

Adoption Matters

Financial Statements

31 March 2022

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

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

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

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

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

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

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

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

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

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

The Board of Trustees

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

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

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

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

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

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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 6 trustees. The committee meets quarterly. The Staffing Committee is made up of 1 trustee and staff which meets as required, but no less than once a year. The Policy Committee is made up of 2 trustees and meets as required, but at least once annually. The Governance Committee meets at least twice a year and is made up of 4 trustees. The agency also has a Business Development Group comprising both trustees and a cross section of staff and meets quarterly. Day to day management of the Charity is delegated to the Chief Executive.

The following senior staff were in post at 31 March 2022

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

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

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

Risk Management

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

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

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Relationships with Other Charities

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

OBJECTIVES AND ACTIVITIES

Public Benefit

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

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

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

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

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

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

Objectives

Vision

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

Mission

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

Values

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

Ethical

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

Celebrating Difference

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

Inclusive

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

Flexible

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

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their feedback and suggestions to inform future developments.

Honest and Fair

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

Achieving our Aims

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

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

1. Quality & Reputation

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

2. Innovation

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

3. Approachable, Friendly & Collaborative

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

4. Professional

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

5. Sustainability

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

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

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

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

1. Financial and Organisational Viability

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

2. Reputation and Brand

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

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3. Innovation

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

4. Quality

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

Fundraising

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

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

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

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

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

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

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

2021/22 Progress Report

Highlights

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

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2022/23 Challenges

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

Note of Appreciation

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

Thanks

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

Volunteers

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

FINANCIAL REVIEW

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

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

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

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

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

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

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

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

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

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

Statement of Trustees' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

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

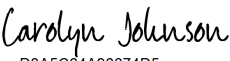
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- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

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

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

DocuSigned by:

Carolyn Johnson
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Trustee

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

Opinion

We have audited the financial statements of Adoption Matters (the charitable company) for the year ended 31 March 2022 which comprise the statement of financial activities, statement of financial position, statement of cash flows and notes to the financial statement, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

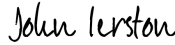
Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, review of any correspondence with legal advisors, and enquiries of management and those charged with governance around actual and potential litigation and claims, enquiries with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

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

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

Use of our report

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

DocuSigned by:

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

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

Date: 7 September 2022

ADOPTION MATTERS

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

YEAR ENDED 31 MARCH 2022

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

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

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

ADOPTION MATTERS
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

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

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

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

DocuSigned by:

D3A5C64A96674D5...
MRS CAROLYN JOHNSON
Trustee

DocuSigned by:

6BD06F91D5BA4F3...
MRS LYNN PATES
Trustee

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

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

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

1. ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in compliance with FRS102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the Statement of Recommended Practice applicable to Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (Charities SORP (FRS102)) and the Charities Act 2011.

Company information

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

Basis of preparation

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

Going concern

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

Critical accounting estimates and judgements

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

Pensions

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

Fund accounting

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

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

Income

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

Legacies

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

ADOPTION MATTERS

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2022

Expenditure

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

All costs are accountable upon the occurrence of the expenditure.

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

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

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

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

Operating leases

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

Fixed assets

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

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

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

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

Investments

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

Creditors

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

Pension costs

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

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

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

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

2. DONATIONS AND LEGACIES

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

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

3 CHARITABLE ACTIVITIES

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

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

4. OTHER TRADING ACTIVITIES

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

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

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

5. INVESTMENT INCOME

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

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

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

6. TOTAL EXPENDITURE

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

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

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

7. STAFF COSTS AND NUMBERS

The aggregate payroll costs were:

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

Particulars of employees:

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

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

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

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

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

8. NET INCOME / EXPENDITURE FOR THE YEAR

This is stated after charging:

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

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

9. TANGIBLE FIXED ASSETS

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

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

10. INVESTMENTS

Movement in market value

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

All investments are unrestricted. The revaluation gains of £12,241 in 2022 and £53,755 in 2021 were recognised in unrestricted funds.

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

11. DEBTORS: Amounts due within one year

	2022	2021
	£	£
Other debtors – service income	752,769	815,092
Prepayments	62,804	63,412
Accrued income	82,968	415,457
	<u>898,541</u>	<u>1,293,961</u>

12. CREDITORS: Amounts falling due within one year

	2022	2021
	£	£
Other creditors	94	7,529
Accruals	274,838	196,280
Deferred income	562,522	686,048
	<u>837,454</u>	<u>889,857</u>

Movement of deferred income

	Balance at 1 April 2021	Released from Previous Years	Incoming Resources Deferred in Current Year	Total Deferred Income at 31 March 2022
	£	£	£	£
Inter-agency fees received in advance	517,521	(517,521)	491,769	491,769
Therapy and CFAS income received in advance	120,442	(89,987)	872	31,327
Partner share of Y/E surplus	40,742	(40,742)	32,528	32,528
Service income received in advance	5,918	—	—	5,918
DfE System Capacity Building (SCB)	714	—	—	714
Other	711	(711)	266	266
	<u>686,048</u>	<u>(648,961)</u>	<u>525,435</u>	<u>562,522</u>

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

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

The share of the year end surplus due to Caritas Care, our partners for CCP, as Adoption Matters invoice the majority of the income.

Money was paid upfront by a local authority for specific family finding work and only partially used.

The SCB money funded an evaluation on early permanence.

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

13. UNRESTRICTED FUNDS**General Fund**

	Movement in resources:					Balance at 31 March 2022 £
	Balance at 1 April 2021 £	Incoming Resources £	Outgoing Resources £	Transfers £	Gains & Losses £	
	General Fund	2,542,804	4,121,804	(4,545,819)	—	
Less: pension scheme liability	(5,040,000)	—	—	—	1,723,000	(3,317,000)
	<u>(2,497,196)</u>	<u>4,121,804</u>	<u>(4,545,819)</u>	<u>—</u>	<u>1,735,241</u>	<u>(1,185,970)</u>

General Fund

The General Fund of the charity has accumulated since the inception of the Charity and stands at £2,131,030 (2021 £2,542,804) excluding pension scheme liability.

14. RESTRICTED FUNDS

	Movement in resources:					Balance at 31 March 2022 £
	Balance at 1 April 2021 £	Incoming Resources £	Outgoing Resources £	Transfers £	Gains & Losses £	
	Co-op Community Fund	1,279	0	0	0	
Frontier Agriculture Ltd	0	6,000	0	0	0	6,000
Welsh Trust	0	9,832	0	0	0	9,832
Total	<u>1,279</u>	<u>15,832</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>17,111</u>

Frontier Agriculture Ltd funded our Inner World Project to support working with teenagers. The Welsh Trust funded CFAS to enable them to produce webinars to support our adopters. The Co-op funding to support the CfAS choir will be used in 22/23.

15. RELATED PARTY TRANSACTIONS

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

Trustee/Non-Executive indemnity comprehensive insurance premium of £448 (2021 - £426) is paid to protect the Charity from not only loss but to also indemnify the Trustees against the consequences, due to neglect or default on the part of the Trustees/Non-Executive Directors.

16 OPERATING LEASE COMMITMENTS

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

	2022 £	2021 £
Due within 1 year	34,053	36,126
Due within 1 to 5 years	13,812	45,918
Due after 5 years	—	—
	<u>47,865</u>	<u>82,044</u>

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

17. PENSIONS**Adoption Matters (Cheshire Pension Scheme)**

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

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

The last formal funding valuation of the scheme was at 31 March 2019 and showed the Fund was in a surplus of £570,000. The purpose of the funding valuation is to assess the ongoing financial position of the Fund and to determine the cash contribution rates going forward. The consequential adjustment in the contribution rate took effect from 1 April 2020.

The accounting valuation which is required under the Accounting Standard FRS 102 to be included in these Financial Statements was a deficit of £3,317,000 at 31 March 2022.

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

The assumptions made by the scheme actuaries for their 31 March 2022 report for the purposes of FRS102 are set out below.

Actuarial assumptions at:	31 March 2022	31 March 2021
	% pa	% pa
Pension increase rate	3.2%	2.85%
Salary increase rate	3.9%	3.55%
Discount rate	2.7%	2.0%

The FRS102 valuation at 31 March 2022 showed that the market value of the scheme's assets at that date was £17,384,000. The actuarial value of the assets is 84% of the benefits that had accrued to members, after allowing for an expected increase in earnings.

Assets (employer)	Asset Split at	Assets at	Asset Split at	Assets at
	31 March 2022	31 March 2022	31 March 2021	31 March 2021
	%pa	£(000)	%pa	£(000)
Equities	42%	7,301	46%	7,269
Bonds	41%	7,127	40%	6,320
Property	11%	1,912	10%	1,580
Cash	6%	1,044	4%	632
Total		17,384		15,801

Net pension liability as at:	31 March 2022	31 March 2021
	£(000)	£(000)
Fair value of employer assets (as above)	17,384	15,801
Present value of funded liabilities ¹	20,701	20,841
Net pension (liability)	(3,317)	(5,040)

It is estimated that this liability comprises of approximately £14,340,000, £1,336,000 and £5,025,000 in respect of employee members, deferred pensioners and pensioners respectively as at 31 March 2022. The employer's contributions in the year were 23.4% (23.4% in 2021), no additional deficit lump sum payment was required (£0 in 2021); employee contributions were between 5.5% and 9.9% depending on salary.

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The employer's pension cost of the Cheshire Pension Scheme charged to the SOFA for the year was £616,913 in total.

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

	2022	2021
	£(000)	£(000)
Operating charge		
Current service cost	1,330	834
Past service cost	0	0
	<hr/>	<hr/>
Net (gain)/loss	1,330	834
Other finance income		
Interest income on assets	(320)	(306)
Interest cost on defined benefit obligation	428	354
	<hr/>	<hr/>
Total service cost	1,438	882
	<hr/>	<hr/>
Reconciliation of defined benefit obligation:		
Opening position as at 31 March 2021	20,841	15,049
Current service cost	1,330	834
Interest cost on defined benefit obligation	428	354
Contributions by members	178	167
Actuarial remeasurements	(1,708)	4,758
Past service costs/(gains)	0	0
Benefits paid	(368)	(321)
	<hr/>	<hr/>
Closing position as at 31 March 2022	20,701	20,841
	<hr/>	<hr/>
Reconciliation of fair value of plan assets:		
Opening position as at 31 March 2021	15,801	13,098
Interest income on assets	320	306
Contributions by members	178	167
Contributions by the employer	617	584
Actuarial remeasurements		
Return on assets	836	1,967
Benefits paid	(368)	(321)
	<hr/>	<hr/>
Closing position as at 31 March 2022	17,384	15,801
	<hr/>	<hr/>
Assets b/f 1 April 2021	15,801	13,098
Liabilities b/f 1 April 2021	(20,841)	(15,049)
	<hr/>	<hr/>
Net liability b/f 1 April 2021	(5,040)	(1,951)
Pension scheme gain/(loss) in year	1,723	(3,089)
	<hr/>	<hr/>
Pension scheme liability	(3,317)	(5,040)
	<hr/>	<hr/>
Assets at 31 March 2022	17,384	15,801
Liabilities at 31 March 2022	(20,701)	(20,841)
	<hr/>	<hr/>
Net liability at 31 March 2022	(3,317)	(5,040)
	<hr/>	<hr/>

The pension liability is an estimate, as at the year end, of the amount by which the expected cost of settling Adoption Matters' existing pension liabilities exceeds the value of the assets currently held in the scheme for that purpose. In the current economic climate, the amount of the pension liabilities and values of pension assets are likely to vary considerably from year to year. Adoption Matters' immediate liabilities are the contributions it makes to the scheme, currently set at 23.4% as required by the 2019 triennial valuation.

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

Current pensioners – Male	21.2 years (2021: 21.4 years)
Current pensioners - Female	23.8 years (2021: 24.0 years)
Future pensioners – Male	22.1 years (2021: 22.4 years)
Future pensioners – Female	25.5 years (2021: 25.7years)

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