

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
CONTENTS

Reports

Page 3	Legal and Administrative Information
Pages 4 - 10	Annual Report of the Board of Trustees
Pages 11 - 13	Independent Auditor's Report to the Board of Trustees

Accounts

Page 14	Statement of Financial Activities (including Income and Expenditure Account)
Page 15	Statement of Financial Position
Page 16	Statement of Cash Flows
Pages 17 - 26	Notes Forming Part of the Financial Statements

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**

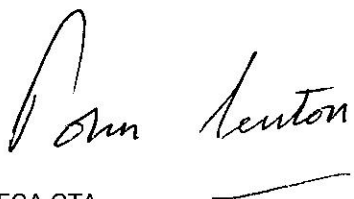
Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, review of any correspondence with legal advisors, and enquiries of management and those charged with governance around actual and potential litigation and claims, enquiries with 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

		2021		2020	
	Note	£	£	£	£
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		<u>1,279</u>		<u>0</u>
Unrestricted funds:	13				
General Fund		<u>2,542,804</u>		<u>1,760,593</u>	
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

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	
	<u> </u>	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	
	<u> </u>	408,598
Cash held within portfolio		31,004
Market value at 31 March 2021		<u>844,515</u>
Historical cost at 31 March 2021		<u>769,928</u>

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 1 April 2020	Incoming Resources	Outgoing Resources	Transfers	Gains & Losses	Balance at 31 March 2021
	£	£	£	£	£	£
General Fund	1,760,593	4,936,129	(4,207,673)	—	53,755	2,542,804
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 1 April 2020	Incoming Resources	Outgoing Resources	Transfers	Gains & Losses	Balance at 31 March 2021
	£	£	£	£	£	£
Co-op Community Fund	0	1,279	0	0	0	1,279

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
	<u>834</u>	<u>1,100</u>
Net (gain)/loss		
Other finance income		
Interest income on assets	(306)	(306)
Interest cost on defined benefit obligation	354	354
	<u>882</u>	<u>1,148</u>

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)
	<u>20,841</u>	<u>15,049</u>

Closing position as at 31 March 2021

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)
	<u>15,801</u>	<u>13,098</u>

Closing position as at 31 March 2021

Assets b/f 1 April 2020	13,098	12,570
Liabilities b/f 1 April 2020	(15,049)	(14,312)
	<u>(1,951)</u>	<u>(1,742)</u>
Net liability b/f 1 April 2020		
Pension scheme gain/(loss) in year	(3,089)	(209)
	<u>(5,040)</u>	<u>(1,951)</u>
Pension scheme liability		
Assets at 31 March 2021	15,801	13,098
Liabilities at 31 March 2021	(20,841)	(15,049)
	<u>(5,040)</u>	<u>(1,951)</u>
Net liability at 31 March 2021		

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.