

**Adoption Matters**

# **Financial Statements**

**31 March 2023**

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

**ADOPTION MATTERS**  
**YEAR ENDED 31 MARCH 2023**  
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# ADOPTION MATTERS

## LEGAL AND ADMINISTRATIVE INFORMATION

### YEAR ENDED 31 MARCH 2023

<b>Charity Details</b>	Adoption Matters Registered Number 1617324 Charity Registration Number 512892		
<b>Joint Presidents</b>	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		
<b>Patrons</b>	Sir Mark Hedley Norman G Goodwin CBE		
<b>Board of Trustees</b>	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		
<b>Company Secretary</b>	Mr Annesley Wright		
<b>Chief Executive</b>	Mrs Susy White		
<b>Registered Office and Principal Address</b>	14 Liverpool Road, Chester, Cheshire, CH2 1AE Telephone: 01244 390938 E-mail: <a href="mailto:info@adoptionmatters.org">info@adoptionmatters.org</a> Website: <a href="http://www.adoptionmatters.org">www.adoptionmatters.org</a>		
<b>Auditors</b>	UHY Hacker Young, Chartered Accountants and Registered Auditors, St John's Chambers, Love Street, Chester, Cheshire, CH1 1QN		
<b>Bankers and Investment Managers</b>	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
<b>Solicitors and Insurance</b>	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.

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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.

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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.

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#### **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

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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.



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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.

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### 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.

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**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

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- 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:  
  
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 £
<b>INCOME</b>					
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
<b>TOTAL INCOME</b>		<b>4,533,523</b>	<b>-</b>	<b>4,533,523</b>	<b>4,137,636</b>
<b>EXPENDITURE</b>					
Raising funds	6	44,022	-	44,022	69,636
Charitable activities	6	4,699,513	17,111	4,716,624	4,476,183
<b>TOTAL EXPENDITURE</b>	<b>6</b>	<b>4,743,535</b>	<b>17,111</b>	<b>4,760,646</b>	<b>4,545,819</b>
Net gains / (losses) on investments	10	(32,193)	-	(32,193)	12,241
<b>NET INCOME / (EXPENDITURE)</b>		<b>(242,205)</b>	<b>(17,111)</b>	<b>(259,316)</b>	<b>(395,942)</b>
<b>Other recognised gains / (losses):</b>					
Actuarial gains on pension scheme	17	3,317,000	-	3,317,000	1,723,000
<b>Net movement in funds</b>		<b>3,074,795</b>	<b>(17,111)</b>	<b>3,057,684</b>	<b>1,327,058</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		(1,185,970)	17,111	(1,168,859)	(2,495,917)
<b>Total funds carried forward</b>		<b>1,905,936</b>	<b>-</b>	<b>1,888,825</b>	<b>(1,168,859)</b>

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	£	£
<b>FIXED ASSETS</b>			
Tangible assets	9	315,858	333,219
Investments	10	630,143	860,052
		<u>946,001</u>	<u>1,193,271</u>
<b>CURRENT ASSETS</b>			
Debtors	11	843,117	898,541
Cash at bank		1,099,117	893,783
		<u>1,942,234</u>	<u>1,792,324</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(999,410)</u>	<u>(837,454)</u>
<b>NET CURRENT ASSETS</b>		<u>942,824</u>	<u>954,870</u>
<b>TOTAL NET ASSETS before pension surplus</b>		<u>1,888,825</u>	<u>2,148,141</u>
Pension scheme	17	-	(3,317,000)
<b>NET ASSETS</b>		<u>1,888,825</u>	<u>(1,168,859)</u>
Restricted funds	14	-	17,111
Unrestricted funds:	13		
General Fund		1,888,825	2,131,030
<b>Unrestricted funds excluding pension liability</b>		<u>1,888,825</u>	<u>2,131,030</u>
Plus: pension scheme surplus / (deficit)	17	-	(3,317,000)
		<u>1,888,825</u>	<u>(1,185,970)</u>
<b>TOTAL CHARITY FUNDS</b>		<u>1,888,825</u>	<u>(1,168,859)</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 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 £
<b>Cash flows from operating activities</b>		
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/>
<b>Net cash generated by/(used in) operating activities</b>	<b>(12,081)</b>	<b>(53,405)</b>
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
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/>
<b>Net cash (used in) investing activities</b>	<b>213,260</b>	<b>(2,006)</b>
	<hr/>	<hr/>
<b>Net change in cash and cash equivalents</b>	<b>201,179</b>	<b>(55,441)</b>
Cash and cash equivalents brought forward	924,020	979,431
	<hr/>	<hr/>
<b>Cash and cash equivalents carried forward</b>	<b>1,125,199</b>	<b>924,020</b>
	<hr/>	<hr/>
<b>Analysis of cash and cash equivalents</b>		
Cash at bank	1,099,117	893,783
Cash within investment portfolio	26,082	30,237
	<hr/>	<hr/>
	<b>1,125,199</b>	<b>924,020</b>
	<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
	<u>19,698</u>	<u>12,465</u>

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 £
<b>Costs directly allocated to activities:</b>						
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
<b>Support costs allocated to activities</b>						
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
		<u>44,022</u>	<u>4,699,513</u>	<u>17,111</u>	<u>4,760,646</u>	<u>4,545,819</u>

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	<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 £
<b>COST</b>			
At 1 April 2022	356,565	203,964	560,529
Additions	-	-	-
Disposals	-	(7,983)	(7,983)
<b>At 31 March 2023</b>	<b>356,565</b>	<b>195,981</b>	<b>552,546</b>
<b>DEPRECIATION</b>			
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)
<b>At 31 March 2023</b>	<b>49,115</b>	<b>187,573</b>	<b>236,688</b>
<b>NET BOOK VALUE</b>			
<b>At 31 March 2023</b>	<b>307,450</b>	<b>8,408</b>	<b>315,858</b>
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 28<sup>th</sup> 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**

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

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.

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**13. UNRESTRICTED FUNDS**

**General Fund**

	Movement in resources:					
	Balance at 1 April 2022	Incoming Resources	Outgoing Resources	Transfers	Gains & Losses	Balance at 31 March 2023
	£	£	£	£	£	£
<b>General Fund</b>	2,131,030	4,533,523	(4,743,535)	-	(32,193)	1,888,825
Less: pension scheme liability	(3,317,000)	-	-	-	3,317,000	-
	<u>(1,185,970)</u>	<u>4,533,523</u>	<u>(4,743,535)</u>	<u>-</u>	<u>3,284,807</u>	<u>1,888,825</u>

**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 1 April 2022	Incoming Resources	Outgoing Resources	Transfers	Gains & Losses	Balance at 31 March 2023
	£	£	£	£	£	£
Co-op Community Fund	1,279	-	1,279	-	-	-
Frontier Agriculture Ltd	6,000	-	6,000	-	-	-
Welch Trust	9,832	-	9,832	-	-	-
<b>Total</b>	<u>17,111</u>	<u>-</u>	<u>17,111</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	-	-
	<u>15,322</u>	<u>47,865</u>

# 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.

<b>Actuarial assumptions at:</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>% pa</b>	<b>% pa</b>
Pension increase rate	<b>2.95%</b>	3.2%
Salary increase rate	<b>3.65%</b>	3.9%
Discount rate	<b>4.75%</b>	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.

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

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

**ADOPTION MATTERS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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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:**

	<b>2023</b>	2022
	<b>£(000)</b>	£(000)
<b>Operating charge</b>	<b>1,218</b>	1,330
Current service cost	1,218	1,330
Past service cost	-	-
<b>Net (gain)/loss</b>	<b>1,218</b>	1,330
<b>Other finance income</b>		
Interest income on assets	(475)	(320)
Interest cost on defined benefit obligation	572	428
<b>Total service cost</b>	<b>1,315</b>	1,438
<b>Reconciliation of defined benefit obligation:</b>		
<b>Opening position as at 31 March 2022</b>	<b>20,701</b>	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)
<b>Closing position as at 31 March 2023</b>	<b>15,253</b>	20,701
<b>Reconciliation of fair value of plan assets:</b>		
<b>Opening position as at 31 March 2022</b>	<b>17,384</b>	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)
<b>Closing position as at 31 March 2023</b>	<b>16,967</b>	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	<b>16,697</b>	17,384
Liabilities at 31 March 2023	<b>(15,253)</b>	(20,701)
	<hr/>	<hr/>
Net asset at 31 March 2023	<b>1,714</b>	(3,317)
	<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 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.