match has helped cash flow. A major concern is that the number of children with adoption as their plan of permanency is reducing nationally. Part of our strategy in 2023/24 is to be a registered fostering agency; this will sit within the Adoption Matters organisation like our Centre for Adoption Support. We have Board approval to use reserves to fund a scaled down model with a view to look for external funding. We aim to recruit a Registered Fostering Manager and Marketing Assistant in the summer. Our plan is to have our first fostering placement in July 2024.

ANNUAL REPORT OF THE BOARD OF TRUSTEES OF ADOPTION MATTERS YEAR ENDED 31 MARCH 2023

Adoption Matters' Key Management time could be spread too thin while we are exploring diversification options.

Relationships with Other Charities

Whilst retaining its distinctiveness, Adoption Matters strives to work collaboratively with other relevant charities. We work particularly closely with the Consortium of Voluntary Adoption Agencies (CVAA), Children England, CoramBAAF, New Family Social, the VAA Alliance, the Buckfast Group and Home for Good. We are signatories to the local Cheshire West and Chester CVS compact. We have a particular close working relationship with Caritas Care and work in partnership with them in our Concurrency Project.

OBJECTIVES AND ACTIVITIES

Public Benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's objectives and aims and in planning future activities for the year.

The Trustees consider that Adoption Matters' aims are demonstrably to the public benefit in that Adoption Matters' main aims are:

- the recruitment and preparation of people willing and able to adopt or provide permanent care for children;
- support to all those whose lives have been affected by adoption and other types of long term care.

No charges are made to the public except for peripheral work which is less than 1% of our total income.

The main users of Adoption Matters are those affected by adoption living in the North of England and local authorities using our services from across the UK.

The Trustees have complied with the duty in section 17(5) of the Charities Act to have due regard to guidance published by the Charity Commission.

Objectives

Vision

Adoption Matters is an Outstanding Specialist Voluntary Adoption Agency (VAA) based in the North of England. We seek to work increasingly in collaboration with other VAAs regionally and nationally and with Local Authority and Regional Adoption Agency Adoption Services to strive towards a situation where all children growing up in the UK will have the security and benefit of a permanent, loving family home.

Mission

Our main aim is to find permanent families for children who, for one reason or another, are no longer able to live with their birth families. We also aim to provide a high quality, comprehensive and responsive support service to potential and existing adopters as well as all those whose lives have been touched by adoption. As we grow and develop our service increasing both scale and scope whilst maintaining quality, we aim to be the first agency of choice for those considering adoption in the North of England.

Values

All our activities are underpinned by a strong commitment to the following core values and principles:

Ethical

As an organisation that has its roots in the Church of England Diocesan Adoption Services, we maintain Christian values and ethics within the work we do whilst embracing all other faiths and those with no faith.

ANNUAL REPORT OF THE BOARD OF TRUSTEES OF ADOPTION MATTERS YEAR ENDED 31 MARCH 2023

Celebrating Difference

We work within a culture of respect and acceptance, treating everyone who comes to us for support or advice fairly, professionally and with complete confidentiality.

Inclusive

We strive to ensure equality of opportunity, both for our adoptive families and amongst our staff and Trustees regardless of gender, race, creed, age or sexuality.

Flexible

We aim to continually develop and improve our services and increase engagement with our service users, using their feedback and suggestions to inform future developments.

Honest and Fair

We undertake to treat every case fairly on its individual merits and to be honest and realistic in all our communications.

Achieving our Aims

Metrics used to measure the success of our mission are the number of children placed and the number of families supported by CfAS.

Five key strategic themes outline the agency's commitments and form the basis of our current strategy:

1. Quality & Reputation

We are committed to ensuring that quality is at the heart of all our activities and that we provide the best possible service to our families, taking their views and requirements into account at every stage and finding new ways to improve their experience. We have well-defined procedures for Safeguarding with two nominated managers taking a lead in this area.

2. Innovation

We aim to be a proactive, dynamic and innovative organisation that anticipates and responds to the changing environment to develop and deliver the very best in Adoption and Adoption Support.

3. Approachable, Friendly & Collaborative

We strive to be a welcoming, compassionate and inclusive service, whose ethos is based on principles of fairness, equality and respect. From the first point of contact and throughout our work we will support you to achieve the best outcomes for children and families.

4. Professional

Underpinning the agency's success is our highly skilled, qualified, experienced and knowledgeable staff team comprised of adoption practitioners, managers, administrative, finance, HR, business development, IT, marketing, fundraising and related professional staff. Our committed, reliable team help ensure consistency and quality throughout periods of growth and transition.

5. Sustainability

The Agency operates in a financially prudent manner employing robust strategies and undertaking due diligence in all its decision making. All staff take responsibility, are aware of the need to work within defined budgets and to meet agreed objectives wherever possible. We monitor quarterly management accounts regularly with oversight from the Board of Trustees and the Agency's Accountant, making decisions and taking appropriate measures in a timely manner to ensure the continued operation and stability of our services and staff team.

Adoption Matters is a good corporate citizen and pay our creditors promptly.

We are working to reduce our carbon footprint, although travel has increased it is still much lower than pre-Covid; we are still working smarter and have reduced the amount of face-to-face meetings where possible. Processes

ANNUAL REPORT OF THE BOARD OF TRUSTEES OF ADOPTION MATTERS YEAR ENDED 31 MARCH 2023

have become more electronic, reducing the need for physical resources. We allow our staff to work on a hybrid basis, which has resulted in less travel than pre-Covid. Adoption Matters' has an Environmental Working Group looking to develop a Carbon Reduction Strategy. We aim to achieve Net Zero in each part of our business as fast as we can by looking at how we can improve the natural environment on land we own by 2030, reduce energy consumption in our offices by looking at solar panels. We have changed the lighting in our Durham office on the first floor this financial year to LED batten and our plan is to review the lighting on the ground floor and in our Chester office.

We are also fortunate to receive support from a large number of volunteers, including our Board of Trustees and Adoption Panel Members who help us ensure that our practice is grounded, responsive and accountable.

In addition, four over-arching themes will underpin all activities:

1. Financial and Organisational Viability

A risk management approach will be taken towards all proposed developments and emphasis given to phased and manageable growth that does not leave the agency exposed to financial threat in the event of any change in the political or economic environment. Consideration will be given to how the agency effectively invests any surpluses and retains adequate reserves.

2. Reputation and Brand

Marketing, PR and promotional activity is to be outlined within a separate Marketing Strategy document with the aim of building and supporting the agency's reputation, maintaining its place in the national agenda and raising awareness and take up of services.

3. Innovation

We will aim to constantly review and develop innovative approaches to our processes, procedures and activities, taking advantage where appropriate of innovative technologies.

4. Quality

We are committed to ensuring that quality is at the heart of all our activities and that we provide the best possible service to our families, taking their views and requirements into account at every stage and finding new ways to improve their experience.

Fundraising

Donors to our agency can be assured that we comply with the regulatory standards for fundraising as set out in the Charities Act 2016. We are registered with the Fundraising regulator.

Our fundraising was carried out by our Fundraising & Relationship Manager, this position has been vacant since August 2022, we have appointed to this vacancy and the new staff member will start July 2023, as well as fundraising supporters, including individuals, groups and businesses. We received gifts in kind during the year to the value of £604 for prizes for our events and competitions. Pilot Lighters also gifted us their staff time for a project to streamline our reporting processes to the value of £9,000 last financial year, the last meeting will be in the summer of 2023.

Our Fundraising Strategy document which we implemented in the Spring of 2019 will be updated when the new Fundraising and Relationship Manager starts, which will take into consideration the current financial crisis as well as the sustained impact of Covid on all types of Fundraising, including Community, Corporate, Events, Individual Giving, Legacy and Major Donor.

We do not engage any third parties to fundraise for us.

We ensure that the correct safeguarding procedures are in place and comply with all the GDPR rules and are extremely careful about what information goes out via social media/website etc. We work in an environment where our daily work as an adoption agency is geared to protect vulnerable people.

ANNUAL REPORT OF THE BOARD OF TRUSTEES OF ADOPTION MATTERS YEAR ENDED 31 MARCH 2023

The Fundraising Complaints Policy, agreed by our trustees in May 2020 is included on our website. All complaints are dealt with in line with the procedures and reviewed annually by trustees, again in line with the agency's complaints procedures to ensure any learning can be incorporated into practice.

2022/23 Progress Report

Highlights:

- The organisation placed 96 children for Adoption in the year;
- We placed children on behalf of 41 local authorities;
- We have achieved our Ofsted Outstanding rating; we are currently the only organisation to have achieved five consecutive outstanding results from Ofsted;
- The North West Concurrent Planning Service is jointly commissioned by 4 RAAs;
- Our Centre for Adoption Support (CfAS) was accessed by 327 families for therapeutic support; worked with 83 schools; and had 994 people attend training programmes and workshops in 2022-23;
- The Board held their annual strategy day March 2023;
- The organisation is involved with the following Regional Adoption Agencies, Adoption Now, Adoption Counts, Together for Adoption, Adoption in Merseyside, One Adoption West Yorkshire, One Adoption North Yorkshire, One Adoption South Yorkshire, Tees Valley, Coast to Coast, Adopt North East, the Inter-Country Adoption Centre, Together for Children, Lancashire and Blackpool;
- Continued to work alongside Home for Good to recruit adopters;
- Maintained our partnership working arrangement with Caritas Care;
- Ensured the organisation was GDPR compliant;
- The organisation has continued to invest in updating and maintaining our IT systems, cyber security and equipment for staff. Enabling all staff to work smartly and provide support to families virtually and be able to hold hybrid meetings when necessary;
- Maintained an ethical and cautious Investment Policy;
- To ensure a good number and quality pipeline of potential adopters to meet to current need for children;
- Working in partnership with both the Northeast and the Northwest RAA's who have secured national funding to improve early permanence;
- Key members of staff are members of national working groups;
- The organisation is continuing to develop and implement its equality; diversity and inclusion (EDI) strategy, ensuring all staff and Trustees have relevant training;
- The organisation is committed to promoting employee wellbeing and mental health through policy and awareness communications. We have a planned wellbeing week in May 2023 with many activities planned. We have trained Mental Health First Aiders, a wellbeing working practice group. We have a Wellbeing Charter available to access via our website. Adoption Matters is a Nurtured Heart organisation with updates and training available throughout the year. Our focus is to expand our wellbeing Toolkit.

2023/24 Challenges

- To continue to ensure the Board of Trustees is compliant with the New Charity Commission Governance Code Audit;
- To continue with our Fundraising Strategy and build our profile as a children's charity within the Code of Fundraising Practice and continue to support post adoption;
- Continue to place children with those RAAs we work in partnership with at a level commensurate with the size of the organisation. We have grown this from a percentage rate in the mid 70%'s to mid-80% over the past three years;
- Working towards the strategic decision of deciding to become a registered fostering agency;
- The agency Chief Executive has been in place since January 2022, and has completely embedded into the role and is managing the change for the organisation;
- RAA's are better at being adopter self-sufficient, which impacts on the number of children available to VAA's;
- The differential in the inter agency fee charged by LA's to VAA's increases year on year.

Note of Appreciation

The Board would like to place on record its thanks to all Adoption Matters' staff for their hard work during this year. Everyone shares in achieving the aims of the organisation.

ANNUAL REPORT OF THE BOARD OF TRUSTEES OF ADOPTION MATTERS YEAR ENDED 31 MARCH 2023

Thanks

The Board extends its thanks and appreciation to the organisations, churches and individuals who have supported our work during the year.

Volunteers

It is important to recognise the valuable contribution to Adoption Matters made by Presidents, Patrons, Trustees, Sub-Committees of the Board, the Adoption Panel, volunteers who help with our Centre for Adoption Support, our Parish Advocates, those who have undertaken and helped to raise funds and donations and all those who helped in practical ways.

FINANCIAL REVIEW

General Fund: There is a decrease in the General Fund for the 12 months of £242,205 (£411,774 decrease in 2022) excluding the pension deficit. The main reasons for this were:

- Inter-agency placement income increased this year by £349,827 to £3,136,260 (£2,786,433 in 2022). Family finding is taking longer due to placing older children. The number of children placed was 89 (78 in 2022; 79 in 2021; 95 in 2020). We also placed a further 7 (11 in 2022) children with our families through our Concurrent Planning Service and local authority contracted;
- Staffing costs have increased to £3,705,036 (£3,517,458 in 2022) due to NJC pay award. Travel costs have increased to £65,105 (£39,611 in 2022) this is still low due to minimal travel as the organisation is smarter with meetings, visits and the delivering of consultations using virtual meetings when possible. The agency pays mileage expenses set by the Inland Revenue rate;
- Therapy income has increased by £7,195 (£779,149 in 2023, £771,954 in 2022) and we have earned £392,608 (£362,708 in 2022) income from the Centre for Adoption Support (CfAS), both of which are due mainly to the money available to local authorities from the Adoption Support Fund;
- Sessional workers are used to carry out the direct therapy work and also to cover fluctuations of assessment activity and CfAS work, this cost decreased to £494,846 (£513,947 in 2022);
- Income from service agreements including intercountry adoption and local authority special work has reduced to £51,244 (£83,559 in 2022);
- Our fundraising strategy still has a significant setback due to timings recruiting a replacement for the vacancy. Fundraising income was £13,552 (£21,246 in 2022) and general donations £16,580 (£5,096 in 2022). We have also recognised income from two 'In Memoriams' of £1,065 (£1,096 in 2022). Fundraising costs including staffing have decreased to £17,676 (£45,954 in 2022) due to no Fundraising and Relationship Manager in post since August 2022.

Funding: Adoption Matters' principal source of funding is from the placement of children for adoption from various local authorities; this amounts to 70% (67.3% in 2022) of our total income.

Expenditure: 78% (77.3% in 2022) of expenditure during the year is that of staff costs (£3,705,036 in 2023, £3,517,458 in 2022.). This enables Adoption Matters to employ and retain qualified and experienced staff to carry out the placement and support of children. Family Finding publicity and marketing costs including staffing enable the agency to recruit suitable families for the placement of children (£56,713 in 2023, £127,789 in 2022.).

Pension: Adoption Matters is required to show its share of the deficit within the Cheshire Pension Fund in the Statement of Financial Position. The Pension Fund issue is common to many organisations and it is important to note that the recorded deficit/surplus do not represent sums which are immediately or otherwise due in the short term. A triennial formal valuation was made as at 31 March 2022 which showed a surplus of £2,032,000. The FRS102 report surplus was £1,714,000 at 31 March 2023, no net pension should be recognised in the accounts, and we have included a net asset ceiling which has resulted in a £nil balance. Based on the triennial report, there is no immediate likelihood of the charity having to incur any material expenditure in the foreseeable future which could not be met out of current balances.

ANNUAL REPORT OF THE BOARD OF TRUSTEES OF ADOPTION MATTERS YEAR ENDED 31 MARCH 2023

Investments: Adoption Matters' policy is to invest those funds that are not immediately required into a medium risk portfolio with a number of ethical restrictions (no armaments, no tobacco, no high street lending, no human rights violations and no pornography).

The charity invests in a managed investment portfolio which aims for a return of CPI plus 4% over the long term and also in fixed term deposits that achieve a better return than regular savings.

The total return on the Quilter Cheviot portfolio was down -5.88% (including dividends reinvested) in the year to 31 March 2023 following a return of +3.61% in the year to March 2022. The increase in CPI over the same period was +10.1% fuelled by rising energy and food costs. Therefore, our long-term expectation of CPI plus 4% was not achieved. The market value of listed investments on 31 March 2023 was £402,266.

External Factors: The monies received on the placement of children is fixed under a national agreement and is outside the control of individual organisations.

Reserves: Adoption Matters' financial reserves are adequate to cover our expenses for a four month period at any one time and to meet possible but identified contingencies in the future. The Board is of the opinion that this provides sufficient flexibility to cover temporary shortfalls in income, avoid problems with cash flow and to allow the Charity to function in response to any unforeseen emergencies. These reserves are held in interest earning bank accounts, cash deposits, bonds and a managed investment portfolio. The reserves represent 4.0 months of total expenditure (4.7 in 2022). The Charity's free reserves amount to £1,572,967 (2022: £1,797,811) this being unrestricted funds excluding tangible fixed assets and pension scheme liability.

Budget: The charity has produced a budget for the coming twelve months with a planned £49,641 surplus. It is based on the capacity of the agency and assumes that sufficient children become available for placement. This does not include any unrealised gains or losses on investments or pensions.

Going concern: Based on the budget predictions, the reserves and the business plan along with monitoring cash flow, the Trustees have assessed that the charity's cash flow can continue as a going concern for at least the next 18 months.

Statement of Trustees' Responsibilities

The trustees (who are also directors of Adoption Matters for the purposes of company law) are responsible for preparing the Trustees' Report (incorporating the directors' report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and

**ANNUAL REPORT OF THE BOARD OF TRUSTEES OF
ADOPTION MATTERS
YEAR ENDED 31 MARCH 2023**

- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

The auditors, UHY Hacker Young, will be proposed for reappointment in accordance with Section 419 of the Companies Act 2006.

Signed on behalf of The Board:

Electronically Signed by:
Carolyn Johnson
ENV 48235248-1260-BBEA-1...

Carolyn Johnson

Approved by the Board on 06/09/2023 16:22 GDT

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ADOPTION MATTERS
YEAR ENDED 31 MARCH 2023**

Opinion

We have audited the financial statements of Adoption Matters (the charitable company) for the year ended 31 March 2023 which comprise the statement of financial activities, statement of financial position, statement of cash flows and notes to the financial statement, including 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 Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2023 and of its incoming resources and application of resources, including income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statement 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 charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the financial statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ADOPTION MATTERS
YEAR ENDED 31 MARCH 2023**

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- 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' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees 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

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

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

Based on our understanding of the charitable company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the charitable company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated revenue and the charitable company's net income for the year.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ADOPTION MATTERS
YEAR ENDED 31 MARCH 2023**

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, review of any correspondence with legal advisors, and enquiries of management and those charged with governance around actual and potential litigation and claims, enquiries with charitable company's staff to identify any instances with non-compliance with laws and regulations, enquiries of management and review of monthly management accounts and reports in so far as they related to the financial statements, testing of journals and evaluating whether there was evidence of bias by the Trustees that represented a risk of material misstatement due to fraud, undertaking detailed substantive testing of material items and a sample of other items, consideration of the reasonableness of the figures and analytical review, including comparison with previous years and expected trends, and review of the compliance with and effectiveness of internal controls.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Electronically RSigned by:
J. Ierston
ENV 48235248-1260-BBEA-1...

John Ierston FCA CTA
Senior Statutory Auditor
For and on behalf of
UHY Hacker Young
Chartered Accountants and Statutory Auditor

St John's Chambers
Love Street
Chester
Cheshire
CH1 1QN

Date: 06/09/2023 20:25 GDT

ADOPTION MATTERS

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

YEAR ENDED 31 MARCH 2023

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £	Total Funds 2022 £
INCOME					
Donations and legacies	2	17,645	-	17,645	18,414
Charitable activities	3	4,482,629	-	4,482,629	4,085,511
Other trading activities	4	13,551	-	13,551	21,246
Investments	5	19,698	-	19,698	12,465
TOTAL INCOME		4,533,523	-	4,533,523	4,137,636
EXPENDITURE					
Raising funds	6	44,022	-	44,022	69,636
Charitable activities	6	4,699,513	17,111	4,716,624	4,476,183
TOTAL EXPENDITURE	6	4,743,535	17,111	4,760,646	4,545,819
Net gains / (losses) on investments	10	(32,193)	-	(32,193)	12,241
NET INCOME / (EXPENDITURE)		(242,205)	(17,111)	(259,316)	(395,942)
Other recognised gains / (losses):					
Actuarial gains on pension scheme	17	3,317,000	-	3,317,000	1,723,000
Net movement in funds		3,074,795	(17,111)	3,057,684	1,327,058
Reconciliation of funds:					
Total funds brought forward		(1,185,970)	17,111	(1,168,859)	(2,495,917)
Total funds carried forward		1,905,936	-	1,888,825	(1,168,859)

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

All of the activities of the Charity are classed as continuing.

ADOPTION MATTERS
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

		2023		2022	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	9		315,858		333,219
Investments	10		630,143		860,052
			946,001		1,193,271
CURRENT ASSETS					
Debtors	11	843,117		898,541	
Cash at bank		1,099,117		893,783	
		1,942,234		1,792,324	
CREDITORS: amounts falling due within one year	12	(999,410)		(837,454)	
NET CURRENT ASSETS			942,824		954,870
TOTAL NET ASSETS before pension surplus			1,888,825		2,148,141
Pension scheme	17		-		(3,317,000)
NET ASSETS			1,888,825		(1,168,859)
Restricted funds	14		-		17,111
Unrestricted funds:	13				
General Fund		1,888,825		2,131,030	
Unrestricted funds excluding pension liability		1,888,825		2,131,030	
Plus: pension scheme surplus / (deficit)	17		-		(3,317,000)
			1,888,825		(1,185,970)
TOTAL CHARITY FUNDS			1,888,825		(1,168,859)


These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Charities SORP (FRS102).

These financial statements were approved by the members of the Board on 06/09/2023 16:22 GDT and are signed on their behalf by:

Electronically Signed by:

 ENV 48235248-1260-BBEA-1...

MRS CAROLYN JOHNSON
 Trustee

Electronically Signed by:

 ENV 48235248-1260-BBEA-1...

MR ANNESLEY WRIGHT
 Trustee

ADOPTION MATTERS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	£	£
Cash flows from operating activities		
Net income/(expenditure) for the year	(259,316)	(395,942)
Depreciation	17,358	24,226
Losses/(gains) on investments	32,193	(12,241)
Investment income	(19,698)	(12,465)
Decrease/(increase) in debtors	55,425	395,420
(Decrease) in creditors	161,957	(52,403)
	<hr/>	<hr/>
Net cash generated by/(used in) operating activities	(12,081)	(53,405)
	<hr/>	<hr/>
Cash flows from investing activities		
Purchase of tangible fixed assets	-	(10,407)
Purchase of investments	(231,350)	(480,991)
Proceeds from disposal of investments	424,912	476,927
Investment income	19,698	12,465
	<hr/>	<hr/>
Net cash (used in) investing activities	213,260	(2,006)
	<hr/>	<hr/>
Net change in cash and cash equivalents	201,179	(55,441)
Cash and cash equivalents brought forward	924,020	979,431
	<hr/>	<hr/>
Cash and cash equivalents carried forward	1,125,199	924,020
	<hr/>	<hr/>
Analysis of cash and cash equivalents		
Cash at bank	1,099,117	893,783
Cash within investment portfolio	26,082	30,237
	<hr/>	<hr/>
	1,125,199	924,020
	<hr/>	<hr/>

The charity had no debt during the year.

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

1. ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in compliance with FRS102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the 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) (Charities SORP (FRS102)) and the Charities Act 2011.

Company information

The charity is a private company limited by guarantee registered in England and Wales and a registered charity in England and Wales. The address of the registered offices is 14 Liverpool Road, Chester, Cheshire CH2 1AE. The company, limited by guarantee, does not have a share capital. The trustees named on page 3 are members of the company. Every member of the Charity undertakes to contribute to the assets of the Charity, in the event of the same being wound up while he/she is a member or within one year after he/she ceases to be a member, for payment of the debts and liabilities of the Charity contracted before he/she ceases to be a member, such an amount as may be required not exceeding one pound.

Basis of preparation

The financial statements have been prepared on the historical cost basis. The financial statements are prepared in Sterling which is the functional currency of the entity.

Going concern

There are no material uncertainties about the charity's ability to continue.

Critical accounting estimates and judgements

The preparation of financial statements requires the trustees to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below:

Pensions

The determination of the pension cost and defined benefit obligation of the charity's defined benefit pension schemes depends on the selection of certain assumptions which include the discount rate, inflation rate, salary growth, mortality and expected return on scheme assets. Differences arising from actual experiences or future changes in assumptions will be reflected in subsequent periods. See note 17 for further details.

Fund accounting

Unrestricted funds are available for use in accordance with the charitable objects at the discretion of the trustees; there are no designated or restricted funds.

Restricted funds can only be used for particular purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are restricted for particular restricted purposes.

Income

Service income and fees are accounted for when contractual obligations have been fulfilled and any such monies received in advance are deferred. Monies from trusts are recognised in the period the associated expenditure takes place. Grant income is recognised when the contractual obligations are met and is matched with corresponding expenditure in the period.

Legacies

Legacy income is recognised in the accounts when receipt is probable following grant of probate and the executors have established there are sufficient assets in the estate.

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

Expenditure

The charity is not eligible to be registered for VAT and all expenditure is shown inclusive of VAT charged as this cannot be recovered by the charity.

All costs are accountable upon the occurrence of the expenditure.

Costs of raising funds comprise the costs associated with attracting donations, fundraising events and investment management fees.

Expenditure on charitable activities comprises spending in accordance with the objects of the Charity and are those costs incurred by the charity in the delivery of its activities and services for its service users. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity. All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis, e.g. staff time or percentage based on usage as set out in Note 6.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis.

Fixed assets

Fixed assets are stated at cost less accumulated depreciation. The costs of minor additions or those costing below £500 are not capitalised.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures, fittings and equipment including IT – 3 years straight line.

No depreciation is charged on land and buildings where the estimated residual value is not less than the book cost.

Investments

Listed investments are measured at fair value with changes in fair value being recognised in income or expenditure. The Statement of Financial Activities includes the net gains and losses arising on revaluations and on disposals during the year.

Creditors

The Charity is committed to the prompt payment of invoices and other claims for payment. In the case of goods and services where the supply has been satisfactorily completed, the charity's objective is to pay within 30 days of receipt of the invoice.

Pension costs

The Charity operates a defined benefit pension scheme. All staff members are eligible to participate in the Local Government Pension Scheme administered by Cheshire West and Chester Council. Employees contribute between 5.5% and 9.9% of pensionable pay, depending on salary.

Regular valuations are prepared by independent professionally qualified actuaries in respect of the defined benefit scheme. These determine the level of contribution required to fund the benefits set out in the rules of the plan and allow for the periodic increase of pensions in payment. The service cost of providing retirement benefits to employees during the year, together with the cost of any benefits relating to past service, is charged to the Statement of Financial Activities in the year.

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

The difference between the market value of the assets and the present value of accrued pension liabilities is shown as an asset or liability in the Statement of Financial Position. Actuarial gains and losses are recognised in the Statement of Financial Activities.

2. DONATIONS AND LEGACIES

	Unrestricted Funds £	Restricted Funds £	Total Unrestricted Funds 2023 £	Total Funds 2022 £
St Bridget's Trust	4,000	-	4,000	4,000
Legacies	1,065	-	1,065	13,318
General donations	12,580	-	12,580	1,096
	<u>17,645</u>	<u>-</u>	<u>17,645</u>	<u>18,414</u>

All of the £18,414 income recognised in 2022 related to unrestricted funds.

3 CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £	Total Funds 2022 £
Placement fees	3,136,260	-	3,136,260	2,786,433
Therapist income	779,149	-	779,149	771,954
CfAS income	392,608	-	392,608	378,540
Local authority contracts & other special work	19,520	-	19,520	22,606
Service agreements	50,294	-	50,294	49,883
Inter country income	11,430	-	11,430	11,070
DfE Practice & Improvement Funding	84,068	-	84,068	63,625
Sundry income	9,300	-	9,300	1,400
	<u>4,482,629</u>	<u>-</u>	<u>4,482,629</u>	<u>4,085,511</u>

All of the £4,085,511 income recognised in 2022 related to unrestricted funds

OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £	Total Funds 2022 £
General fundraising	13,551	-	13,551	21,246
	<u>13,551</u>	<u>-</u>	<u>13,551</u>	<u>21,246</u>

All of the £21,246 income recognised in 2022 related to unrestricted funds.

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

5. INVESTMENT INCOME

	Total Unrestricted Funds 2023 £	Total Funds 2022 £
Bank interest	11,156	5,876
Investment Income	8,542	6,589
	19,698	12,465

All of the £12,465 income recognised in 2022 related to unrestricted funds.

6. TOTAL EXPENDITURE

Basis	Raising Funds Unrestricted £	Charitable Activities Unrestricted £	Charitable Activities Restricted £	Total 2023 £	Total 2022 £	
Costs directly allocated to activities:						
Social workers and management	Direct	-	2,812,056	10,606	2,822,662	2,649,726
Staff travel	Direct	-	64,980	125	65,105	39,611
Sessional workers	Direct	-	494,846	-	494,846	513,947
Publicity & marketing	Direct	-	56,713	-	56,713	127,789
Fundraising events	Direct	17,676	-	-	17,676	45,954
Investment management fees	Direct	3,120	-	-	3,120	3,312
Other direct costs	Direct	-	13,980	6,380	20,360	12,515
Support costs allocated to activities						
Management & admin staff	%	16,422	804,670	-	821,092	701,974
Premises	%	1,838	90,046	-	91,884	82,587
Office costs	%	1,812	88,793	-	90,605	86,806
IT & communications	%	1,939	95,025	-	96,964	84,219
Training & publications	Actual	-	32,149	-	32,149	34,513
Professional fees & charges	Actual	-	69,346	-	69,346	75,678
Governance	% & staff time	1,215	59,551	-	60,766	62,962
Depreciation	Actual	-	17,358	-	17,358	24,226
		44,022	4,699,513	17,111	4,760,646	4,545,819

All of the £4,545,819 expenditure incurred in 2022 was charged to unrestricted funds.

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

7. STAFF COSTS AND NUMBERS

The aggregate payroll costs were:

	2023	2022
	£	£
Wages and salaries	2,784,422	2,639,396
Employer's social security costs	283,008	261,149
Employer's defined benefit pension scheme contributions	637,606	616,913
	<u>3,705,036</u>	<u>3,517,458</u>

Particulars of employees:

The average number of staff employed by the charity during the financial year amounted to:

	2023			2022		
	Full Time	Part Time	Total No	Full Time	Part Time	Total No
Number of social workers	34	25	59	34	26	60
Number of administrative staff	11	10	21	15	8	23
Number of management staff	6	-	6	6	-	6
	<u>51</u>	<u>35</u>	<u>86</u>	<u>55</u>	<u>34</u>	<u>89</u>

One employee earned between £70,000 and £79,999 (2022:0), no employees earned between £60,000 and £69,999 (2022:2).

The total employee benefits of key management personnel was £437,860 (2022 £444,600). Under FRS 102, employee benefits includes gross salary, employer's National Insurance contributions and employer's pension contributions.

The members of the Board of Trustees did not receive any remuneration. £0 expenses were reimbursed or paid on behalf of 0 Trustees during the year (2022, £0).

8. NET INCOME / EXPENDITURE FOR THE YEAR

This is stated after charging:

	2023	2022
	£	£
Employer's pension costs	637,606	616,913
Depreciation	17,358	24,226
Auditors' fees: audit	9,962	10,880
Non-audit	-	-
Operating lease costs:		
Property, plant and equipment	65,443	41,245
	<u>65,443</u>	<u>41,245</u>

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

9. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £	Fixtures, Fittings & Equipment £	Total £
COST			
At 1 April 2022	356,565	203,964	560,529
Additions	-	-	-
Disposals	-	(7,983)	(7,983)
At 31 March 2023	356,565	195,981	552,546
DEPRECIATION			
At 1 April 2022	49,115	178,195	227,310
Charge for the year	-	17,358	17,358
Eliminated on disposal	-	(7,980)	(7,980)
At 31 March 2023	49,115	187,573	236,688
NET BOOK VALUE			
At 31 March 2023	307,450	8,408	315,858
At 31 March 2022	307,450	25,769	333,219

The Chester property was purchased in 2004. The Trustees had the property valued on 22 June 2021 in the sum of £350,000 on a current use basis as an office investment. The valuation was completed by Tom Creer MRICS of Legat Owen. The Durham property was acquired at an arm's length valuation of £170,000 as part of the merger with DFW Adoption on 28th February 2019. No further depreciation will be provided on either property whilst the net book value is the same or less than its valuation. The Trustees regularly review the property valuations and residual values.

10. INVESTMENTS

Movement in market value

	£	£
Deposits held with banks		
Market value at 1 April 2022	404,933	
Investments maturing during the year	(303,138)	
Investments purchased during the year	100,000	
	_____	201,795
Investment portfolio – listed securities		
Market value at 1 April 2022	424,883	
Acquisitions at cost	131,350	
Disposals at carrying value	(121,774)	
Revaluation gain	(32,193)	
	_____	402,266
Cash held within portfolio		26,082
Market value at 31 March 2023		630,143
Historical cost at 31 March 2023		587,287

All investments are unrestricted. The revaluation loss of (£32,193) in 2023 and gain of £12,241 in 2022 were recognised in unrestricted funds.

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

11. DEBTORS: Amounts due within one year

	2023	2022
	£	
Other debtors – service income	780,231	752,769
Prepayments	57,660	62,804
Accrued income	5,226	82,968
	<u>843,117</u>	<u>898,541</u>

12. CREDITORS: Amounts falling due within one year

	2023	2022
	£	£
Other creditors	60,510	94
Accruals	317,112	274,838
Deferred income	621,788	562,522
	<u>999,410</u>	<u>837,454</u>

Movement of deferred income

	Balance at 1 April 2022	Released from Previous Years	Incoming Resources Deferred in Current Year	Total Deferred Income at 31 March 2023
	£	£	£	£
Inter-agency fees received in advance	491,769	(491,769)	556,066	556,066
Therapy and CFAS income received in advance	31,327	(29,951)	-	1,376
EP/Contact funding	-	-	57,679	57,679
Partner share of Y/E surplus	32,528	(32,528)	-	-
Service income received in advance	5,918	-	-	5,918
DfE System Capacity Building (SCB)	714	-	-	714
Other	266	(231)	-	35
	<u>562,522</u>	<u>(554,479)</u>	<u>613,745</u>	<u>621,788</u>

The inter-agency fees are paid in full by local authorities at the time of placement, a third of which is only due monthly over the 12 months following placement.

The income for therapy and CFAS work is from various local authorities for specific cases and has been deferred according to the stage of the contract.

EP/Contact funding is a project with allocated funding each year paid in advance in full, it is not restricted or with a time limit so the income has been carried over.

Money was paid upfront by a local authority for specific family finding work and only partially used. The SCB money funded an evaluation on early permanence.

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

13. UNRESTRICTED FUNDS

General Fund

	Movement in resources:					Balance at 31 March 2023 £
	Balance at 1 April 2022 £	Incoming Resources £	Outgoing Resources £	Transfers £	Gains & Losses £	
	General Fund	2,131,030	4,533,523	(4,743,535)	-	
Less: pension scheme liability	(3,317,000)	-	-	-	3,317,000	-
	(1,185,970)	4,533,523	(4,743,535)	-	3,284,807	1,888,825

General Fund

The General Fund of the charity has accumulated since the inception of the Charity and stands at £1,888,825 (2022 £2,131,030). We have no current pension scheme liability.

14. RESTRICTED FUNDS

	Movement in resources:					Balance at 31 March 2023 £
	Balance at 1 April 2022 £	Incoming Resources £	Outgoing Resources £	Transfers £	Gains & Losses £	
	Co-op Community Fund	1,279	-	1,279	-	
Frontier Agriculture Ltd	6,000	-	6,000	-	-	-
Welch Trust	9,832	-	9,832	-	-	-
Total	17,111	-	17,111	-	-	-

Frontier Agriculture Ltd funded our Inner World Project to support working with teenagers. The Welch Trust funded CFAS to enable them to produce webinars to support our adopters. The Co-op funding to support the CfAS choir was completed in 2022/23.

15. RELATED PARTY TRANSACTIONS

The Chief Executive's husband was paid £374 for various building and garden maintenance services throughout the year. There are no other transactions with the Board of Trustees or other connected persons.

Trustee/Non-Executive indemnity comprehensive insurance premium of £475 (2022 £448) is paid to protect the Charity from not only loss but to also indemnify the Trustees against the consequences, due to neglect or default on the part of the Trustees/Non-Executive Directors.

16 OPERATING LEASE COMMITMENTS

The total minimum lease payments due under non-cancellable operating leases are as follows:

	2023 £	2022 £
Due within 1 year (inc additions)	15,322	34,053
Due within 1 to 5 years	-	13,812
Due after 5 years	-	-
	15,322	47,865

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

17. PENSIONS

Adoption Matters (Cheshire Pension Scheme)

The charity operates a defined benefit pension scheme providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of the company and are administered by Cheshire West and Chester Council.

Contributions to the scheme are charged to the SOFA so as to spread the cost over the service lives of the scheme members. The contributions are determined by a qualified actuary on the basis of a formal triennial valuation of the scheme, using the projected unit credit method.

The last formal triennial funding valuation of the scheme was at 31 March 2022 and showed the Fund was in a surplus of £2,032,000. The purpose of the funding valuation is to assess the ongoing financial position of the Fund and to determine the cash contribution rates going forward, there has been no change to the contribution rates for the next three years.

The accounting valuation which is required under the Accounting Standard FRS 102 to be included in these Financial Statements was a surplus of £1,714,000 at 31 March 2023. The standard only permits inclusion of a net asset position to the extent that the charity is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. On this basis we have recorded an 'effect of asset ceiling' which has resulted in a nil balance.

The funding and accounting valuations are prepared using different assumptions. The accounting valuation calculation is largely prescribed to facilitate consistency of comparison between pension schemes and is not the funding position.

The assumptions made by the scheme actuaries for their 31 March 2023 report for the purposes of FRS102 are set out below.

Actuarial assumptions at:	31 March 2023	31 March 2022
	% pa	% pa
Pension increase rate	2.95%	3.2%
Salary increase rate	3.65%	3.9%
Discount rate	4.75%	2.7%

The FRS102 valuation at 31 March 2023 showed that the market value of the scheme's assets at that date was £16,967,000. The actuarial value of the assets is 111% of the benefits that had accrued to members, after allowing for an expected increase in earnings.

Assets (employer)	Asset Split at	Assets at	Asset Split at	Assets at
	31 March 2023	31 March 2023	31 March 2022	31 March 2022
	%pa	£(000)	%pa	£(000)
Equities	48%	8,144	42%	7,301
Bonds	36%	6,108	41%	7,127
Property	13%	2,206	11%	1,912
Cash	3%	509	6%	1,044
Total		16,967		17,384

Net pension liability as at:	31 March 2023	31 March 2022
	£(000)	£(000)
Fair value of employer assets (as above)	16,967	17,384
Present value of funded liabilities ¹	(15,253)	(20,701)
Net asset / (obligation)	1,714	(3,317)

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

Effect of asset ceiling	(1,714)	-
Net pension (liability)	-	(3,317)

It is estimated that present value of funded obligations comprises of approximately £7,363,000, £1,833,000 and £6,057,000 in respect of employee members, deferred pensioners and pensioners respectively as at 31 March 2023. The employer's contributions in the year were 23.4% (23.4% in 2022), no additional deficit lump sum payment was required (£0 in 2022); employee contributions were between 5.5% and 9.9% depending on salary. The employer's pension cost of the Cheshire Pension Scheme charged to the SOFA for the year was £637,606 in total.

The charge to the Statement of Financial Activities over the financial year comprised:

	2023	2022
	£(000)	£(000)
Operating charge		
Current service cost	1,218	1,330
Past service cost	-	-
Net (gain)/loss	1,218	1,330
Other finance income		
Interest income on assets	(475)	(320)
Interest cost on defined benefit obligation	572	428
Total service cost	1,315	1,438
Reconciliation of defined benefit obligation:		
Opening position as at 31 March 2022	20,701	20,841
Current service cost	1,218	1,330
Interest cost on defined benefit obligation	572	428
Contributions by members	181	178
Actuarial re-measurements	(7,022)	(1,708)
Benefits paid	(397)	(368)
Closing position as at 31 March 2023	15,253	20,701
Reconciliation of fair value of plan assets:		
Opening position as at 31 March 2022	17,384	15,801
Interest income on assets	475	320
Contributions by members	181	178
Contributions by the employer	638	617
Actuarial re-measurements		
Return on assets	(1,314)	836
Benefits paid	(397)	(368)
Closing position as at 31 March 2023	16,967	17,384
Assets b/f 1 April 2022	7,384	15,801
Liabilities b/f 1 April 2022	(20,701)	(20,841)
Net liability b/f 1 April 2022	(3,317)	(5,040)
Pension scheme gain/(loss) in year	5,031	1,723
Pension scheme asset / (liability)	1,714	(3,317)

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

Assets at 31 March 2023	16,697	17,384
Liabilities at 31 March 2023	(15,253)	(20,701)
Net asset at 31 March 2023	1,714	(3,317)

The pension asset is an estimate, as at the year end, of the amount by which the expected cost of settling Adoption Matters' existing pension scheme. The view taken is that the accounts should report a 'break even' position. That is to say no net pension asset should be recognised in the accounts. The basis of his treatment is that the assumptions vary from year to year and the surplus is in all probability only temporary. It is therefore unlikely that the surplus reported this year will lead to a material repayment or material reduction in contributions. In the current economic climate, the amount of the pension liabilities and values of pension assets are likely to vary considerably from year to year. Adoption Matters' immediate liabilities are the contributions it makes to the scheme, currently set at 23.4% as required by the 2022 triennial valuation.

The average future life expectancies at age 65 are as follows:

Current pensioners – Male	21.6 years (2022: 21.2 years)
Current pensioners - Female	24.8 years (2022: 23.8 years)
Future pensioners – Male	22.8 years (2022: 22.1 years)
Future pensioners – Female	25.7 years (2022: 25.5 years)

In common with many other businesses of this size and nature, the auditors assist the company on pension and other matters from time to time when required. The management is deemed to be informed.

ADOPTION MATTERS

England & Wales - Charity number 512892

Accounts

Adoption Matters

Financial Statements

31 March 2022

**A Company Limited by Guarantee
Registered Number 1617324
Charity Registration Number 512892**

ADOPTION MATTERS
YEAR ENDED 31 MARCH 2022
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ADOPTION MATTERS
LEGAL AND ADMINISTRATIVE INFORMATION
YEAR ENDED 31 MARCH 2022

Charity Details	Adoption Matters Registered Number 1617324 Charity Registration Number 512892		
Joint Presidents	Bishop of Blackburn, The Right Reverend Julian Henderson Bishop of Chester, The Right Reverend Mark Tanner Bishop of Durham, The Right Reverend Paul Butler		
Patrons	Sir Mark Hedley Norman G Goodwin CBE		
Board of Trustees	Mrs Carolyn Johnson (Chair) Professor David Cracknell OBE (Vice-Chair) Dr Yvonne Ball (appointed December 2021) Mr Jamie Bennett Mr David Champness Miss Catherine Gibbons Professor Elizabeth Harlow (retired September 2021) Mr Joe McArdle Ms Lynn Pates Mr David Shield Mr Barry Speker OBE DL Dr Mahilravi Thevasagayam (appointed March 2022) Mr Annesley Wright		
Company Secretary	Mr Annesley Wright		
Chief Executive	Mr Norman G Goodwin CBE (retired December 2021) Mrs Susy White (From January 2022)		
Registered Office and Principal Address	14 Liverpool Road, Chester, Cheshire, CH2 1AE Telephone: 01244 390938 Facsimile: 01244 390067 E-mail: info@adoptionmatters.org Website: www.adoptionmatters.org		
Auditors	UHY Hacker Young, Chartered Accountants and Registered Auditors, St John's Chambers, Love Street, Chester, Cheshire, CH1 1QN		
Bankers and Investment Managers	Lloyds Bank PLC 8 Foregate Street Chester Cheshire CH1 1XP	CAF Bank Ltd 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ	Quilter Cheviot Investment Management
Solicitors and Insurance	Mr Andrew Perrigo Morecrofts LLP 2 Crown Buildings Liverpool Road Crosby Liverpool L23 5SR	Mr Graeme Hughes Brabners LLP Horton House Exchange Flags Liverpool L2 3YL	Markel (UK) Limited Verity House 6 Canal Wharf Leeds LS11 5AS

ANNUAL REPORT OF THE BOARD OF TRUSTEES OF ADOPTION MATTERS YEAR ENDED 31 MARCH 2022

The Board of Trustees (The Board) of Adoption Matters presents its statutory report and accounts for the year ended 31 March 2022.

The report has been prepared in accordance with Section 8 of the Charities Act 2011 and with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The Accounts have been prepared in accordance with the accounting policies set on pages 18 and 19 of the attached accounts and comply with the Charitable Company's Memorandum and Articles of Association, applicable laws and the requirements of the Statement of Recommended Practice (FRS102) 'Accounting and Reporting by Charities'.

Adoption Matters is a registered charity and also a company limited by guarantee. In the event of the charity being wound up, members are required to contribute an amount not exceeding £1 each. Its aims and activities are set out and governed by the Articles of Association and the Memorandum of Association.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Chief Executive of Adoption Matters, Norman Goodwin CBE (April-December 2021) and Susy White (January 2022-onwards), are directly accountable to the Board of Trustees. The Adoption Matters Chair of Trustees is Carolyn Johnson, who was a practising Barrister of Law until April 2021. Our Vice Chair is Professor David Cracknell OBE, Professor in Education at the University of Chester and former Director of Education and Community for Cheshire; the Chair of our Staffing Committee is Joe McArdle former Health Service Professional now working in Education; the Chair of our Finance Committee was Prof David Cracknell (to August 2021) and is Lynn Pates (from August 2021) Charity Investment Consultant ACMA, CGMA; Chair of Governance Committee is Catherine Gibbons Associate Solicitor specialising in charity governance. The Bishops of Chester, Blackburn and Durham are the joint Presidents of Adoption Matters.

Advice and support for the work of Adoption Matters is provided by the Adoption Panels. The Chester Panel is currently chaired by Joyce M'Caw, a retired Chief Executive for Careers Wales North East, the Blackburn Panel by Peter Young, a retired High School Headteacher and the Durham Panel by Margaret Bell, a retired Director of a VAA.

The Board of Trustees

Adoption Matters' Board members are directors of the charity for the purpose of company law and trustees for the purpose of charity law.

The members of the Board of Trustees are drawn from a variety of disciplines as it is considered that a varied membership of the Trustee Board provides the necessary skills, knowledge and experience including personal experience of adoption to exercise good governance of the organisation. A skills audit is carried out regularly to ensure there is the breadth of skills required.

The Bishop of Blackburn, the Bishop of Chester, and the Bishop of Durham, can appoint one trustee each, the Chester Diocesan Synod; the Blackburn Diocesan Synod and the Durham Diocesan Synod can appoint up to three trustees each and up to three trustees are appointed by the members at Annual General Meetings.

Any person nominated to be considered for election to the post of the Chair or the Vice-Chair shall be subject to the approval of the Bishop of Blackburn, the Bishop of Chester and the Bishop of Durham.

On appointment to The Board, trustees are given an induction programme including meeting with the Chief Executive and other key staff and are familiarised with Adoption Matters' work and with the responsibilities of the Board of Trustees. Trustees are offered a tailored training programme, with individual Board members accessing specific training relevant to their role on the Board. From time to time, joint management/trustees meetings (also some jointly with the Adoption Panel) with a specific development/training function are held.

ANNUAL REPORT OF THE BOARD OF TRUSTEES OF

ADOPTION MATTERS

YEAR ENDED 31 MARCH 2022

Trustees are provided with relevant literature including a copy of the Charity Commission's document CC3 - "Responsibilities of Charity Trustees" which provides detailed information and guidance on their role and responsibilities. Most importantly, Adoption Matters trustees are responsible for:

- Agreeing the strategic aims, objectives and direction of the organisation;
- Ensuring that there is identification of risks and management of those risks;
- Ensuring that the income of the Charity is applied for the purposes set out in the governing document;
- Controlling the administration of the Charity and the assets.

Management and Structure

The ultimate responsibility lies with the Board of Trustees (as mentioned previously) which meets at least quarterly. The financial governance and investments are overseen by the Finance Committee which is made up of 6 trustees. The committee meets quarterly. The Staffing Committee is made up of 1 trustee and staff which meets as required, but no less than once a year. The Policy Committee is made up of 2 trustees and meets as required, but at least once annually. The Governance Committee meets at least twice a year and is made up of 4 trustees. The agency also has a Business Development Group comprising both trustees and a cross section of staff and meets quarterly. Day to day management of the Charity is delegated to the Chief Executive.

The following senior staff were in post at 31 March 2022

- | | |
|----------------------|--------------------------------------|
| ➤ Mrs Susy White | Chief Executive Officer |
| ➤ Ms Karen Davies | Finance and Business Service Manager |
| ➤ Mr Paul Dolan | Head of Service Adoption North |
| ➤ Mrs Anne Fleming | Head of Service Adoption Support |
| ➤ Ms Gaynor Richards | Business Development Manager |
| ➤ Mrs Jacqui Shore | Head of Service Adoption South |

The remuneration of the charity's key management personnel is set using Lancashire Local Authority & the National Joint Council (NJC) for Local Government Services pay scales along with their recommended annual pay increases.

Adoption Matters' head office is in Chester and provides the overall operational management of the organisation, including financial management controls. The agency has other offices at Blackburn, Durham, Hale, Leeds, Salford, Stoke and Warrington.

Risk Management

The Board has assessed the major risks to which the Charity is exposed, in particular those relating to the specific operational areas of the Charity, its investments and finances. The Board believes that by monitoring reserve levels, by ensuring that controls exist over key financial systems, and by examining the operational and business risks faced by the Charity including cyber-attacks, it has established effective systems to mitigate those risks. At a general level, this is achieved by assessing the likelihood and potential impact of the various risks which have been identified, and major risks are reviewed in greater detail. The organisation is still recovering from the impact of Covid 19. The wider economic climate will have an effect on Adoption Matters, and we are aiming to meet gaps in service for others while maintaining and improving our current standard of service. The mitigation for this is that our services aim to become self-financing, and diversifying the funding of our services. We are doing this by offering therapeutic interventions to children and families on behalf of Local Authorities and Regional Adoption Agencies.

Our income sources may diminish and it is key that we identify our major dependencies. The mitigation includes having an adequate reserves policy and diversity of our income streams. There has been an impact on our income due to Covid-19 due to the timing of work however Adoption Matters has aimed to minimise this amount. Local Authorities paying the Interagency Fee at the time of match has helped cashflow. A major concern is that the number of children with adoption as their plan of permanency is reducing nationally. Adoption Matters' Key Management time could be spread too thin while we are exploring diversification options.

ANNUAL REPORT OF THE BOARD OF TRUSTEES OF ADOPTION MATTERS YEAR ENDED 31 MARCH 2022

Relationships with Other Charities

Whilst retaining its distinctiveness, Adoption Matters strives to work collaboratively with other relevant charities. We work particularly closely with the Consortium of Voluntary Adoption Agencies (CVAA), Children England, CoramBAAF, New Family Social, the VAA Alliance, the Buckfast Group and Home for Good. We are signatories to the local Cheshire West and Chester CVS compact. We have a particular close working relationship with Caritas Care and work in partnership with them in our Concurrency Project.

OBJECTIVES AND ACTIVITIES

Public Benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's objectives and aims and in planning future activities for the year.

The Trustees consider that Adoption Matters' aims are demonstrably to the public benefit in that Adoption Matters' main aims are:

- the recruitment and preparation of people willing and able to adopt or provide permanent care for children;
- support to all those whose lives have been affected by adoption and other types of long term care.

No charges are made to the public except for peripheral work which is less than 1% of our total income.

The main users of Adoption Matters are those affected by adoption living in the north of England and local authorities using our services from across the UK.

The Trustees have complied with the duty in section 17(5) of the Charities Act to have due regard to guidance published by the Charity Commission.

Objectives

Vision

Adoption Matters is an Outstanding Specialist Voluntary Adoption Agency (VAA) based in the North of England. We seek to work increasingly in collaboration with other VAAs regionally and nationally and with Local Authority and Regional Adoption Agency Adoption Services to strive towards a situation where all children growing up in the UK will have the security and benefit of a permanent, loving family home.

Mission

Our main aim is to find permanent families for children who, for one reason or another, are no longer able to live with their birth families. We also aim to provide a high quality, comprehensive and responsive support service to potential and existing adopters as well as all those whose lives have been touched by adoption. As we grow and develop our service increasing both scale and scope whilst maintaining quality, we aim to be the first agency of choice for those considering adoption in the North of England.

Values

All our activities are underpinned by a strong commitment to the following core values and principles:

Ethical

As an organisation that has its roots in the Church of England Diocesan Adoption Services, we maintain Christian values and ethics within the work we do whilst embracing all other faiths and those with no faith.

Celebrating Difference

We work within a culture of respect and acceptance, treating everyone who comes to us for support or advice fairly, professionally and with complete confidentiality.

Inclusive

We strive to ensure equality of opportunity, both for our adoptive families and amongst our staff and Trustees regardless of gender, race, creed, age or sexuality.

Flexible

We aim to continually develop and improve our services and increase engagement with our service users, using

ANNUAL REPORT OF THE BOARD OF TRUSTEES OF ADOPTION MATTERS YEAR ENDED 31 MARCH 2022

their feedback and suggestions to inform future developments.

Honest and Fair

We undertake to treat every case fairly on its individual merits and to be honest and realistic in all our communications.

Achieving our Aims

Metrics used to measure the success of our mission are the number of children placed and the number of families supported by CfAS.

Five key strategic themes outline the agency's commitments and form the basis of our current strategy:

1. Quality & Reputation

We are committed to ensuring that quality is at the heart of all our activities and that we provide the best possible service to our families, taking their views and requirements into account at every stage and finding new ways to improve their experience. We have well-defined procedures for Safeguarding with two nominated managers taking a lead in this area.

2. Innovation

We aim to be a proactive, dynamic and innovative organisation that anticipates and responds to the changing environment to develop and deliver the very best in Adoption and Adoption Support.

3. Approachable, Friendly & Collaborative

We strive to be a welcoming, compassionate and inclusive service, whose ethos is based on principles of fairness, equality and respect. From the first point of contact and throughout our work we will support you to achieve the best outcomes for children and families.

4. Professional

Underpinning the agency's success is our highly skilled, qualified, experienced and knowledgeable staff team comprised of adoption practitioners, managers, administrative, finance, HR, business development, IT, marketing, fundraising and related professional staff. Our committed, reliable team help ensure consistency and quality throughout periods of growth and transition.

5. Sustainability

The Agency operates in a financially prudent manner employing robust strategies and undertaking due diligence in all its decision making. All staff take responsibility, are aware of the need to work within defined budgets and to meet agreed objectives wherever possible. We monitor quarterly management accounts regularly with oversight from the Board of Trustees and the Agency's Accountant, making decisions and taking appropriate measures in a timely manner to ensure the continued operation and stability of our services and staff team.

Adoption Matters is a good corporate citizen and pay our creditors promptly. We have reduced our carbon footprint this year as travel has been significantly less due to Covid-19. The agency intends to continue to keep travel to a minimum & carry out business virtually when possible and appropriate. Processes have become more electronic, reducing the need for physical resources. Adoption Matters' has recently set up an Environmental Working Group to develop a Carbon Reduction Strategy. Initially the group will undertake a review of our current practices to establish a baseline from which we can build in and measure sustainability across all our activities.

We are also fortunate to receive support from a large number of volunteers, including our Board of Trustees and Adoption Panel Members who help us ensure that our practice is grounded, responsive and accountable.

In addition, four over-arching themes will underpin all activities:

1. Financial and Organisational Viability

A risk management approach will be taken towards all proposed developments and emphasis given to phased and manageable growth that does not leave the agency exposed to financial threat in the event of any change in the political or economic environment. Consideration will be given to how the agency effectively invests any surpluses and retains adequate reserves.

2. Reputation and Brand

Marketing, PR and promotional activity is to be outlined within a separate Marketing Strategy document with the aim of building and supporting the agency's reputation, maintaining its place in the national agenda and raising awareness and take up of services.

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3. Innovation

We will aim to constantly review and develop innovative approaches to our processes, procedures and activities, taking advantage where appropriate of innovative technologies.

4. Quality

We are committed to ensuring that quality is at the heart of all our activities and that we provide the best possible service to our families, taking their views and requirements into account at every stage and finding new ways to improve their experience.

Fundraising

Donors to our agency can be assured that we comply with the regulatory standards for fundraising as set out in the Charities Act 2016. We are registered with the Fundraising regulator.

Our fundraising is carried out by our Fundraising & Relationship Manager as well as fundraising supporters, including individuals, groups and businesses. Our fundraising manager is a member of the Institute of Fundraising. We received gifts in kind during the year to the value of £415 for prizes for our events and competitions. Force for Good also gifted us their staff time for a project to streamline our reporting processes to the value of £9,000.

Our Fundraising Strategy document which we implemented in the Spring of 2019 is now being superseded by the next planned update, which will take into consideration the current financial crisis as well as the sustained impact of Covid on all types of Fundraising, including Community, Corporate, Events, Individual Giving, Legacy and Major Donor.

We do not engage any third parties to fundraise for us.

We ensure that the correct safeguarding procedures are in place and comply with all the GDPR rules and are extremely careful about what information goes out via social media/website etc. We work in an environment where our daily work as an adoption agency is geared to protect vulnerable people.

The Fundraising Complaints Policy, agreed by our trustees in May 2020 is included on our website.

All complaints are dealt with in line with the procedures and reviewed annually by trustees, again in line with the agencies complaints procedures to ensure any learning can be incorporated into practice.

2021/22 Progress Report

Highlights

- The organisation placed 85 children for Adoption in the year.
- We placed children on behalf of 38 local authorities.
- The North West Concurrent Planning Service is jointly commissioned by 4 RAAs.
- Our Centre for Adoption Support (CfAS) was accessed by 357 families for therapeutic support; worked with 34 schools; and had 1146 people attend training programmes and workshops in 2021-22.
- The Board held their annual strategy day in both December 21 and March 22. due to the change in CEO during the year.
- The organisation is involved with the following Regional Adoption Agencies, Adoption Now, Adoption Counts, Together for Adoption, Adoption in Merseyside, One Adoption West Yorkshire, Adoption Tees Valley, Coast to Coast, Adopt North East, the Inter-Country Adoption Centre, Together for Children, Lancashire and Blackpool.
- Continued to work alongside Home for Good to recruit adopters.
- Maintained our partnership working arrangement with Caritas Care.
- Ensured the organisation was GDPR compliant.
- The organisation has continued to invest in updating and maintaining our IT systems, cyber security and equipment for staff. Enabling all staff to work smartly and provide support to families virtually and be able to hold hybrid meetings when necessary.
- Maintained an ethical and cautious Investment Policy.
- To ensure a good number and quality pipeline of potential adopters to meet to current need for children.
- Working in partnership with both the Northeast and the Northwest RAA's who have secured national funding to improve early permanence.
- Key members of staff are members of national working groups.
- The organisation is continuing to develop and implement its equality, diversity and Inclusion (EDI) strategy, ensuring all staff and Trustees have relevant training. We have trained Mental Health first aiders.
- The organisation is committed to promoting employee wellbeing and mental health through policy and awareness communications. This is supported by the setup of an active wellbeing working practice group- currently focusing on the development of an organisational Wellbeing Pledge, Charter and Toolkit.

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2022/23 Challenges

- To continue to ensure the Board of Trustees is compliant with the Charity Commission Governance Code Audit.
- To continue with our Fundraising Strategy and build our profile as a children's charity within the Code of Fundraising Practice.
- Continue to place children with those RAAs we work in partnership with at a level commensurate with the size of the organisation. We have grown this from a percentage rate in the mid 70%'s to mid-80% over the past three years.
- Seek to maintain our Ofsted Outstanding rating and working towards applying to become registered by Ofsted as a light touch fostering agency.
- The agency appointed a new Chief Executive in January 2022, who is currently embedding into the role and managing the change for the organisation.
- RAA's are better at being adopter self-sufficient which impacts on the number of children available to VAA's.
- The differential in the inter agency fee charged by LA's to VAA's increases year on year.

Note of Appreciation

The Board would like to place on record their thanks to all Adoption Matters' staff for their hard work during this year. Everyone shares in achieving the aims of the organisation.

Thanks

The Board extends its thanks and appreciation to the organisations, churches and individuals who have supported our work during the year.

Volunteers

It is important to recognise the valuable contribution to Adoption Matters made by Presidents, Patrons, Trustees, Sub-Committees of the Board, the Adoption Panel, volunteers who help with our Centre for Adoption Support, our Parish Advocates, those who have undertaken and helped to raise funds and donations and all those who helped in practical ways.

FINANCIAL REVIEW

General Fund: There is a decrease in the General Fund for the 12 months of £411,774 (£782,211 increase in 2021) excluding the pension deficit. The main reasons for this were:

- Inter-agency placement income decreased this year by £218,024 to £2,786,433 (£3,004,457 in 2021) due to Covid-19 and the Somerset ruling causing delays in placing children. The number of children placed was 78 including fostering for adoption placements (79 in 2021, 95 in 2020, 59 in 2019). We also placed a further 11 (16 in 2021) children with our families through our Concurrent Planning Service and local authority contracted.
- Staffing costs have increased to £3,517,458 (£3,319,031 in 2021) due to an increase in staff numbers along with a 1.75% pay award. Travel costs have increased to £39,611 (£12,749 in 2021) this is still low due to minimal travel as the organisation is smarter with meetings, visits and the delivering of consultations using virtual meetings when possible. The agency pays mileage expenses at set by the Inland Revenue rate.
- Therapy income has increased by £13,206 (£771,954 in 2022, £758,748 in 2021) and we have earned £362,708 (£314,765 in 2021) income from the Centre for Adoption Support (CfAS), both of which are due mainly to the money available to local authorities from the Adoption Support Fund.
- Sessional workers are used to carry out the direct therapy work and also to cover fluctuations of assessment activity and CfAS work, this cost increased to £513,947 (£471,359 in 2021).
- Income from service agreements including intercountry adoption and local authority special work has reduced to £83,559 (£106,935 in 2021).
- Our fundraising strategy still has a significant setback due to Covid-19 causing reduced activities. Fundraising income was £21,246 (£11,063 in 2021) and general donations £5,096 (£49,163 in 2021). We have also recognised income from three in memoriams of £1,096 (£32,837 in 2021). Fundraising costs including staffing have increased to £45,954 (£32,330 in 2021).

Funding: Adoption Matters' principal source of funding is from the placement of children for adoption from various local authorities; this amounts to 67.3% (60.9% in 2021) of our total income.

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ADOPTION MATTERS

YEAR ENDED 31 MARCH 2022

Expenditure: 77.3% (78.9% in 2021) of expenditure during the year is that of staff costs (£3,517,458 in 2022, £3,319,031 in 2021). This enables Adoption Matters to employ and retain qualified and experienced staff to carry out the placement and support of children. Family finding publicity and marketing costs including staffing enable the agency to recruit suitable families for the placement of children (£127,789 in 2022, £110,278 in 2021).

Pension: Adoption Matters is required to show its share of the deficit within the Cheshire Pension Fund in the Statement of Financial Position. The Pension Fund issue is common to many organisations and it is important to note that the recorded deficits do not represent sums which are immediately or otherwise due in the short term. A triennial formal valuation was made as at 31 March 2019 which showed a surplus of £570,000. The FRS102 report deficit was £3,317,000 at 31 March 2022. Based on the triennial report, there is no immediate likelihood of the charity having to incur any material expenditure in the foreseeable future which could not be met out of current balances.

Investments: Adoption Matters' policy is to invest those funds that are not immediately required into medium and low risk, ethical investments. The charity invest in a managed investment portfolio which aims for a return of CPI plus 4% over the long term and also in fixed term deposits that achieve a better return than regular savings. The total return on the Quilter Cheviot portfolio was +3.61% (including dividends reinvested) in the year to 31 March 2022 following a return of +17.9% in the year to March 2021. The increase in CPI over the same period was +7.0% fuelled by rising energy and food costs. Therefore our long term expectation of CPI plus 4% was not achieved. The market value of listed investments at 31 March 2022 was £424,883 compared to a book cost of £380,123.

External Factors: The monies received on the placement of children is fixed under a national agreement and is outside the control of individual organisations.

Reserves: Adoption Matters' financial reserves are adequate to cover our expenses for a four month period at any one time and to meet possible but identified contingencies in the future. The Board is of the opinion that this provides sufficient flexibility to cover temporary shortfalls in income, avoid problems with cash flow and to allow the Charity to function in response to any unforeseen emergencies. These reserves are held in interest earning bank accounts, cash deposits, bonds and a managed investment portfolio. The reserves represent 4.7 months of total expenditure (5.1 in 2021). The Charity's free reserves amount to £1,797,811 (2021: £2,195,767) this being unrestricted funds excluding tangible fixed assets and pension scheme liability.

Budget: The charity has produced a budget for the coming twelve months with a planned £59,768 deficit. It is based on the capacity of the agency and assumes that sufficient children become available for placement. This does not include any unrealised gains or losses on investments or pensions.

Going concern: Based on the budget predictions, the reserves and the business plan along with monitoring cash flow, the Trustees have assessed that the charity can continue as a going concern for at least the next 18 months.

Statement of Trustees' Responsibilities

The trustees (who are also directors of Adoption Matters for the purposes of company law) are responsible for preparing the Trustees' Report (incorporating the directors' report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and

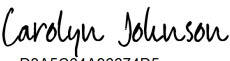
**ANNUAL REPORT OF THE BOARD OF TRUSTEES OF
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YEAR ENDED 31 MARCH 2022**

- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

The auditors, UHY Hacker Young, will be proposed for reappointment in accordance with Section 419 of the Companies Act 2006.

Approved and signed on behalf of the Board on 6 September 2022:

DocuSigned by:

Carolyn Johnson
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Trustee

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ADOPTION MATTERS
YEAR ENDED 31 MARCH 2022**

Opinion

We have audited the financial statements of Adoption Matters (the charitable company) for the year ended 31 March 2022 which comprise the statement of financial activities, statement of financial position, statement of cash flows and notes to the financial statement, including 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 Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2022 and of its incoming resources and application of resources, including income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statement 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 charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the financial statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADOPTION MATTERS YEAR ENDED 31 MARCH 2022

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- 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' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees 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

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

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

Based on our understanding of the charitable company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the charitable company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated revenue and the charitable company's net income for the year.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ADOPTION MATTERS
YEAR ENDED 31 MARCH 2022**

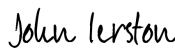
Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, review of any correspondence with legal advisors, and enquiries of management and those charged with governance around actual and potential litigation and claims, enquiries with charitable company's staff to identify any instances with non-compliance with laws and regulations, enquiries of management and review of monthly management accounts and reports in so far as they related to the financial statements, testing of journals and evaluating whether there was evidence of bias by the Trustees that represented a risk of material misstatement due to fraud, undertaking detailed substantive testing of material items and a sample of other items, consideration of the reasonableness of the figures and analytical review, including comparison with previous years and expected trends, and review of the compliance with and effectiveness of internal controls.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:

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John Ierston FCA CTA
Senior Statutory Auditor
For and on behalf of
UHY Hacker Young
Chartered Accountants and Statutory Auditor

St John's Chambers
Love Street
Chester
Cheshire
CH1 1QN

Date: 7 September 2022

ADOPTION MATTERS

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

YEAR ENDED 31 MARCH 2022

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £	Total Funds 2021 £
INCOME					
Donations and legacies	2	18,414	0	18,414	82,000
Charitable activities	3	4,069,679	15,832	4,085,511	4,831,493
Other trading activities	4	21,246	0	21,246	11,063
Investments	5	12,465	0	12,465	12,852
TOTAL INCOME		4,121,804	15,832	4,137,636	4,937,408
EXPENDITURE					
Raising funds	6	69,636	0	69,636	55,743
Charitable activities	6	4,476,183	0	4,476,183	4,151,930
TOTAL EXPENDITURE	6	4,545,819	0	4,545,819	4,207,673
Net gains/(losses) on investments	10	12,241	0	12,241	53,755
NET INCOME / (EXPENDITURE)		(411,774)	15,832	(395,942)	783,490
Other recognised gains/(losses):					
Actuarial (losses) on pension scheme	17	1,723,000	0	1,723,000	(3,089,000)
Net movement in funds		1,311,226	15,832	1,327,058	(2,305,510)
Reconciliation of funds:					
Total funds brought forward		(2,497,196)	1,279	(2,495,917)	(190,407)
Total funds carried forward		(1,185,970)	17,111	(1,168,859)	(2,495,917)

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

All of the activities of the Charity are classed as continuing.

ADOPTION MATTERS
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Note	£	2022	£	2021	£
FIXED ASSETS						
Tangible assets	9			333,219		347,037
Investments	10			860,052		844,515
				<u>1,193,271</u>		<u>1,191,552</u>
CURRENT ASSETS						
Debtors	11	898,541			1,293,961	
Cash at bank		893,783			948,427	
				<u>1,792,324</u>		<u>2,242,388</u>
CREDITORS: amounts falling due within one year	12	(837,454)			(889,857)	
NET CURRENT ASSETS				<u>954,870</u>		<u>1,352,531</u>
TOTAL NET ASSETS before pension deficit				<u>2,148,141</u>		<u>2,544,083</u>
Pension scheme liability	17			(3,317,000)		(5,040,000)
NET ASSETS				<u>(1,168,859)</u>		<u>(2,495,917)</u>
Restricted funds	14			17,111		1,279
Unrestricted funds:	13					
General Fund		2,131,030			2,542,804	
Unrestricted funds excluding pension liability		<u>2,131,030</u>			<u>2,542,804</u>	
Less: pension scheme liability	17	(3,317,000)			(5,040,000)	
				<u>(1,185,970)</u>		<u>(2,497,196)</u>
TOTAL CHARITY FUNDS				<u>(1,168,859)</u>		<u>(2,495,917)</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Charities SORP (FRS102).

These financial statements were approved by the members of the Board on 6 September 2022 and are signed on their behalf by:

DocuSigned by:

D3A5C64A96674D5...
MRS CAROLYN JOHNSON
Trustee

DocuSigned by:

6BD06F91D5BA4F3...
MRS LYNN PATES
Trustee

ADOPTION MATTERS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	2022 £	2021 £
Cash flows from operating activities		
Net income/(expenditure) for the year	(395,942)	783,490
Depreciation	24,226	24,413
Losses/(gains) on investments	(12,241)	(53,755)
Investment income	(12,465)	(12,852)
Decrease/(increase) in debtors	395,420	(288,599)
(Decrease) in creditors	(52,403)	(655,170)
	<hr/>	<hr/>
Net cash generated by/(used in) operating activities	(53,405)	(202,473)
	<hr/>	<hr/>
Cash flows from investing activities		
Purchase of tangible fixed assets	(10,407)	(38,457)
Purchase of investments	(480,991)	(514,074)
Proceeds from disposal of investments	476,927	320,646
Investment income	12,465	12,852
	<hr/>	<hr/>
Net cash (used in) investing activities	(2,006)	(219,033)
	<hr/>	<hr/>
Net change in cash and cash equivalents	(55,411)	(421,506)
Cash and cash equivalents brought forward	979,431	1,400,937
	<hr/>	<hr/>
Cash and cash equivalents carried forward	924,020	979,431
	<hr/>	<hr/>
Analysis of cash and cash equivalents		
Cash at bank	893,783	948,427
Cash within investment portfolio	30,237	31,004
	<hr/>	<hr/>
	924,020	979,431
	<hr/>	<hr/>

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2022

1. ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in compliance with FRS102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the 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) (Charities SORP (FRS102)) and the Charities Act 2011.

Company information

The charity is a private company limited by guarantee registered in England and Wales and a registered charity in England and Wales. The address of the registered offices is 14 Liverpool Road, Chester, Cheshire CH2 1AE. The company, limited by guarantee, does not have a share capital. The trustees named on page 3 are members of the company. Every member of the Charity undertakes to contribute to the assets of the Charity, in the event of the same being wound up while he/she is a member or within one year after he/she ceases to be a member, for payment of the debts and liabilities of the Charity contracted before he/she ceases to be a member, such an amount as may be required not exceeding one pound.

Basis of preparation

The financial statements have been prepared on the historical costs basis. The financial statements are prepared in Sterling which is the functional currency of the entity.

Going concern

There are no material uncertainties about the charity's ability to continue.

Critical accounting estimates and judgements

The preparation of financial statements requires the trustees to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below:

Pensions

The determination of the pension cost and defined benefit obligation of the charity's defined benefit pension schemes depends on the selection of certain assumptions which include the discount rate, inflation rate, salary growth, mortality and expected return on scheme assets. Differences arising from actual experiences or future changes in assumptions will be reflected in subsequent periods. See note 17 for further details.

Fund accounting

Unrestricted funds are available for use in accordance with the charitable objects at the discretion of the trustees; there are no designated or restricted funds.

Restricted funds can only be used for particular purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are restricted for particular restricted purposes.

Income

Service income and fees are accounted for when contractual obligations have been fulfilled and any such monies received in advance are deferred. Monies from trusts are recognised in the period the associated expenditure takes place. Grant income is recognised when the contractual obligations are met and is matched with corresponding expenditure in the period.

Legacies

Legacy income is recognised in the accounts when receipt is probable following grant of probate and the executors have established there are sufficient assets in the estate.

ADOPTION MATTERS

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2022

Expenditure

The charity is not eligible to be registered for VAT and all expenditure is shown inclusive of VAT charged as this cannot be recovered by the charity.

All costs are accountable upon the occurrence of the expenditure.

Costs of raising funds comprise the costs associated with attracting donations, fundraising events and investment management fees.

Expenditure on charitable activities comprises spending in accordance with the objects of the Charity and are those costs incurred by the charity in the delivery of its activities and services for its service users. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis, e.g. staff time or percentage based on usage as set out in Note 6.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis.

Fixed assets

Fixed assets are stated at cost less accumulated depreciation. The costs of minor additions or those costing below £500 are not capitalised.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures, fittings and equipment including IT – 3 years straight line.

No depreciation is charged on land and buildings where the estimated residual value is not less than the book cost.

Investments

Listed investments are measured at fair value with changes in fair value being recognised in income or expenditure. The Statement of Financial Activities includes the net gains and losses arising on revaluations and on disposals during the year.

Creditors

The Charity is committed to the prompt payment of invoices and other claims for payment. In the case of goods and services where the supply has been satisfactorily completed, the charity's objective is to pay within 30 days of receipt of the invoice.

Pension costs

The Charity operates a defined benefit pension scheme. All staff members are eligible to participate in the Local Government Pension Scheme administered by Cheshire West and Chester Council. Employees contribute between 5.5% and 9.9% of pensionable pay, depending on salary.

Regular valuations are prepared by independent professionally qualified actuaries in respect of the defined benefit scheme. These determine the level of contribution required to fund the benefits set out in the rules of the plan and allow for the periodic increase of pensions in payment. The service cost of providing retirement benefits to employees during the year, together with the cost of any benefits relating to past service, is charged to the Statement of Financial Activities in the year.

The difference between the market value of the assets and the present value of accrued pension liabilities is shown as an asset or liability in the Statement of Financial Position. Actuarial gains and losses are recognised in the Statement of Financial Activities.

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2022

2. DONATIONS AND LEGACIES

	Unrestricted Funds £	Restricted Funds £	Total Unrestricted Funds 2022 £	Total Funds 2021 £
St Bridget's Trust	4,000	0	4,000	4,000
Legacies	13,318	0	13,318	32,837
General donations	1,096	0	1,096	45,163
	<u>18,414</u>	<u>0</u>	<u>18,414</u>	<u>82,000</u>

All of the £82,000 income recognised in 2021 related to unrestricted funds.

3 CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £	Total Funds 2021 £
Placement fees	2,786,433	0	2,786,433	3,004,457
Therapist income	771,954	0	771,954	758,748
CfAS income	362,708	15,832	378,540	314,765
Local authority contracts & other special work	22,606	0	22,606	21,382
Service agreements	49,883	0	49,883	64,010
Inter country income	11,070	0	11,070	21,543
DFE Covid-19 funding	0	0	0	583,333
DfE Practice & Improvement Fund	63,625	0	63,625	61,625
Sundry income	1,400	0	1,400	1,630
	<u>4,069,679</u>	<u>15,832</u>	<u>4,085,511</u>	<u>4,831,493</u>

All of the £4,831,493 income recognised in 2021 related to unrestricted funds.

4. OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £	Total Funds 2021 £
General fundraising	21,246	0	21,246	11,063
	<u>21,246</u>	<u>0</u>	<u>21,246</u>	<u>11,063</u>

Of the £11,063 income recognised in 2021, £9,784 related to unrestricted funds and £1,279 related to Restricted funds.

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2022

5. INVESTMENT INCOME

	Total Unrestricted Funds 2022 £	Total Funds 2021 £
Bank interest	5,876	6,811
Investment Income	6,589	6,041
	<u>12,465</u>	<u>12,852</u>

All of the £12,852 income recognised in 2021 related to unrestricted funds.

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2022

6. TOTAL EXPENDITURE

	Basis	Raising Funds Unrestricted	Charitable Activities Unrestricted	Total Unrestricted 2022	Total 2021
		£	£	£	£
Costs directly allocated to activities:					
Social workers and management	Direct	—	2,649,726	2,649,726	2,426,107
Staff travel	Direct	—	39,611	39,611	12,749
Sessional workers	Direct	—	513,947	513,947	471,359
Publicity & marketing	Direct	—	127,789	127,789	110,278
Fundraising events	Direct	45,954	—	45,954	32,330
Investment management fees	Direct	3,312	—	3,312	2,467
Other direct costs	Direct	—	12,515	12,515	6,903
Support costs allocated to activities					
Management & admin staff	%	14,039	687,935	701,974	756,670
Premises	%	1,652	80,935	82,587	56,243
Office costs	%	1,736	85,070	86,806	82,432
IT & communications	%	1,684	82,535	84,219	88,379
Training & publications	Actual	—	34,513	34,513	9,957
Professional fees & charges	Actual	—	75,678	75,678	63,830
Governance	% & staff time	1,259	61,703	62,962	63,556
Depreciation	Actual	—	24,226	24,226	24,413
		<u>69,636</u>	<u>4,476,183</u>	<u>4,545,819</u>	<u>4,207,673</u>

All of the £4,207,673 expenditure incurred in 2021 was charged to unrestricted funds.

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2022

7. STAFF COSTS AND NUMBERS

The aggregate payroll costs were:

	2022	2021
	£	£
Wages and salaries	2,639,396	2,538,532
Employer's social security costs	261,149	240,469
Employer's defined benefit pension scheme contributions	616,913	583,930
Overprovision of DFW pension exit fee	0	(43,900)
	3,517,458	3,319,031

Particulars of employees:

The average number of staff employed by the charity during the financial year amounted to:

	2022			2021		
	Full	Part	Total	Full	Part	Total
	Time	Time	No	Time	Time	No
Number of social workers	34	26	60	29	29	58
Number of administrative staff	15	8	23	13	9	22
Number of management staff	6	—	6	6	—	6
	55	34	89	48	38	86

No employee earned between £70,000 and £79,999 (2021:1), two employees earned between £60,000 and £69,999 (2021:1).

The total employee benefits of key management personnel was £444,600 (2021 £433,868). Under FRS 102, employee benefits includes gross salary, employer's National Insurance contributions and employer's pension contributions.

The members of the Board of Trustees did not receive any remuneration. £0 expenses were reimbursed or paid on behalf of 0 Trustees during the year (2021, £0).

8. NET INCOME / EXPENDITURE FOR THE YEAR

This is stated after charging:

	2022	2021
	£	£
Employer's pension costs	616,913	540,030
Depreciation	24,226	24,413
Auditors' fees: audit	10,880	6,781
Non-audit	—	—
Operating lease costs:		
Property, plant and equipment	41,245	31,156

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2022

9. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £	Fixtures, Fittings & Equipment £	Total £
COST			
At 1 April 2021	356,565	213,965	570,530
Additions	—	10,408	10,408
Disposals	—	(20,409)	(20,409)
At 31 March 2022	356,565	203,964	560,529
DEPRECIATION			
At 1 April 2021	49,115	174,378	223,493
Charge for the year	—	24,226	24,226
Eliminated on disposal	—	(20,409)	(20,409)
At 31 March 2022	49,115	178,195	227,310
NET BOOK VALUE			
At 31 March 2022	307,450	25,769	333,219
At 31 March 2021	307,450	39,587	347,037

The Chester property was purchased in 2004. The Trustees had the property valued on 22 June 2021 in the sum of £350,000 on a current use basis as an office investment. The valuation was completed by Tom Creer MRICS of Legat Owen. The Durham property was acquired at an arm's length valuation of £170,000 as part of the merger with DFW Adoption on 28th February 2019. No further depreciation will be provided on either property whilst the net book value is the same or less than its valuation. The Trustees regularly review the property valuations and residual values.

10. INVESTMENTS

Movement in market value

	£	£
Deposits held with banks		
Market value at 1 April 2021	404,913	
Investments maturing during the year	(404,913)	
Investments purchased during the year	404,933	
	—	404,933
Investment portfolio – listed securities		
Market value at 1 April 2021	408,598	
Acquisitions at cost	76,058	
Disposals at carrying value	(72,014)	
Revaluation gain	12,241	
	—	424,883
Cash held within portfolio		30,236
Market value at 31 March 2022		860,052
Historical cost at 31 March 2022		785,056

All investments are unrestricted. The revaluation gains of £12,241 in 2022 and £53,755 in 2021 were recognised in unrestricted funds.

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2022

11. DEBTORS: Amounts due within one year

	2022	2021
	£	£
Other debtors – service income	752,769	815,092
Prepayments	62,804	63,412
Accrued income	82,968	415,457
	<u>898,541</u>	<u>1,293,961</u>

12. CREDITORS: Amounts falling due within one year

	2022	2021
	£	£
Other creditors	94	7,529
Accruals	274,838	196,280
Deferred income	562,522	686,048
	<u>837,454</u>	<u>889,857</u>

Movement of deferred income

	Balance at 1 April 2021	Released from Previous Years	Incoming Resources Deferred in Current Year	Total Deferred Income at 31 March 2022
	£	£	£	£
Inter-agency fees received in advance	517,521	(517,521)	491,769	491,769
Therapy and CFAS income received in advance	120,442	(89,987)	872	31,327
Partner share of Y/E surplus	40,742	(40,742)	32,528	32,528
Service income received in advance	5,918	—	—	5,918
DfE System Capacity Building (SCB)	714	—	—	714
Other	711	(711)	266	266
	<u>686,048</u>	<u>(648,961)</u>	<u>525,435</u>	<u>562,522</u>

The inter-agency fees are paid in full by local authorities at the time of placement, a third of which is only due monthly over the 12 months following placement.

The income for therapy and CFAS work is from various local authorities for specific cases and has been deferred according to the stage of the contract.

The share of the year end surplus due to Caritas Care, our partners for CCP, as Adoption Matters invoice the majority of the income.

Money was paid upfront by a local authority for specific family finding work and only partially used.

The SCB money funded an evaluation on early permanence.

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2022

13. UNRESTRICTED FUNDS**General Fund**

	Movement in resources:					Balance at 31 March 2022
	Balance at 1 April 2021	Incoming Resources	Outgoing Resources	Transfers	Gains & Losses	
	£	£	£	£	£	
General Fund	2,542,804	4,121,804	(4,545,819)	—	12,241	2,131,030
Less: pension scheme liability	(5,040,000)	—	—	—	1,723,000	(3,317,000)
	<u>(2,497,196)</u>	<u>4,121,804</u>	<u>(4,545,819)</u>	<u>—</u>	<u>1,735,241</u>	<u>(1,185,970)</u>

General Fund

The General Fund of the charity has accumulated since the inception of the Charity and stands at £2,131,030 (2021 £2,542,804) excluding pension scheme liability.

14. RESTRICTED FUNDS

	Movement in resources:					Balance at 31 March 2022
	Balance at 1 April 2021	Incoming Resources	Outgoing Resources	Transfers	Gains & Losses	
	£	£	£	£	£	
Co-op Community Fund	1,279	0	0	0	0	1,279
Frontier Agriculture Ltd	0	6,000	0	0	0	6,000
Welsh Trust	0	9,832	0	0	0	9,832
Total	<u>1,279</u>	<u>15,832</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>17,111</u>

Frontier Agriculture Ltd funded our Inner World Project to support working with teenagers. The Welsh Trust funded CFAS to enable them to produce webinars to support our adopters. The Co-op funding to support the CfAS choir will be used in 22/23.

15. RELATED PARTY TRANSACTIONS

The Finance & Operations Director's husband was paid £374 for various building and garden maintenance services throughout the year. There are no other transactions with the Board of Trustees or other connected persons.

Trustee/Non-Executive indemnity comprehensive insurance premium of £448 (2021 - £426) is paid to protect the Charity from not only loss but to also indemnify the Trustees against the consequences, due to neglect or default on the part of the Trustees/Non-Executive Directors.

16 OPERATING LEASE COMMITMENTS

The total minimum lease payments due under non-cancellable operating leases are as follows:

	2022	2021
	£	£
Due within 1 year	34,053	36,126
Due within 1 to 5 years	13,812	45,918
Due after 5 years	—	—
	<u>47,865</u>	<u>82,044</u>

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2022

17. PENSIONS**Adoption Matters (Cheshire Pension Scheme)**

The charity operates a defined benefit pension scheme providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of the company and are administered by Cheshire West and Chester Council.

Contributions to the scheme are charged to the SOFA so as to spread the cost over the service lives of the scheme members. The contributions are determined by a qualified actuary on the basis of a formal triennial valuation of the scheme, using the projected unit credit method.

The last formal funding valuation of the scheme was at 31 March 2019 and showed the Fund was in a surplus of £570,000. The purpose of the funding valuation is to assess the ongoing financial position of the Fund and to determine the cash contribution rates going forward. The consequential adjustment in the contribution rate took effect from 1 April 2020.

The accounting valuation which is required under the Accounting Standard FRS 102 to be included in these Financial Statements was a deficit of £3,317,000 at 31 March 2022.

The funding and accounting valuations are prepared using different assumptions. The accounting valuation calculation is largely prescribed to facilitate consistency of comparison between pension schemes and is not the funding position.

The assumptions made by the scheme actuaries for their 31 March 2022 report for the purposes of FRS102 are set out below.

Actuarial assumptions at:	31 March 2022	31 March 2021
	% pa	% pa
Pension increase rate	3.2%	2.85%
Salary increase rate	3.9%	3.55%
Discount rate	2.7%	2.0%

The FRS102 valuation at 31 March 2022 showed that the market value of the scheme's assets at that date was £17,384,000. The actuarial value of the assets is 84% of the benefits that had accrued to members, after allowing for an expected increase in earnings.

Assets (employer)	Asset Split at	Assets at	Asset Split at	Assets at
	31 March 2022	31 March 2022	31 March 2021	31 March 2021
	%pa	£(000)	%pa	£(000)
Equities	42%	7,301	46%	7,269
Bonds	41%	7,127	40%	6,320
Property	11%	1,912	10%	1,580
Cash	6%	1,044	4%	632
Total		17,384		15,801

Net pension liability as at:	31 March 2022	31 March 2021
	£(000)	£(000)
Fair value of employer assets (as above)	17,384	15,801
Present value of funded liabilities ¹	20,701	20,841
Net pension (liability)	(3,317)	(5,040)

It is estimated that this liability comprises of approximately £14,340,000, £1,336,000 and £5,025,000 in respect of employee members, deferred pensioners and pensioners respectively as at 31 March 2022. The employer's contributions in the year were 23.4% (23.4% in 2021), no additional deficit lump sum payment was required (£0 in 2021); employee contributions were between 5.5% and 9.9% depending on salary.

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2022

The employer's pension cost of the Cheshire Pension Scheme charged to the SOFA for the year was £616,913 in total.

The charge to the Statement of Financial Activities over the financial year comprised:

	2022	2021
	£(000)	£(000)
Operating charge		
Current service cost	1,330	834
Past service cost	0	0
	<hr/>	<hr/>
Net (gain)/loss	1,330	834
Other finance income		
Interest income on assets	(320)	(306)
Interest cost on defined benefit obligation	428	354
	<hr/>	<hr/>
Total service cost	1,438	882
	<hr/>	<hr/>
Reconciliation of defined benefit obligation:		
Opening position as at 31 March 2021	20,841	15,049
Current service cost	1,330	834
Interest cost on defined benefit obligation	428	354
Contributions by members	178	167
Actuarial remeasurements	(1,708)	4,758
Past service costs/(gains)	0	0
Benefits paid	(368)	(321)
	<hr/>	<hr/>
Closing position as at 31 March 2022	20,701	20,841
	<hr/>	<hr/>
Reconciliation of fair value of plan assets:		
Opening position as at 31 March 2021	15,801	13,098
Interest income on assets	320	306
Contributions by members	178	167
Contributions by the employer	617	584
Actuarial remeasurements		
Return on assets	836	1,967
Benefits paid	(368)	(321)
	<hr/>	<hr/>
Closing position as at 31 March 2022	17,384	15,801
	<hr/>	<hr/>
Assets b/f 1 April 2021	15,801	13,098
Liabilities b/f 1 April 2021	(20,841)	(15,049)
	<hr/>	<hr/>
Net liability b/f 1 April 2021	(5,040)	(1,951)
Pension scheme gain/(loss) in year	1,723	(3,089)
	<hr/>	<hr/>
Pension scheme liability	(3,317)	(5,040)
	<hr/>	<hr/>
Assets at 31 March 2022	17,384	15,801
Liabilities at 31 March 2022	(20,701)	(20,841)
	<hr/>	<hr/>
Net liability at 31 March 2022	(3,317)	(5,040)
	<hr/>	<hr/>

The pension liability is an estimate, as at the year end, of the amount by which the expected cost of settling Adoption Matters' existing pension liabilities exceeds the value of the assets currently held in the scheme for that purpose. In the current economic climate, the amount of the pension liabilities and values of pension assets are likely to vary considerably from year to year. Adoption Matters' immediate liabilities are the contributions it makes to the scheme, currently set at 23.4% as required by the 2019 triennial valuation.

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2022

The average future life expectancies at age 65 are as follows:

Current pensioners – Male	21.2 years (2021: 21.4 years)
Current pensioners - Female	23.8 years (2021: 24.0 years)
Future pensioners – Male	22.1 years (2021: 22.4 years)
Future pensioners – Female	25.5 years (2021: 25.7years)

In common with many other businesses of this size and nature, the auditors assist the company on pension and other matters from time to time when required. The management is deemed to be informed.

ADOPTION MATTERS

England & Wales - Charity number 512892

Accounts

Adoption Matters

Financial Statements

31 March 2021

**A Company Limited by Guarantee
Registered Number 1617324
Charity Registration Number 512892**

ADOPTION MATTERS
YEAR ENDED 31 MARCH 2020
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Accounts

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ADOPTION MATTERS
LEGAL AND ADMINISTRATIVE INFORMATION
YEAR ENDED 31 MARCH 2021

Charity Details	Adoption Matters Registered Number 1617324 Charity Registration Number 512892		
Joint Presidents	Bishop of Blackburn, The Right Reverend Julian Henderson Bishop of Chester, The Right Reverend Mark Tanner Bishop of Durham, The Right Reverend Paul Butler		
Patron	Sir Mark Hedley		
Board of Trustees	Mrs Carolyn Johnson (Chair) Professor David Cracknell OBE (Vice-Chair) Mr David Champness Miss Catherine Gibbons Professor Elizabeth Harlow Mr Keith Johnson (retired June 2020) Mr Joe McArdle Ms Lynn Pates Mr David Shield Mr Annesley Wright Mr Jamie Bennett Mr Barry Speker OBE DL (appointed Sept 2020)		
Company Secretary	Mr Annesley Wright		
Chief Executive	Mr Norman G Goodwin CBE		
Registered Office and Principal Address	14 Liverpool Road, Chester, Cheshire, CH2 1AE Telephone: 01244 390938 Facsimile: 01244 390067 E-mail: info@adoptionmatters.org Website: www.adoptionmatters.org		
Auditors	UHY Hacker Young, Chartered Accountants and Registered Auditors, St John's Chambers, Love Street, Chester, Cheshire, CH1 1QN		
Bankers	Lloyds Bank PLC 8 Foregate Street Chester Cheshire CH1 1XP	CAF Bank Ltd 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ	
Solicitors	Mr Andrew Perrigo Morecrofts LLP 2 Crown Buildings Liverpool Road Crosby Liverpool L23 5SR	Mr Stephen Claus Brabners LLP Horton House Exchange Flags Liverpool L2 3YL	Mr Barry Speker 11 Westfield Gosforth Newcastle-Upon-Tyne NE3 4YE

ANNUAL REPORT OF THE BOARD OF TRUSTEES OF ADOPTION MATTERS YEAR ENDED 31 MARCH 2021

The Board of Trustees (The Board) of Adoption Matters presents its statutory report and accounts for the year ended 31 March 2021.

The report has been prepared in accordance with Section 8 of the Charities Act 2011 and with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The Accounts have been prepared in accordance with the accounting policies set on pages 17 and 18 of the attached accounts and comply with the Charitable Company's Memorandum and Articles of Association, applicable laws and the requirements of the Statement of Recommended Practice (FRS102) 'Accounting and Reporting by Charities'.

Adoption Matters is a registered charity and also a company limited by guarantee. In the event of the charity being wound up, members are required to contribute an amount not exceeding £1 each. Its aims and activities are set out and governed by the Articles of Association and the Memorandum of Association.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Chief Executive of Adoption Matters, Norman Goodwin CBE, is directly accountable to the Board of Trustees. The Adoption Matters Chair of Trustees is Carolyn Johnson, a practising Barrister of Law. Our Vice Chair and Chair of Finance Committee is Professor David Cracknell OBE, Professor in Education at the University of Chester and former Director of Education and Community for Cheshire; the Chair of our Staffing Committee is Joe McArdle former Health Service Professional now working in Education. The Bishops of Chester, Blackburn and Durham are the joint Presidents of Adoption Matters.

Advice and support for the work of Adoption Matters is provided by the Adoption Panels. The Chester Panel is currently chaired by Joyce M'Caw, a retired Chief Executive for Careers Wales North East, the Blackburn Panel by Peter Young, a retired High School Headteacher and the Durham Panel by Margaret Bell, a retired Director of a VAA.

The Board of Trustees

Adoption Matters' Board members are directors of the charity for the purpose of company law and trustees for the purpose of charity law.

The members of the Board of Trustees are drawn from a variety of disciplines as it is considered that a varied membership of the Trustee Board provides the necessary skills, knowledge and experience including personal experience of adoption to exercise good governance of the organisation. A skills audit is carried out regularly to ensure there is the breadth of skills required.

The Bishop of Blackburn, the Bishop of Chester, and the Bishop of Durham, can appoint one trustee each, the Chester Diocesan Synod; the Blackburn Diocesan Synod and the Durham Diocesan Synod can appoint up to three trustees each and up to three trustees are appointed by the members at Annual General Meetings.

Any person nominated to be considered for election to the post of the Chair or the Vice-Chair shall be subject to the approval of the Bishop of Blackburn, the Bishop of Chester and the Bishop of Durham.

On appointment to The Board, trustees are given an induction programme including meeting with the Chief Executive and other key staff and are familiarised with Adoption Matters' work and with the responsibilities of the Board of Trustees. Trustees are offered a tailored training programme, with individual Board members accessing specific training relevant to their role on the Board. From time to time, joint management/trustees meetings (also some jointly with the Adoption Panel) with a specific development/training function are held.

Trustees are provided with relevant literature including a copy of the Charity Commission's document CC3 - "Responsibilities of Charity Trustees" which provides detailed information and guidance on their role and responsibilities. Most importantly, Adoption Matters trustees are responsible for:

- Agreeing the strategic aims, objectives and direction of the organisation;

ANNUAL REPORT OF THE BOARD OF TRUSTEES OF ADOPTION MATTERS YEAR ENDED 31 MARCH 2021

- Ensuring that there is identification of risks and management of those risks;
- Ensuring that the income of the Charity is applied for the purposes set out in the governing document;
- Controlling the administration of the Charity and the assets.

Management and Structure

The ultimate responsibility lies with the Board of Trustees (as mentioned previously) which meets at least quarterly. The financial governance and investments are overseen by the Finance Committee which is made up of 6 trustees. The committee meets quarterly. The Staffing Committee is made up of 2 trustees and meets as required, but no less than once a year. The Policy Committee is made up of 2 trustees and meets as required, but at least once annually. The Governance Committee meets at least twice a year and is made up of 4 trustees. The agency also has a Business Development Group comprising both trustees and a cross section of staff and meets quarterly. Day to day management of the Charity is delegated to the Chief Executive.

The following senior staff were in post at 31 March 2021

- Mr Norman Goodwin CBE Chief Executive
- Mrs Jacqui Shore Service Manager
- Mr Paul Dolan Service Manager
- Mrs Anne Fleming Service Manager Centre for Adoption Support
- Mrs Susy White Finance and Operations Director
- Ms Gaynor Richards Business Development Manager

The remuneration of the charity's key management personnel is set using Lancashire Local Authority & the National Joint Council (NJC) for Local Government Services pay scales along with their recommended annual pay increases.

Adoption Matters' head office is in Chester and provides the overall operational management of the organisation, including financial management controls. The agency has other offices at Blackburn, Durham, Hale, Leeds, Salford, Stoke and Warrington.

Risk Management

The Board has assessed the major risks to which the Charity is exposed, in particular those relating to the specific operational areas of the Charity, its investments and finances. The Board believes that by monitoring reserve levels, by ensuring that controls exist over key financial systems, and by examining the operational and business risks faced by the Charity including cyber attacks, it has established effective systems to mitigate those risks. At a general level, this is achieved by assessing the likelihood and potential impact of the various risks which have been identified, and major risks are reviewed in greater detail. However, we did not foresee Covid-19. The wider economic climate will have an effect on Adoption Matters, and we are aiming to meet gaps in service for others while maintaining our current standard of service. The mitigation for this is that our services become self-financing, and diversifying the funding of our services. We are doing this by offering therapeutic interventions to children and families on behalf of Local Authorities and Regional Adoption Agencies.

Our income sources may diminish and it is key that we identify our major dependencies. The mitigation includes having an adequate reserves policy and diversity of our income streams. There has been an impact on our income due to Covid-19 due to the timing of work however Adoption Matters has aimed to minimise this amount. So far during the pandemic the number of families approaching the agency has remained good. Local Authorities paying the Interagency Fee at the time of match has helped cashflow as well as specific Government funding to support VAA's. One area of continuing concern is the reduction of children moving through the court systems. Adoption Matters' Key Management time could be spread too thin with one of the key mitigations for this, is being realistic with regards to the agency's expansions and the management of the increased capacity issues.

Relationships with Other Charities

Whilst retaining its distinctiveness, Adoption Matters strives to work collaboratively with other relevant charities. Our Chief Executive is a trustee of the Consortium of Voluntary Adoption Agencies (CVAA) and Children England.

ANNUAL REPORT OF THE BOARD OF TRUSTEES OF ADOPTION MATTERS YEAR ENDED 31 MARCH 2021

In addition to the aforementioned organisations we work particularly closely with CoramBAAF, the Buckfast Group and Home for Good. We are signatories to the local Cheshire West and Chester CVS compact. We have a particular close working relationship with Caritas Care and work in partnership with them in our Concurrency Project.

OBJECTIVES AND ACTIVITIES

Public Benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's objectives and aims and in planning future activities for the year.

The Trustees consider that Adoption Matters' aims are demonstrably to the public benefit in that Adoption Matters' main aims are:

- the recruitment and preparation of people willing and able to adopt or provide permanent care for children;
- support to all those whose lives have been affected by adoption and other types of long term care.

No charges are made to the public except for peripheral work which is less than 1% of our total income.

The main users of Adoption Matters are those affected by adoption living in the north of England and local authorities using our services from across the UK.

The Trustees have complied with the duty in section 17(5) of the Charities Act to have due regard to guidance published by the Charity Commission.

Objectives

Vision

Adoption Matters is an Outstanding Specialist Voluntary Adoption Agency (VAA) based in the North of England. We seek to work increasingly in collaboration with other VAAs regionally and nationally and with Local Authority and Regional Adoption Agency Adoption Services to strive towards a situation where all children growing up in the UK will have the security and benefit of a permanent, loving family home.

Mission

Our main aim is to find permanent families for children who, for one reason or another, are no longer able to live with their birth families. We also aim to provide a high quality, comprehensive and responsive support service to potential and existing adopters as well as all those whose lives have been touched by adoption. As we grow and develop our service increasing both scale and scope whilst maintaining quality, we aim to be the first agency of choice for those considering adoption in the North of England.

Values

All our activities are underpinned by a strong commitment to the following core values and principles:

Ethical

As an organisation that has its roots in the Church of England Diocesan Adoption Services, we maintain Christian values and ethics within the work we do whilst embracing all other faiths and those with no faith.

Celebrating Difference

We work within a culture of respect and acceptance, treating everyone who comes to us for support or advice fairly, professionally and with complete confidentiality.

Inclusive

We strive to ensure equality of opportunity, both for our adoptive families and amongst our staff and Trustees regardless of gender, race, creed, age or sexuality.

Flexible

We aim to continually develop and improve our services and increase engagement with our service users, using their feedback and suggestions to inform future developments.

Honest and Fair

We undertake to treat every case fairly on its individual merits and to be honest and realistic in all our communications.

ANNUAL REPORT OF THE BOARD OF TRUSTEES OF ADOPTION MATTERS YEAR ENDED 31 MARCH 2021

Achieving our Aims

Metrics used to measure the success of our mission are the number of children placed and the number of families supported by CfAS.

On the 1st April 2020, Adoption Matters embarked on a new 2 year strategic plan for 2020 - 2022.

Five key strategic themes outline the agency's commitments and form the basis of our current strategy:

1. Quality & Reputation

We are committed to ensuring that quality is at the heart of all our activities and that we provide the best possible service to our families, taking their views and requirements into account at every stage and finding new ways to improve their experience. We have well-defined procedures for Safeguarding with two nominated managers taking a lead in this area.

2. Innovation

We aim to be a proactive, dynamic and innovative organisation that anticipates and responds to the changing environment to develop and deliver the very best in Adoption and Adoption Support.

3. Approachable, Friendly & Collaborative

We strive to be a welcoming, compassionate and inclusive service, whose ethos is based on principles of fairness, equality and respect. From the first point of contact and throughout our work we will support you to achieve the best outcomes for children and families.

4. Professional

Underpinning the agency's success is our highly skilled, qualified, experienced and knowledgeable staff team comprised of adoption practitioners, managers, administrative, finance, HR, business development, IT, marketing, fundraising and related professional staff. Our committed, reliable team help ensure consistency and quality throughout periods of growth and transition.

5. Sustainability

The Agency operates in a financially prudent manner employing robust strategies and undertaking due diligence in all its decision making. All staff take responsibility, are aware of the need to work within defined budgets and to meet agreed objectives wherever possible. We monitor annual accounts regularly with oversight from the Board of Trustees and the Agency's Accountant, making decisions and taking appropriate measures in a timely manner to ensure the continued operation and stability of our services and staff team.

Adoption Matters is a good corporate citizen and pay our creditors promptly. We have reduced our carbon footprint this year as travel has been significantly less due to Covid-19. The agency intends to continue to keep travel to a minimum & carry out business virtually when possible and appropriate. Processes have become more electronic, reducing the need for physical resources.

We are also fortunate to receive support from a large number of volunteers, including our Board of Trustees and Adoption Panel Members who help us ensure that our practice is grounded, responsive and accountable.

In addition, four over-arching themes will underpin all activities:

1. Financial and Organisational Viability

A risk management approach will be taken towards all proposed developments and emphasis given to phased and manageable growth that does not leave the agency exposed to financial threat in the event of any change in the political or economic environment. Consideration will be given to how the agency effectively invests any surpluses and retains reserves.

2. Reputation and Brand

Marketing, PR and promotional activity is to be outlined within a separate Marketing Strategy document with the aim of building and supporting the agency's reputation, maintaining its place in the national agenda and raising awareness and take up of services.

3. Innovation

We will aim to constantly review and develop innovative approaches to our processes, procedures and activities, taking advantage where appropriate of innovative technologies.

4. Quality

We are committed to ensuring that quality is at the heart of all our activities and that we provide the best possible service to our families, taking their views and requirements into account at every stage and finding new ways to improve their experience.

ANNUAL REPORT OF THE BOARD OF TRUSTEES OF ADOPTION MATTERS YEAR ENDED 31 MARCH 2021

Fundraising

Donors to our agency can be assured that we comply with the regulatory standards for fundraising as set out in the Charities Act 2016. We are registered with the Fundraising regulator.

Our fundraising is carried out by our Fundraising & Relationship Manager as well as fundraising supporters, including individuals, groups and businesses. Our fundraising manager is a member of the Institute of Fundraising. We received gifts in kind during the year to the value of £445 for prizes for our events and competitions.

We have a Fundraising Strategy document which we implemented in the Spring of 2019. This encompasses all the usual types of Fundraising, including Community, Corporate, Events, Individual Giving, Legacy and Major Donor.

We do not engage any third parties to fundraise for us.

We ensure that the correct safeguarding procedures are in place and comply with all the GDPR rules and are extremely careful about what information goes out via social media/website etc. We work in an environment where our daily work as an adoption agency is geared to protect vulnerable people.

We have developed a Fundraising Complaints Policy which was agreed by our trustees in May 2020. This is included on our website. We have so far received no complaints.

All complaints are dealt with in line with the procedures and reviewed annually by trustees, again in line with the agencies complaints procedures to ensure any learning can be incorporated into practice.

2020/21 Progress Report

Highlights

- The Agency placed 91 children for Adoption in the year.
- We placed children on behalf of 35 local authorities.
- The North West Concurrent Planning Service is jointly commissioned by 4 RAAs
- Our Centre for Adoption Support (CfAS) was accessed by 444 families for therapeutic support; worked with 58 schools; and had 472 people attend training programmes and workshops in 2020-21
- The Board were unable to hold an annual away day this year due to Covid.
- The Agency is involved with the following Regional Adoption Agencies, Adoption Now, Adoption Counts, Together for Adoption, Adoption in Merseyside, One Adoption West Yorkshire, Adoption Tees Valley, Coast to Coast, Adopt North East, the Inter-Country Adoption Centre, Staffordshire, Shropshire, Stoke and Telford and Wrekin, Lancashire and Blackpool.
- Continued to work alongside Home for Good to recruit adopters.
- Maintained our partnership working arrangement with Caritas Care.
- Ensured the agency was GDPR compliant.
- The agency has substantially invested in updating our IT systems and equipment for staff, enabling all staff to work through the pandemic and provide support to families virtually..
- Maintained an ethical and cautious Investment Policy.
- To ensure a good number and quality pipeline of potential adopters to meet to current need for children
- Completed our equality and diversity plan and implemented the planned training, and are now developing our strategy and implementing our continuing training plan.

2021/22 Challenges

- To continue to ensure the Board of Trustees is compliant with the Charity Commission Governance Code Audit.
- To fully implement our Fundraising Strategy and build our profile as a children's charity within the Code of Fundraising Practice
- Continue to place children with those RAAs we work in partnership with at a level commensurate with the size of the organisation. We have grown this from a percentage rate in the mid 70%'s to mid 80% over the past three years
- Seek to maintain our Ofsted Outstanding rating and apply to become registered by Ofsted as a fostering agency
- The agency will recruit and appoint a new Chief Executive

Note of Appreciation

The Board would like to place on record their thanks to all Adoption Matters' staff for their hard work during this year. Everyone shares in achieving the aims of the organisation.

ANNUAL REPORT OF THE BOARD OF TRUSTEES OF ADOPTION MATTERS YEAR ENDED 31 MARCH 2021

Thanks

The Board extends its thanks and appreciation to the organisations, churches and individuals who have supported our work during the year.

Volunteers

It is important to recognise the valuable contribution to Adoption Matters made by Presidents, Patron, Trustees, Sub-Committees of the Board, the Adoption Panel, volunteers who help with our Centre for Adoption Support, our intermediary services to birth parents work, our Parish Advocates, those who have undertaken and helped to raise funds and donations and all those who helped in practical ways.

FINANCIAL REVIEW

General Fund: There is an increase in the General Fund for the 12 months of £782,211 (£363,255 increase in 2020) excluding the pension deficit. The main reasons for this were:

- Inter-agency placement income decreased this year by £368,691 to £3,004,457 (£3,373,148 in 2020) due to Covid-19 causing delays in placing children. The number of children placed was 79 including fostering for adoption placements (95 in 2020, 59 in 2019, 46 in 2018). We also placed a further 15 (17 in 2020) children with our families through our Concurrent Planning Service and local authority contracted.
- Staffing costs have increased to £3,319,031 (£3,059,677 in 2020) due to an increase in staff and management requirement from geography specific growth and capacity, the inclusion of holiday pay accrual along with a 2.75% pay award. Travel costs have decreased to £12,749 (£141,014 in 2020) due to the pandemic lockdown and minimal travel, the agency pays mileage expenses at the Inland Revenue rate.
- Therapy income has increased by £270,337 (£758,748 in 2021, £488,411 in 2020) and we have earned £314,765 (£221,976 in 2020) income from the Centre for Adoption Support (CfAS), both of which are due mainly to the money available to local authorities from the Adoption Support Fund including Covid-19 specific ASF money through RAAs.
- Sessional workers are used to carry out the direct therapy work and also to cover fluctuations of assessment activity and CfAS work, this cost increased to £471,359 (£393,367 in 2020).
- Income from service agreements including intercountry adoption and local authority special work has remained steady £106,935 (£106,726 in 2020).
- Our fundraising strategy had a significant setback due to Covid-19 restrictions causing cancellation of our planned events and activities. Fundraising income was £11,063 (£38,271 in 2020) and general donations £49,163 (£23,636 in 2020) which included money from a major donor. We have also recognised income from two legacies of £32,837 (£37,000 in 2020). Fundraising costs including staffing have decreased to £32,330 (£47,088 in 2020).

Funding: Adoption Matters' principal source of funding is from the placement of children for adoption from various local authorities; this amounts to 60.9% (77.5% in 2020) of our total income.

DfE Covid-19 funding income of £583,333 is included in income and was to fund staff costs through the pandemic, £333,333 of this is included in accrued income.

Expenditure: 78.9% (76.7% in 2020) of expenditure during the year is that of staff costs (£3,319,031 in 2021, £3,059,677 in 2020). This enables Adoption Matters to employ qualified and experienced staff to carry out the placement and support of children. Family finding publicity and marketing costs including staffing enable the agency to recruit suitable families for the placement of children (£110,278 in 2021, £109,423 in 2020.).

Pension: Adoption Matters is required to show its share of the deficit within the Cheshire Pension Fund in the Statement of Financial Position. The Pension Fund issue is common to many organisations and it is important to note that the recorded deficits do not represent sums which are immediately or otherwise due in the short term. A triennial formal valuation was made as at 31 March 2019 which showed a surplus of £570,000. The FRS102 report deficit was £5,040,000 at 31 March 2021. Based on the triennial report, there is no immediate likelihood of the charity having to incur any material expenditure in the foreseeable future which could not be met out of current balances.

Investments: Adoption Matters' policy is to invest those funds that are not immediately required into medium and low risk, ethical investments. The charity invest in a managed investment portfolio which aims for a return of CPI plus 4% over the long term and also in fixed term deposits that achieve a better return than regular savings. The total return on the Quilters portfolio was 17.9% in the year to 31 March 2021, this was as expected due to the low

**ANNUAL REPORT OF THE BOARD OF TRUSTEES OF
ADOPTION MATTERS
YEAR ENDED 31 MARCH 2021**

benchmark of 20%. The increase in CPI over the same period was 0.7%. The market value of listed investments at 31 March 2021 was £408,598 compared to a book cost of £365,015.

External Factors: The monies received on the placement of children is fixed under a national agreement and is outside the control of individual organisations.

Reserves: Adoption Matters' financial reserves are adequate to cover our expenses for a four month period at any one time and to meet possible but identified contingencies in the future. The Board is of the opinion that this provides sufficient flexibility to cover temporary shortfalls in income, avoid problems with cash flow and to allow the Charity to function in response to any unforeseen emergencies. These reserves are held in interest earning bank accounts, cash deposits, bonds and a managed investment portfolio. The reserves represent 5.1 months of total expenditure (5.9 in 2020).

Budget: The charity has produced a budget for the coming twelve months with a planned £154,784 deficit. It is based on the capacity of the agency and assumes that sufficient children become available for placement. This does not include any unrealised gains or losses on investments or pensions.

Going concern: Based on the budget predictions, the reserves and the business plan along with monitoring cash flow, the Trustees have assessed that the charity can continue as a going concern for at least the next 18 months.

Statement of Trustees' Responsibilities

The trustees (who are also directors of Adoption Matters for the purposes of company law) are responsible for preparing the Trustees' Report (incorporating the directors' report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

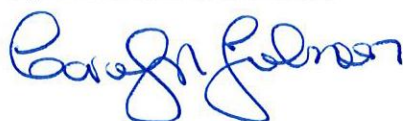
In so far as the trustees are aware:

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

Auditors

The auditors, UHY Hacker Young, will be proposed for reappointment in accordance with Section 419 of the Companies Act 2006.

Signed on behalf of The Board:



Carolyn Johnson

Approved by the Board on 3 September 2021

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ADOPTION MATTERS
YEAR ENDED 31 MARCH 2021**

Opinion

We have audited the financial statements of Adoption Matters (the charitable company) for the year ended 31 March 2021 which comprise the statement of financial activities, statement of financial position, statement of cash flows and notes to the financial statement, including 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 Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, including income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statement 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 charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the financial statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ADOPTION MATTERS
YEAR ENDED 31 MARCH 2021**

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- 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' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees 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

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

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

Based on our understanding of the charitable company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the charitable company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated revenue and the charitable company's net income for the year.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ADOPTION MATTERS
YEAR ENDED 31 MARCH 2021**

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, review of any correspondence with legal advisors, and enquiries of management and those charged with governance around actual and potential litigation and claims, enquiries with charitable company's staff to identify any instances with non-compliance with laws and regulations, enquiries of management and review of monthly management accounts and reports in so far as they related to the financial statements, testing of journals and evaluating whether there was evidence of bias by the Trustees that represented a risk of material misstatement due to fraud, undertaking detailed substantive testing of material items and a sample of other items, consideration of the reasonableness of the figures and analytical review, including comparison with previous years and expected trends, and review of the compliance with and effectiveness of internal controls.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



John Ierston FCA CTA
Senior Statutory Auditor
For and on behalf of
UHY Hacker Young
Chartered Accountants and Statutory Auditor

St John's Chambers
Love Street
Chester
Cheshire
CH1 1QN

Date:..... 6th September 2021 .

ADOPTION MATTERS

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

YEAR ENDED 31 MARCH 2021

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £	Total Funds 2020 £
INCOME					
Donations and legacies	2	82,000	0	82,000	60,636
Charitable activities	3	4,831,493	0	4,831,493	4,263,847
Other trading activities	4	9,784	1,279	11,063	38,271
Investments	5	12,852	0	12,852	12,351
TOTAL INCOME		4,936,129	1,279	4,937,408	4,375,105
EXPENDITURE					
Raising funds	6	55,743	0	55,743	66,375
Charitable activities	6	4,151,930	0	4,151,930	3,924,279
TOTAL EXPENDITURE	6	4,207,673	0	4,207,673	3,990,654
Net gains/(losses) on investments	10	53,755	0	53,755	(21,196)
NET INCOME / (EXPENDITURE)		782,211	1,279	783,490	363,255
Other recognised gains/(losses):					
Actuarial (losses) on pension scheme	18	(3,089,000)	0	(3,089,000)	(209,000)
Net movement in funds		(2,306,789)	1,279	(2,305,510)	154,255
Reconciliation of funds:					
Total funds brought forward		(190,407)	0	(190,407)	(344,662)
Total funds carried forward		(2,497,196)	1,279	(2,495,917)	(190,407)

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

All of the activities of the Charity are classed as continuing.

ADOPTION MATTERS
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	2021		2020	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9		347,037		332,993
Investments	10		844,515		582,281
			<u>1,191,552</u>		<u>915,274</u>
CURRENT ASSETS					
Debtors	11	1,293,961		1,005,362	
Cash at bank		948,427		1,384,984	
		<u>2,242,388</u>		<u>2,390,346</u>	
CREDITORS: amounts falling due within one year	12	<u>(889,857)</u>		<u>(1,545,027)</u>	
NET CURRENT ASSETS			<u>1,352,531</u>		<u>845,319</u>
TOTAL NET ASSETS before pension deficit			<u>2,544,083</u>		<u>1,760,593</u>
Pension scheme liability	18		<u>(5,040,000)</u>		<u>(1,951,000)</u>
NET ASSETS			<u>(2,495,917)</u>		<u>(190,407)</u>
Restricted funds	14		1,279		0
Unrestricted funds:	13				
General Fund		2,542,804		1,760,593	
Unrestricted funds excluding pension liability		<u>2,542,804</u>		<u>1,760,593</u>	
Less: pension scheme liability	18	<u>(5,040,000)</u>		<u>(1,951,000)</u>	
			<u>(2,497,196)</u>		<u>(190,407)</u>
TOTAL CHARITY FUNDS			<u>(2,495,917)</u>		<u>(190,407)</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Charities SORP (FRS102).

These financial statements were approved by the members of the Board on 3 September 2021 and are signed on their behalf by:



MRS CAROLYN JOHNSON
Trustee



MR ANNESLEY WRIGHT
Trustee

ADOPTION MATTERS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Cash flows from operating activities		
Net income/(expenditure) for the year	783,490	363,255
Depreciation	24,413	24,162
Losses/(gains) on investments	(53,755)	21,196
Investment income	(12,852)	(12,351)
(Increase) in debtors	(288,599)	(80,645)
(Decrease) in creditors	(655,170)	474,250
	<u> </u>	<u> </u>
Net cash generated by/(used in) operating activities	(202,473)	789,867
	<u> </u>	<u> </u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(38,457)	(5,160)
Purchase of investments	(514,074)	(346,554)
Proceeds from disposal of investments	320,646	240,847
Investment income	12,852	12,351
	<u> </u>	<u> </u>
Net cash (used in) investing activities	(219,033)	(98,516)
	<u> </u>	<u> </u>
Net change in cash and cash equivalents	(421,506)	691,351
Cash and cash equivalents brought forward	1,400,937	709,586
	<u> </u>	<u> </u>
Cash and cash equivalents carried forward	979,431	1,400,937
	<u> </u>	<u> </u>
Analysis of cash and cash equivalents		
Cash at bank	948,427	1,384,984
Cash within investment portfolio	31,004	15,953
	<u> </u>	<u> </u>
	979,431	1,400,937
	<u> </u>	<u> </u>

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in compliance with FRS102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the 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) (Charities SORP (FRS102)) and the Charities Act 2011.

Company information

The charity is a private company limited by guarantee registered in England and Wales and a registered charity in England and Wales. The address of the registered offices is 14 Liverpool Road, Chester, Cheshire CH2 1AE. The company, limited by guarantee, does not have a share capital. The trustees named on page 3 are members of the company. Every member of the Charity undertakes to contribute to the assets of the Charity, in the event of the same being wound up while he/she is a member or within one year after he/she ceases to be a member, for payment of the debts and liabilities of the Charity contracted before he/she ceases to be a member, such an amount as may be required not exceeding one pound.

Basis of preparation

The financial statements have been prepared on the historical costs basis. The financial statements are prepared in Sterling which is the functional currency of the entity.

Going concern

There are no material uncertainties about the charity's ability to continue.

Critical accounting estimates and judgements

The preparation of financial statements requires the trustees to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below:

Pensions

The determination of the pension cost and defined benefit obligation of the charity's defined benefit pension schemes depends on the selection of certain assumptions which include the discount rate, inflation rate, salary growth, mortality and expected return on scheme assets. Differences arising from actual experiences or future changes in assumptions will be reflected in subsequent periods. See note 18 for further details.

Fund accounting

Unrestricted funds are available for use in accordance with the charitable objects at the discretion of the trustees; there are no designated or restricted funds.

Restricted funds can only be used for particular purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are restricted for particular restricted purposes.

Income

Service income and fees are accounted for when contractual obligations have been fulfilled and any such monies received in advance are deferred. Monies from trusts are recognised in the period the associated expenditure takes place. Grant income is recognised when the contractual obligations are met and is matched with corresponding expenditure in the period.

Legacies

Legacy income is recognised in the accounts when receipt is probable following grant of probate and the executors have established there are sufficient assets in the estate.

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021

Expenditure

The charity is not eligible to be registered for VAT and all expenditure is shown inclusive of VAT charged as this cannot be recovered by the charity.

All costs are accountable upon the occurrence of the expenditure.

Costs of raising funds comprise the costs associated with attracting donations, fundraising events and investment management fees.

Expenditure on charitable activities comprises spending in accordance with the objects of the Charity and are those costs incurred by the charity in the delivery of its activities and services for its service users. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis, e.g. staff time or percentage based on usage as set out in Note 6.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis.

Fixed assets

Fixed assets are stated at cost less accumulated depreciation. The costs of minor additions or those costing below £500 are not capitalised.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures, fittings and equipment including IT – 3 years straight line.

No depreciation is charged on land and buildings where the estimated residual value is not less than the book cost.

Investments

Listed investments are measured at fair value with changes in fair value being recognised in income or expenditure. The Statement of Financial Activities includes the net gains and losses arising on revaluations and on disposals during the year.

Creditors

The Charity is committed to the prompt payment of invoices and other claims for payment. In the case of goods and services where the supply has been satisfactorily completed, the charity's objective is to pay within 30 days of receipt of the invoice.

Pension costs

The Charity operates a defined benefit pension scheme. All staff members are eligible to participate in the Local Government Pension Scheme administered by Cheshire West and Chester Council. Employees contribute between 5.5% and 9.9% of pensionable pay, depending on salary.

Regular valuations are prepared by independent professionally qualified actuaries in respect of the defined benefit scheme. These determine the level of contribution required to fund the benefits set out in the rules of the plan and allow for the periodic increase of pensions in payment. The service cost of providing retirement benefits to employees during the year, together with the cost of any benefits relating to past service, is charged to the Statement of Financial Activities in the year.

The difference between the market value of the assets and the present value of accrued pension liabilities is shown as an asset or liability in the Statement of Financial Position. Actuarial gains and losses are recognised in the Statement of Financial Activities.

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021

2. DONATIONS AND LEGACIES

	Total Unrestricted Funds 2021 £	Total Funds 2020 £
St Bridget's Trust	4,000	6,000
Legacies	32,837	37,000
General donations	45,163	17,636
	<u>82,000</u>	<u>60,636</u>

3. CHARITABLE ACTIVITIES

	Total Unrestricted Funds 2021 £	Total Funds 2020 £
Placement fees	3,004,457	3,373,148
Therapist income	758,748	488,411
CfAS income	314,765	221,976
Local authority contracts & other special work	21,382	13,676
Service agreements	64,010	54,984
Inter country income	21,543	38,066
DFE Covid-19 funding	583,333	0
DfE Practice & Improvement Fund	61,625	69,436
Sundry income	1,630	4,150
	<u>4,831,493</u>	<u>4,263,847</u>

4. OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £	Total Funds 2020 £
200 Club	0	0	0	544
General fundraising	9,784	1,279	11,063	37,727
	<u>9,784</u>	<u>1,279</u>	<u>11,063</u>	<u>38,271</u>

5. INVESTMENTS

	Total Unrestricted Funds 2021 £	Total Funds 2020 £
Bank interest	6,811	7,954
Investment Income	6,041	4,397
	<u>12,852</u>	<u>12,351</u>

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021

6. TOTAL EXPENDITURE

	Basis	Raising Funds Unrestricted	Charitable Activities Unrestricted	Total Unrestricted 2021	Total 2020
	£	£	£	£	£
Costs directly allocated to activities:					
Social workers and management	Direct	—	2,426,107	2,426,107	2,291,086
Staff travel	Direct	—	12,749	12,749	141,014
Sessional workers	Direct	—	471,359	471,359	393,367
Publicity & marketing	Direct	—	110,278	110,278	109,423
Fundraising events	Direct	32,330	—	32,330	47,088
Investment management fees	Direct	2,467	—	2,467	1,481
Other direct costs	Direct	—	6,903	6,903	24,804
Support costs allocated to activities					
Management & admin staff	%	15,133	741,537	756,670	625,567
Premises	%	1,125	55,118	56,243	65,368
Office costs	%	1,649	80,783	82,432	64,857
IT & communications	%	1,768	86,611	88,379	75,263
Training & publications	Actual	—	9,957	9,957	28,188
Professional fees & charges	Actual	—	63,830	63,830	39,725
Governance	% & staff time	1,271	62,285	63,556	59,261
Depreciation	Actual	—	24,413	24,413	24,162
		55,743	4,151,930	4,207,673	3,990,654
		55,743	4,151,930	4,207,673	3,990,654

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021

7. STAFF COSTS AND NUMBERS

The aggregate payroll costs were:

	2021	2020
	£	£
Wages and salaries	2,538,532	2,304,238
Employer's social security costs	240,469	222,350
Employer's defined benefit pension scheme contributions	583,930	533,089
Overprovision of DFW pension exit fee	(43,900)	—
	<u>3,319,031</u>	<u>3,059,677</u>

Particulars of employees:

The average number of staff employed by the charity during the financial year amounted to:

	2021			2020		
	Full Time	Part Time	Total No	Full Time	Part Time	Total No
Number of social workers	29	29	58	32	25	57
Number of administrative staff	13	9	22	16	6	22
Number of management staff	6	—	6	6	—	6
	<u>48</u>	<u>38</u>	<u>86</u>	<u>54</u>	<u>31</u>	<u>85</u>

One employee earned between £70,000 and £79,999 (2020:1), one employee earned between £60,000 and £69,999 (2020:0).

The total employee benefits of key management personnel was £433,868 (2020 £410,529). Under FRS 102, employee benefits includes gross salary, employer's National Insurance contributions and employer's pension contributions.

The members of the Board of Trustees did not receive any remuneration. £0 expenses were reimbursed or paid on behalf of 0 Trustees during the year (2020 £114 1 Trustee).

8. NET INCOME / EXPENDITURE FOR THE YEAR

This is stated after charging:

	2021	2020
	£	£
Employer's pension costs	540,030	533,089
Depreciation	24,413	24,162
Auditors' fees: audit	6,781	5,301
Non-audit	—	—
Operating lease costs:		
Property, plant and equipment	<u>31,156</u>	<u>48,603</u>

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021

9. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £	Fixtures, Fittings & Equipment £	Total £
COST			
At 1 April 2020	356,565	175,508	532,073
Additions	—	38,457	38,457
Disposals	—	—	—
At 31 March 2021	356,565	213,965	570,530
DEPRECIATION			
At 1 April 2020	49,115	149,965	199,080
Charge for the year	—	24,413	24,413
Eliminated on disposal	—	—	—
At 31 March 2021	49,115	174,378	223,493
NET BOOK VALUE			
At 31 March 2021	307,450	39,587	347,037
At 31 March 2020	307,450	25,543	332,993

The Chester property was purchased in 2004. The Trustees had the property valued on 22 June 2021 in the sum of £350,000 on a current use basis as an office investment. The valuation was completed by Tom Creer MRICS of Legat Owen. The Durham property was acquired at an arm's length valuation of £170,000 as part of the merger with DFW Adoption on 28th February 2019. No further depreciation will be provided on either property whilst the net book value is the same or less than its valuation. The Trustees regularly review the property valuations and residual values.

10. INVESTMENTS

Movement in market value

	£	£
Deposits held with banks		
Market value at 1 April 2020	400,009	
Investments maturing during the year	(200,009)	
Investments purchased during the year	204,913	
	—	404,913
Investment portfolio – listed securities		
Market value at 1 April 2020	166,319	
Acquisitions at cost	309,161	
Disposals at carrying value	(120,637)	
Revaluation gain	53,755	
	—	408,598
Cash held within portfolio		31,004
Market value at 31 March 2021		844,515
Historical cost at 31 March 2021		769,928

All investments are unrestricted.

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021

11. DEBTORS: Amounts due within one year

	2021	2020
	£	£
Other debtors – service income	815,092	919,445
Prepayments	63,412	41,954
Accrued income	415,457	43,963
	<u>1,293,961</u>	<u>1,005,362</u>

12. CREDITORS: Amounts falling due within one year

	2021	2020
	£	£
Other creditors	7,529	285,975
Accruals	196,280	154,492
Deferred income	686,048	911,060
DFW s75 pension accrual	0	193,500
	<u>889,857</u>	<u>1,545,027</u>

Movement of deferred income

	Balance at 1 April 2020	Released from Previous Years	Incoming Resources Deferred in Current Year	Total Deferred Income at 31 March 2021
	£	£	£	£
Inter-agency fees received in advance	393,368	(393,368)	517,521	517,521
Therapy and CFAS income received in advance	299,491	(237,194)	58,145	120,442
Partner share of Y/E surplus	189,539	(189,539)	40,742	40,742
Service income received in advance	5,918	—	—	5,918
Service level agreements	11,250	(11,250)	—	0
DfE System Capacity Building (SCB)	10,714	(10,000)	—	714
Other	780	(69)	—	711
	<u>911,060</u>	<u>(841,420)</u>	<u>616,408</u>	<u>686,048</u>

The inter-agency fees are paid in full by local authorities at the time of placement, a third of which is only due monthly over the 12 months following placement.

The income for therapy and CFAS work is from various local authorities for specific cases and has been deferred according to the stage of the contract.

The share of the year end surplus due to Caritas Care, our partners for CCP, as Adoption Matters invoice the majority of the income.

Money was paid upfront by a local authority for specific family finding work and only partially used.

The SCB money funded an evaluation on early permanence.

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021

13. UNRESTRICTED FUNDS

General Fund

	Movement in resources:					Balance at 31 March 2021 £
	Balance at 1 April 2020 £	Incoming Resources £	Outgoing Resources £	Transfers £	Gains & Losses £	
	General Fund	1,760,593	4,936,129	(4,207,673)	—	
Less: pension scheme liability	(1,951,000)	—	—	—	(3,089,000)	(5,040,000)
	<u>(190,407)</u>	<u>4,936,129</u>	<u>(4,207,673)</u>	<u>—</u>	<u>(3,035,245)</u>	<u>(2,497,196)</u>

General Fund

The General Fund of the charity has accumulated since the inception of the Charity and stands at £2,542,804 (2020 £1,760,593) excluding pension scheme liability.

14. RESTRICTED FUNDS

	Movement in resources:					Balance at 31 March 2021 £
	Balance at 1 April 2020 £	Incoming Resources £	Outgoing Resources £	Transfers £	Gains & Losses £	
	Co-op Community Fund	0	1,279	0	0	

Money received from the Co-op Community Fund to support the Centre for Adoption Support choir.

15. RELATED PARTY TRANSACTIONS

The Finance & Operations Director's husband was paid £438 for various building and garden maintenance services throughout the year. Barry Speker was paid £375 as a legal advisor during the year prior to him becoming a Trustee. There are no other transactions with the Board of Trustees or other connected persons.

Trustee/Non-Executive indemnity comprehensive insurance premium of £426 (2020 - £426) is paid to protect the Charity from not only loss but to also indemnify the Trustees against the consequences, due to neglect or default on the part of the Trustees/Non-Executive Directors.

16. CAPITAL COMMITMENT

The charity has committed to a capital spend at the year end of £6,500 for a replacement boiler in the Durham office.

17 OPERATING LEASE COMMITMENTS

The total minimum lease payments due under non-cancellable operating leases are as follows:

	2021 £	2020 £
Due within 1 year	36,126	16,387
Due within 1 to 5 years	45,918	17,142
Due after 5 years	—	—
	<u>82,044</u>	<u>33,529</u>

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021

18. PENSIONS

Adoption Matters (Cheshire Pension Scheme)

The charity operates a defined benefit pension scheme providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of the company and are administered by Cheshire West and Chester Council.

Contributions to the scheme are charged to the SOFA so as to spread the cost over the service lives of the scheme members. The contributions are determined by a qualified actuary on the basis of a formal triennial valuation of the scheme, using the projected unit credit method.

The last formal funding valuation of the scheme was at 31 March 2019 and showed the Fund was in a surplus of £570,000. The purpose of the funding valuation is to assess the ongoing financial position of the Fund and to determine the cash contribution rates going forward. The consequential adjustment in the contribution rate took effect from 1 April 2020.

The accounting valuation which is required under the Accounting Standard FRS 102 to be included in these Financial Statements was a deficit of £5,040,000 at 31 March 2021.

The funding and accounting valuations are prepared using different assumptions. The accounting valuation calculation is largely prescribed to facilitate consistency of comparison between pension schemes and is not the funding position.

The assumptions made by the scheme actuaries for their 31 March 2021 report for the purposes of FRS102 are set out below.

Actuarial assumptions at:	31 March 2021	31 March 2020
	% pa	% pa
Pension increase rate	2.85%	1.9%
Salary increase rate	3.55%	2.6%
Discount rate	2.0%	2.3%

The FRS102 valuation at 31 March 2021 showed that the market value of the scheme's assets at that date was £15,801,000. The actuarial value of the assets is 75.8% of the benefits that had accrued to members, after allowing for an expected increase in earnings.

Assets (employer)	Asset Split at 31 March 2021	Assets at 31 March 2021	Asset Split at 31 March 2020	Assets at 31 March 2020
	%pa	£(000)	%pa	£(000)
Equities	46%	7,269	38%	4,977
Bonds	40%	6,320	46%	6,025
Property	10%	1,580	8%	1,048
Cash	4%	632	8%	1,048
Total		15,801		13,098

Net pension liability as at:	31 March 2021	31 March 2020
	£(000)	£(000)
Fair value of employer assets (as above)	15,801	13,098
Present value of funded liabilities ¹	20,841	(15,049)
Net pension (liability)	(5,040)	(1,951)

It is estimated that this liability comprises of approximately £14,019,000, £1,448,000 and £5,374,000 in respect of employee members, deferred pensioners and pensioners respectively as at 31 March 2021. The employer's contributions in the year were 23.4% (21.4% in 2020), no additional deficit lump sum payment was required (£0 in 2020); employee contributions were between 5.5% and 9.9% depending on salary.

The employer's pension cost of the Cheshire Pension Scheme charged to the SOFA for the year was £583,930 in total.

ADOPTION MATTERS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021

The charge to the Statement of Financial Activities over the financial year comprised:

	2021	2020
	£(000)	£(000)
Operating charge		
Current service cost	834	1,019
Past service cost	0	81
	<hr/>	<hr/>
Net (gain)/loss	834	1,100
Other finance income		
Interest income on assets	(306)	(306)
Interest cost on defined benefit obligation	354	354
	<hr/>	<hr/>
Total service cost	882	1,148
	<hr/>	<hr/>
Reconciliation of defined benefit obligation:		
Opening position as at 31 March 2020	15,049	14,312
Current service cost	834	1,019
Interest cost on defined benefit obligation	354	354
Contributions by members	167	156
Actuarial remeasurements	4,758	(542)
Past service costs/(gains)	0	81
Benefits paid	(321)	(331)
	<hr/>	<hr/>
Closing position as at 31 March 2021	20,841	15,049
	<hr/>	<hr/>
Reconciliation of fair value of plan assets:		
Opening position as at 31 March 2020	13,098	12,570
Interest income on assets	306	306
Contributions by members	167	156
Contributions by the employer	584	503
Actuarial remeasurements		(45)
Return on assets	1,967	(61)
Benefits paid	(321)	(331)
	<hr/>	<hr/>
Closing position as at 31 March 2021	15,801	13,098
	<hr/>	<hr/>
Assets b/f 1 April 2020	13,098	12,570
Liabilities b/f 1 April 2020	(15,049)	(14,312)
	<hr/>	<hr/>
Net liability b/f 1 April 2020	(1,951)	(1,742)
Pension scheme gain/(loss) in year	(3,089)	(209)
	<hr/>	<hr/>
Pension scheme liability	(5,040)	(1,951)
	<hr/>	<hr/>
Assets at 31 March 2021	15,801	13,098
Liabilities at 31 March 2021	(20,841)	(15,049)
	<hr/>	<hr/>
Net liability at 31 March 2021	(5,040)	(1,951)
	<hr/>	<hr/>

The pension liability is an estimate, as at the year end, of the amount by which the expected cost of settling Adoption Matters' existing pension liabilities exceeds the value of the assets currently held in the scheme for that purpose. In the current economic climate, the amount of the pension liabilities and values of pension assets are likely to vary considerably from year to year. Adoption Matters' immediate liabilities are the contributions it makes to the scheme, currently set at 23.4% as required by the 2019 triennial valuation. In common with many other businesses of this size and nature, the auditors assist the company on pension and other matters from time to time when required. The management is deemed to be informed.