

**Annual
Report and
Accounts
2010**

**Believe in
children**



Barnardo's

Turning lives around



Contents

	Pages
Chair's introduction	5
Report of Council	6-20
Statement of responsibilities	21
Independent auditor's report	21
Consolidated statement of financial activities	23
Balance sheet	24
Cash flow statement	25
Summary income and expenditure account	25
Notes to the accounts	26-36
Gifts and grants received	37-38
Council and officers	39



‘We have reported record total income in excess of £230 million.’



Chair's introduction

You will see in this report and these accounts how our achievements in the year to 31 March 2010 matched our plans. I am pleased to say that overall we hit our targets for the year and I congratulate management, staff and volunteers right across Barnardo's on doing that.

What one of our service users has recently said cannot be said too often. 'The people at Barnardo's have been great. They're not just doing it because it's a job, they're doing it because they care.' And, as I have visited services for children and young people over this past year, I have continued to see for myself how much Barnardo's people care.

While caring, they are also getting better and better at demonstrating with hard evidence the effectiveness of what they do. This is a high priority for us in our new three-year Business Plan, adopted by Barnardo's Council in March 2010. It would be important in any event, but is all the more so as we face up to impending public sector funding cuts.

In the year to 31 March 2010 we have reported record total income in excess of £230 million and a small surplus of income over expenditure. Our aim for the future is to continue to grow our direct work with disadvantaged children and young people across the United Kingdom.

Over the past year public awareness of Barnardo's has continued to improve, which has increased our capacity both to influence public policy and to increase the public's financial support for Barnardo's. The fundraising climate is especially challenging in these times of economic hardship. We did well in 2009/10, against a background of lower levels of Gifts in Wills. Our 380 shops had a particularly strong year and we are continuing to grow this source of funds. Elsewhere, in fundraising, we held our position in a highly competitive market.

During the year, like so many others, we had to work out how, over time, to cover the deficit in our pension fund, which emerged at the triennial valuation at 31 March 2009. This was painful for the organisation and for its staff, but acceptable plans were agreed and put to the Pension Regulator. It is at times like these that our reserves policy stands us in good stead and I am able to report that our balance sheet remains strong.

I commend this report and these accounts to you and take this opportunity to thank everyone who works for Barnardo's, whether they are paid or not, and all of our many donors.

Geoffrey Barnett
Chair of Council

16 July 2010

Report of Council

At Barnardo's, we believe in children – no matter who they are, what they have done or what they have been through. We will support them, stand up for them and bring out the best in each and every child.

Barnardo's vision is that the lives of all children and young people should be free from poverty, abuse and discrimination. Our purpose is to help the UK's most vulnerable children and young people transform their lives and fulfil their potential.

Barnardo's has been changing children's lives since 1866, when our founder, Dr Thomas Barnardo, launched a programme of pioneering childcare work. Today, as the largest of the UK's children's charities, Barnardo's provides a comprehensive range of support, counselling, fostering, adoption and training services for more than 100,000 children, young people and their families.

Barnardo's delivers more than 400 services, also known as projects, based in local communities across the UK. Barnardo's strives to use new

and innovative approaches to engage with those who are the most disadvantaged and might not access services in a traditional way.

As well as providing direct services, Barnardo's champions children's rights by pursuing a range of influencing and campaigning activities. Our work to change Government policy and practice, based on knowledge gained from research and our own experience, aims to improve outcomes for all children and young people in the UK.

To fund our work, Barnardo's relies upon voluntary donations from the public, companies and trusts, together with fees and grants we raise for the provision of services to local authorities and other funding partners. Barnardo's also depends on more than 12,000 volunteers who support our work.

Objectives and achievements

2009-10 was the final year of a three-year Business Plan, launched in 2007 and setting out the strategic direction through to March 2010.

The plan was designed to ensure that the work of Barnardo's focused on the areas where it is able to make the greatest impact on the lives of disadvantaged children and young people, through direct service provision and by being an effective advocate for change. Eight specific objectives were set for the final year of the plan, against which performance has been measured.

1. Deliver growth in fee and grant income for service provision of at least six per cent

Fee and grant income increased by 16 per cent in 2009-10 and 32 per cent in the three years to March 2010. Barnardo's has developed new services and expanded its current work, including successfully establishing a large number of children's centres across the South West of England, Cumbria and Buckinghamshire. The year also saw significant growth within the three Barnardo's schools (Spring Hill, Meadows and High Close) along with securing a contract through the Department for Work and Pensions Future Jobs Fund. In addition to an improvement in income generation, the third of our services which are subject to external inspection

had results that showed a consistent improvement in quality, and there was a threefold increase in those assessed as 'excellent'.

2. Achieve a five per cent reduction in the voluntary funds used in the 20 per cent of the services that use most voluntary funds across the UK, measured against 2008-09 expenditure

A five per cent reduction was achieved in all services with the highest level of voluntary funds.

3. Achieve a total of at least 20 changes in legislation or Government policy across the four nations' jurisdictions over the period 2007-

2010. At least one change each year in each of our priority campaigning areas and one each year which will improve outcomes for BME children and young people

Over the last three years Barnardo's secured 24 changes to policy and legislation, exceeding the target. We have successfully influenced Government policy in all





four of our priority areas of child poverty, education, children in care and children in trouble and in all four nations of the UK. Influencing successes in the last year include: the establishment of a Child Poverty Commission under the Child Poverty Act, which also enshrines in law the commitment to end child poverty by 2020; mitigating legislative changes requiring all apprentices to be 'employed', so that the young people we currently support on work-based, programmed apprenticeships would not be disadvantaged; and in Scotland significant amendments to legislation to improve the lives of children with disabilities and special educational needs. Over the period of the plan we have also been successful in lobbying for a duty to be placed on the immigration service to safeguard and promote the welfare of children in the asylum system.

4. Achieve an increase in spontaneous awareness of Barnardo's consistently above 12 per cent and growing

during the life of the plan

In 2007 we revised our strapline to 'Believe in Children' to explain more clearly what we stand for. We also launched our first television advertising in 2008, increasing the number of people seeing the Barnardo's brand. This has helped us revitalise our brand and get greater recognition of our work among the general public, with 15 per cent recognising the Barnardo's brand without being prompted.

5. Make a net fundraising contribution in line with the budget agreed by the Trustees

In spite of the difficult economic and fundraising environment, we achieved our target for 2009-10, raising £39.3 million from voluntary donations and trading activity.

6. Increase the number of registered volunteers by five per cent, delivering an increase in every region and nation, and to increase the number of younger volunteers by five per cent

A revised volunteering strategy has enabled us to increase the number of volunteers by 19 per cent in 2009-10 and 50 per cent in the last three years. The number of volunteers under 25 grew by 27 per cent over this period.

7. Reduce the proportion of funds spent on support functions at head office and at region and nation offices to 15 per cent by March 2010

Growth in support costs continues to be contained during a period of growth for the charity, with more of our income being spent on furthering our charitable purpose. This has helped to achieve a reduction in expenditure on support costs, which are now close to the target.

8. Replace current diesel vehicles with environmentally friendlier sub 120 CO₂ emission models by 2013 and to reduce the average amount of energy that Barnardo's consumes per member of staff by five per cent by 2012

Just over half the current diesel fleet vehicles have now been replaced with environmentally friendlier sub 120 CO₂ emission models and we are on target to complete this objective earlier than planned. The Barnardo's Big Switch Off campaign was re-launched during 2009-10, encouraging all staff across the charity to help achieve our planned reduction in energy consumption.



Plans for 2010-2013

In March 2010 we launched our new three-year Business Plan, setting out the vision for Barnardo's through to March 2013. Our ambition for the next three years is to help as many families and children as possible to overcome disadvantage while remaining alert to the prospect of increased pressure on our costs. The priority remains to grow our work, and the reach of that work, so we achieve all we can for those who need us the most. To achieve this vision we have set 10 measures against which our success will be judged. They are:

1. By April 2011, to have an outcomes assessment in place for 70 per cent of current service users, rising to 80 per cent in April 2012 and 90 per cent by April 2013, and to improve outcomes for 70 per cent of those service users in year one, rising to 80 per cent in year three.
2. Grow our direct work with children, as measured by our spend on children's services, by 15 per cent over the three years of the Business Plan.
3. By April 2011, establish a baseline by which our reach to the most disadvantaged can be measured and for reach to improve in years two and three of the plan by at least five per cent in each year.
4. Over the period of the plan, achieve a total of at least 20 significant changes in legislation or Government policy (across the four nations) as a result of our influencing work.
5. In each year of the plan, and taking the National Council for Voluntary Organisations (NCVO) annual survey of charitable giving as a baseline, fundraising income will beat the UK charity average by three, then four and finally five percentage points.
6. Increase the number of individuals from whom we have pledges to leave us a gift in their Will by 20 per cent year on year.
7. Deliver a net income from Retail and Trading in line with the budget set for each of the next three years.
8. During 2010-11, ensure sustained spontaneous awareness of 14 per cent among our core audience and to grow this throughout the life of the plan.
9. Launch revised Learning and Development programmes in five key areas and succeed in having 80 per cent of the target staff group complete the training by April 2013.
10. Reduce expenditure on overheads as a proportion of total expenditure by four per cent by April 2013.

Public benefit

In setting plans and priorities for areas of work, the Trustees of Barnardo's have had regard to guidance from the Charity Commission on the provision of public benefit. In particular, the Trustees consider how planned activities will contribute to meeting the objectives they have set. How Barnardo's delivers its principal charitable objective, the assistance of children and young people in need, is demonstrated in the above summary of Barnardo's objectives and the achievements against them. Examples of activities are set out in the *Annual Review* which complements this report.

The public benefit arising from Barnardo's work is implicit in the services delivered. The assistance given to vulnerable children and young people to help them reach their full potential is clearly to the benefit of society as a whole and not just the beneficiaries themselves.

Finance

Results for the year

The statement of financial activities on page 23 shows that income for the year to March 2010, after deducting direct costs of generating income, rose to £194.7m which

represents an increase of 10 per cent over the previous year (2009: £176.6m). Fees and grants for the provision of services, which form the largest part of this figure, showed a 16 per cent increase to £147.1m (2009: £126.9m). Turning to our other sources of income, net trading income and income from development and sale of properties both showed an increase over 2009, while net voluntary income and income from investments (including other income) both fell. The statement of financial activities also shows our gross income before deducting any costs, and in the year to 31 March 2010 this rose to £234.3m, an increase of nine per cent.

Turning to our expenditure, the total amount spent on charitable activities grew by 10 per cent to £193.1m, which, when deducted from the income figure of £194.7m, resulted in a surplus of £1.6m (2009: £2.3m). In an economically challenging year we were pleased with this performance.

The Statement of Financial Activities goes on to show any change in the value of the charity's investments and any movement in the long-term valuation of the Barnardo's pension fund. In the year to

31 March 2010 the value of our investments increased by £12.4m, reversing a loss last year of £12.2m. In common with many other organisations, the Barnardo's pension fund showed an increase in the deficit from £63.2m to £85m. The Board and the Trustees of the pension fund have agreed a plan to eliminate the deficit over time.

General reserve and risk management strategy

Barnardo's maintains a level of reserves in order to meet potential losses which might arise from its charitable activities, investments, trading and other activities. The objective is that Barnardo's is able to continue to carry on its work through a combination of difficult circumstances, and have the time to adjust its strategy to meet these changing circumstances. At the same time the Trustees want to maximise resources applied to our charitable purposes and therefore aim to ensure reserves are not higher than necessary. Reserves are represented by fund balances in the balance sheet on page 24.

The Trustees assess the risks to which Barnardo's could be exposed and the appropriate level of reserves which we should maintain. The current assessment of the target

range of unrestricted and free reserves necessary is £36m to £49m. The actual level of reserves is regularly reviewed and if it looks likely to move significantly outside the target, actions would be taken to bring the actual level of reserves in line with the target.

The balance sheet shows unrestricted reserves of £87m (2009: £77.8m) excluding the pension liability. In assessing free reserves the fixed asset fund of £37.2m (2009: £36.7m) is excluded because this cannot quickly be realised. After deducting the fixed assets fund there remain unrestricted funds of £50.3m (2009: £41.1m), which is marginally above the top of the target range.

Further funds of £25.9m (2009: £21.4m) are held in restricted and endowment funds, only the income from which is available to fund Barnardo's work.

Overall financial health

Barnardo's is well placed to continue to secure new income to support its charitable activities and deliver against its plans. The current economic and political situation is clearly volatile and the Trustees are ready to respond should income be adversely affected.

Contingency plans are in place to manage the impact of any downturn and reduction in public sector funding, while minimising the effect on our charitable activities. Financial plans are less reliant than in previous years on income from the sale and development of surplus properties to fund charitable activities in the future.

Investments

Barnardo's investments are held in a combination of investment funds comprising equities, fixed income securities and cash, managed by BlackRock. The equities fund is one which does not invest in companies whose products are associated with tobacco or the arms industry. Performance is measured against the relevant market indices and in the year to 31 March 2010 it rose in value by 32.9 per cent. This is 0.1 per cent better than the benchmark for the year. Performance has averaged 0.7 per cent per annum better than the benchmark over the last five years.

Commercial activities

The results of Barnardo's subsidiary companies are summarised in Note 3 to the accounts. In total, net income generated by the subsidiaries was £1.5m (2009: £0.8 million), with five of the

six subsidiaries generating a surplus in the year.

Barnardo Trading Limited generated a profit of £639,000 (2009: £539,000) from its mail order, publishing and retail activities. Barnardo's retail and trading activities in total (including the sale of donated goods in Barnardo's shops, which is accounted for as part of the charity's activities) produced a profit of £5.6 million (2009: £4.0 million).

Barnardo Developments Limited's principal activity is the development and sale of properties which are surplus to operational requirements. During the year, sales have continued to be subdued in a slow property market although it has still generated a profit of £245,000 (2009: loss £149,000).

Barnardo Events Limited raises sponsorship income and runs special events in support of Barnardo's, much of which is accounted for within the charity. The company generated a profit of £173,000 (2009: £215,000).

Barnardo Services Limited provides a range of services for children and young people, in conjunction with local authorities, health authorities

and similar bodies. The company generated a profit of £541,000 (2009: £405,000). Activities within Barnardo Social Enterprise Limited have been significantly scaled down or transferred to the charity. The remaining activity has consisted of some training provided to third parties, which generated a profit of £2,000 in the year (2009: loss £145,000).

A further subsidiary, Bow Childcare (registered charity number 297841), was acquired by Barnardo's for nil consideration.

The activities of Bow Childcare are expected to be transferred into Barnardo's. In accordance with Section 405 (2) of the Companies Act 2006, the activities of Bow Childcare have not been consolidated as they are not material to the activities of Barnardo's. Bow Childcare made a loss of £146,000 in the year (2009: £91,000).

Accounts

The Trustees confirm that the accompanying accounts comply with statutory requirements, the requirements of the Memorandum and Articles of Association, and the requirements of the Statement of Recommended Practice on Accounting and Reporting by Charities (SORP 2005). The Trustees consider that Barnardo's has adequate

resources to continue in business for the foreseeable future

and that, for this reason, it should continue to adopt the going concern basis in preparing the accounts.



‘Barnardo's is well placed to continue to secure new income to support its charitable activities and deliver against its plans.’

Structure, governance and management

Barnardo's is a company limited by guarantee (registered in England, company number 61625). It operates throughout the UK and is a charity registered in England and Wales (216250) and Scotland (SC037605). It is governed by its Memorandum and Articles of Association, which sets out its charitable purposes for the public benefit in the following terms:

- (i) the relief and assistance of children and young people in need
- (ii) the promotion of the education of children and young people
- (iii) the promotion among children and young people of the knowledge of the Christian faith or the faith in which they were brought up
- (iv) the relief of the poor, sick, handicapped and aged.

The Members of Council, who are elected by the Members of Association at the Annual General Meeting, are the charity's Trustees and the legal directors of the company. They serve for a three year term, after which they are eligible

for re-election. New Trustees are selected through open recruitment, which includes advertising in the national press and online. New appointees and existing Trustees are provided with an induction programme and a range of other training opportunities to help them meet their responsibilities. Council meets every two months.

The balance of Trustees is kept under review with regard to diversity and geographical spread and particular emphasis is placed on appointing individuals who can fill identified skill gaps within the Trustee body.

Council has a written schedule of matters reserved for decision by the whole board, including the formulation and implementation of strategy; overseeing its implementation through annual operating plans and budgets; monitoring progress and accepting ultimate responsibility for the professional, legal and financial management of the organisation.

Matters not reserved for decision by Council are delegated either to one of the council committees or to the Chief Executive and UK Directors (the senior executives who report to the Chief Executive).

The Council committees are as follows:

■ **Audit and Compliance**

Committee reviews the effectiveness of Barnardo's internal financial and non-financial control and risk management systems and the annual accounts before submission to the full Council. In addition it considers matters of corporate governance and any significant issues arising in respect of either internal or external audit arrangements.

■ **Family Placement Scrutiny**

Committee is responsible for adoption and family placement work within Barnardo's. It considers reports, proposals and recommendations prior to submission to Council. It also ensures that the adoption agency and family placement work operate in accordance with the law and organisational policy.

■ **Investment Committee**

assists the Council in safeguarding the charity's assets and determining investment policy including the charity's stance on ethical investment. It appoints and receives reports from the investment managers who manage the portfolio on a

discretionary basis. It also approves loan arrangements for subsidiary companies and ensures an appropriate return on capital invested in non-operational properties.

■ **Nominations Committee**

reviews the make-up of Council and recommends action to Council to address identified requirements. It appoints the panel of Trustees to handle Trustee recruitment, manages relationships with the Members of Association and may appoint National Committee Members.

■ **Remuneration Committee**

determines the remuneration of the Chief Executive and UK Directors on an annual basis. Their remuneration does not include any share options or long-term incentive scheme. The period of notice for termination of contracts of employment is six months for the Chief Executive and three months for the UK Directors. There are no pension provisions for the Chief Executive or for the UK Directors other than membership of Barnardo's pension scheme on the same terms as other employees.

■ **Three Committees**

in Scotland, Northern Ireland and Wales. On each

are one or two members of Council and other individuals with local knowledge and experience. Barnardo's remains a single UK charity but these committees are responsible, within the framework set by the Council, for overseeing the development of services, the raising of income and Barnardo's influencing work in their respective localities.

Barnardo's abides by the Code of Good Governance which sets out the principles of board leadership for the voluntary and community sectors.

President

Her Royal Highness The Duchess of Cornwall is the President of Barnardo's. She is an active supporter of Barnardo's, has hosted occasions for us in London and made a memorable visit to the Freeman Family Centre in north London during the year.

Members of Council

A list of members of Council appears on page 39.

Management

Barnardo's activities extend across all four jurisdictions of the United Kingdom: England, Northern Ireland, Scotland and Wales.

Barnardo's is also registered as a charity in Scotland, where its activities are governed by the Office of the Scottish Charity Regulator.

Responsibility for operational activities is allocated to six departments: Children's Services; Policy, Research and Media; Fundraising; Communications; People; and Corporate Resources. The charity is divided geographically into three nations for Northern Ireland, Scotland and Wales and six English regions.

Barnardo's has three sister charities: Barnardos Republic of Ireland, Barnardos Australia and Barnardos New Zealand. Each one is a locally registered organisation with its own governing body, raising money for use in those countries. Each uses the Barnardo's name under licence from Barnardo's in the UK. Their financial activities are not included in the accompanying accounts.

There were no transactions with related parties during the year other than contributions made to the Barnardo's pension scheme, which are separately disclosed in the notes to the accounts.

Internal control and risk management

Barnardo's Council has responsibility for ensuring the organisation has an appropriate system of controls, financial and otherwise, to provide reasonable assurance that the charity is operating efficiently and effectively; that its assets are safeguarded against unauthorised use or disposition; that proper records are maintained; that financial information used within the charity or for publication is reliable; and that Barnardo's complies with relevant laws and regulations.

The Audit and Compliance Committee examines the effectiveness of the systems of internal operational and financial control annually and confirms the operating effectiveness of those systems to Council. The key components of Barnardo's risk management include:

- A documented framework of delegated authority with procedures for reporting decisions.
- An approved business plan and annual budget against which progress is reported on a regular basis, including monthly financial reporting of actual results compared with budgets and forecasts.
- A formal risk management process in which the trustees and senior managers identify business risks and the consequential actions necessary to mitigate those risks. A number of corporate risks have been identified for 2010-11 including safeguarding of children and young people in our care, the impact of potentially significant public spending reductions, the volatility of legacy income and managing longer term liabilities on the pension fund. Controls and mitigating actions have been agreed against each risk

such that management is satisfied there are no risks that pose a significant threat to the organisation.

- An inspection and audit regime involving both Barnardo's Corporate Audit and Inspection Unit and third party inspectors and auditors subjects critical business systems and policy areas of Barnardo's operations to regular review, the results of which are reported to management and to the Audit and Compliance Committee.
- Clear policies on whistleblowing and reporting in relation to child protection, health and safety and complaints to ensure compliance with statutory requirements.

carers with whom it works. It values and respects their diversity.

Barnardo's welcomes difference in its staff and volunteers. In accordance with its Basis and Values, Barnardo's is working to create equal access to opportunities for paid employment and voluntary involvement while continuing to base selection and promotion solely on the ability to meet the requirements of the post. This is irrespective of race, colour, ethnic or national origins, religion, disability, gender, sexuality, age, marital status, irrelevant offending background, responsibility for dependents, economic status or political views.

Auditors

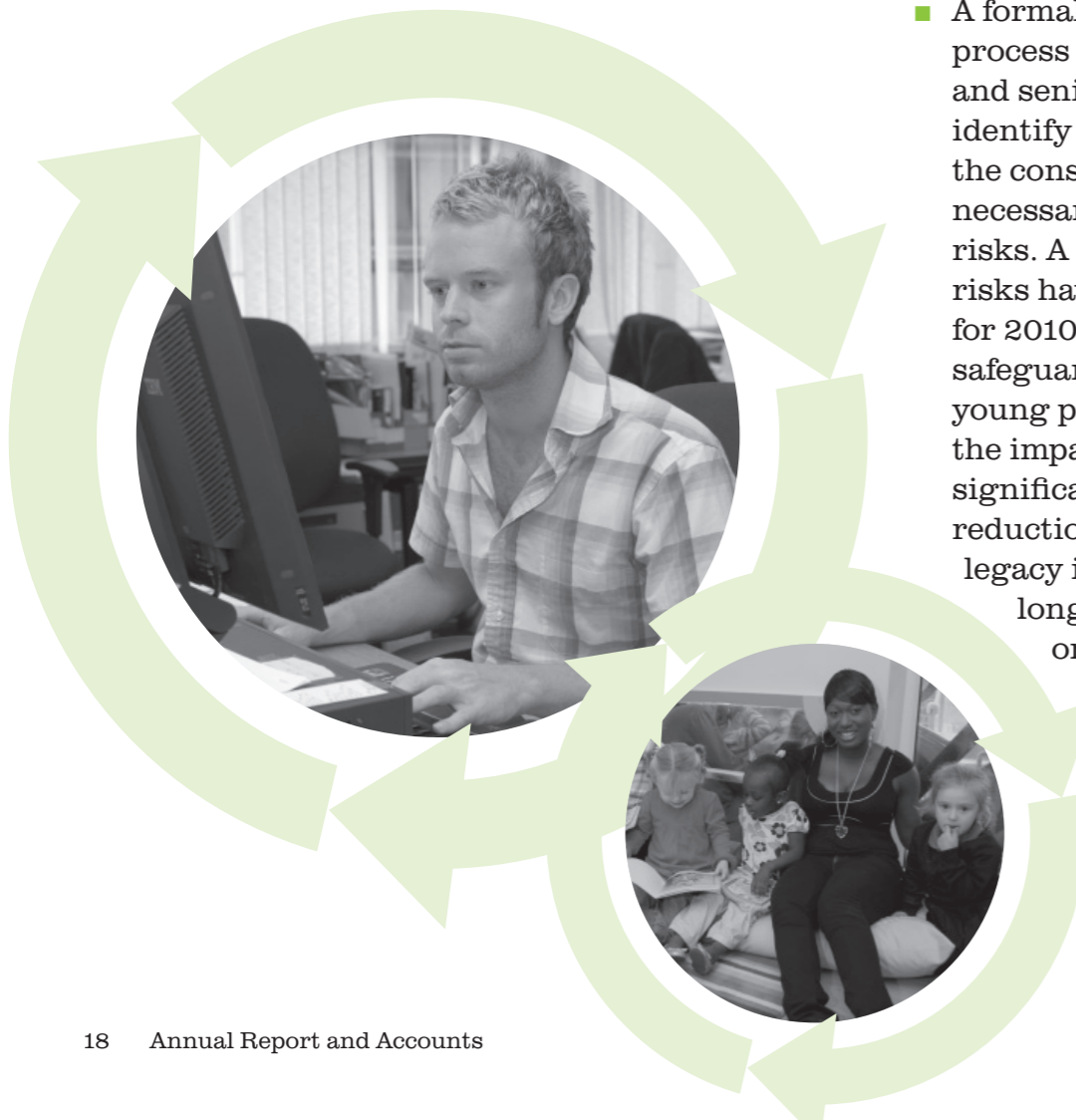
In accordance with Section 485 of the Companies Act 2006, resolutions proposing the re-appointment of BDO LLP as auditors of Barnardo's and authorising Council to fix their remuneration will be put to the members at the Annual General Meeting.

Enacting Our Vision, a race equality strategy which has been implemented throughout the organisation, was launched in 2008. Enacting Our Vision has given impetus to some of the key issues which need to be addressed for black and minority ethnic staff and service users.

Equal opportunities

Barnardo's is committed to providing equality of opportunity for the children, young people, families and

Barnardo's is committed to taking active steps to address and eliminate unfair or unlawful discrimination or prejudice where these are identified in the organisation's procedures or practices.



Environment

Barnardo's is contributing towards a safe and healthy environment for children and has introduced several initiatives to reduce its overall impact on the environment:

1. promoting video conferencing and alternative means of transport to reduce the amount of business mileage undertaken by private and fleet cars
2. commencing the replacement of our current diesel vehicles with environmentally friendlier sub-120 CO₂ emission models with the aim of replacing the entire car fleet by the end of 2012
3. introducing the "Big Switch Off" campaign encouraging all staff to participate and help Barnardo's to reduce its total energy consumption by five per cent each year
4. recycling unsold and damaged donations for retail shops including textiles, shoes, plastics, DVDs, CDs, books, cardboard, metal and electrical items. Additionally we recycle old mobile phones and printer cartridges received from the public and used by Barnardo's.

With thanks

The Trustees wish to record their appreciation of the generosity of the many friends and supporters of Barnardo's by thanking them for their donations and bequests, and of the thousands of volunteers who give so unstintingly of their time. Barnardo's has also benefited from help received from companies, organisations, local authorities and individuals in the form of gifts in kind, free loans of property, preferential rent and part relief from rates. Particular gifts and grants are acknowledged in accordance with their terms on pages 37 and 38.



By Order of the Council
Geoffrey Barnett
Chair of Council

15 July 2010

Statement of responsibilities

Statement of responsibilities of the Trustees of Barnardo's in respect of the Report of Council and the Financial Statements

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with the Companies Act 2006 and for being satisfied that the financial statements give a true and fair view. The Trustees are also responsible for preparing the financial statements in accordance with United Kingdom Accounting Standards (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 charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and:
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that show and explain the charity's transactions, disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group's website is the responsibility of the Trustees. The Trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent auditor's report

Independent auditor's report to the Members of Barnardo's

We have audited the financial statements of Barnardo's for the year ended 31 March 2010 which comprise the Consolidated Statement of Financial Activities (including the Consolidated Summary Income and Expenditure Account), the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's Trustees and Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's Trustees and 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 charity and the charity's trustees and members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and Auditors

The Trustees' (who are also the directors of the company for the purposes of company law) responsibilities for preparing the report of Council and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view, are set out in the Statement of Trustees' Responsibilities.

We have been appointed auditors under the Companies Act 2006 and under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report to you in accordance with regulations made under those Acts. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006, and give a true and fair view. We also report to you whether in our opinion the information given in the Report of Council is consistent with the financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate and proper accounting records, if the charity's statement of accounts is not in agreement with these accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Report of Council and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the charity and the group as at 31 March 2010, and of the group's incoming resources and resources expended, including its income and expenditure, for the year then ended
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- the financial statements have been prepared in accordance with the Companies Act 1985, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations, and:
- the information given in the Report of Council is consistent with the financial statements.



Donald Bawtree, Senior Statutory Auditor
for and on behalf of BDO LLP, Statutory
BDO LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006
Epsom
United Kingdom

Date: 21 July 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

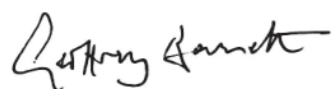
Consolidated statement of financial activities

	Note	Unrestricted Funds £000	Restricted & endowment funds £000	Total 2010 £000	Total 2009 £000
Incoming resources					
Incoming resources from charitable activities					
- Fees and grants for service provision	4	144,671	2,451	147,122	126,875
Voluntary income	5	41,167	3,308	44,475	47,140
Less: Costs of generating voluntary income		(10,764)	-	(10,764)	(10,527)
Net voluntary income		30,403	3,308	33,711	36,613
Activities for generating funds					
Trading income		33,911		33,911	30,594
Less: Costs of goods sold and other costs		(28,281)		(28,281)	(26,627)
Net income from trading		5,630	-	5,630	3,967
Income from development and sale of properties	6	5,287		5,287	4,529
Less: Costs of developing and selling properties		(448)		(448)	(372)
Net income from property sale and developments		4,839	-	4,839	4,157
Investment and other income	7	2,535	993	3,528	5,155
Less: Investment management costs		(91)	(58)	(149)	(142)
Net investments and other income		2,444	935	3,379	5,013
Net incoming resources available for charitable expenditure		187,987	6,694	194,681	176,625
Charitable expenditure					
Charitable activities:					
Service provision	8	170,130	6,362	176,492	161,788
Informing the public about our work		7,813	-	7,813	7,345
Childcare research and education		2,563	-	2,563	2,210
Governance costs		1,652	-	1,652	1,393
Pensions finance charge	13	4,600	-	4,600	1,600
Total charitable expenditure		186,758	6,362	193,120	174,336
Net incoming resources	9	1,229	332	1,561	2,289
Gains/(losses) on revaluation and on investment asset disposals	10	8,197	4,218	12,415	(12,247)
Actuarial loss recognised in the pension scheme	13	(21,400)	-	(21,400)	(17,400)
Net movement in funds		(11,974)	4,550	(7,424)	(27,358)
Fund balances brought forward		14,550	21,361	35,911	63,269
Fund balances carried forward	21	2,576	25,911	28,487	35,911
Note:					
Total incoming resources		227,571	6,752	234,323	214,293
Total resources expended		226,342	6,420	232,762	212,004
Net incoming resources		1,229	332	1,561	2,289
Total cost of generating funds (including fundraising, trading and property development)		39,584	58	39,642	37,668

All of the above results relate to continuing activities. The notes on pages 26 to 36 form part of these financial statements.

Balance sheet

	Note	Group		Charity	
		2010	2009	2010	2009
		£000	£000	£000	£000
Fixed assets					
Tangible assets	14	37,400	36,849	37,400	36,849
Investments	15	69,270	56,927	69,270	56,927
		<u>106,670</u>	<u>93,776</u>	<u>106,670</u>	<u>93,776</u>
Current assets					
Stocks and work in progress	16	1,002	1,634	-	-
Debtors	17	26,567	22,389	25,057	20,885
Cash and bank balances and short-term deposits	18	11,565	11,022	9,946	10,637
		<u>39,134</u>	<u>35,045</u>	<u>35,003</u>	<u>31,522</u>
Creditors: Amounts falling due within one year	19	<u>(32,317)</u>	<u>(29,710)</u>	<u>(26,964)</u>	<u>(24,873)</u>
Net current assets		<u>6,817</u>	<u>5,335</u>	<u>8,039</u>	<u>6,649</u>
Net assets excluding pension liability		<u>113,487</u>	<u>99,111</u>	<u>114,709</u>	<u>100,425</u>
Pension liability	13	(85,000)	(63,200)	(85,000)	(63,200)
Net assets including pension liability		<u>28,487</u>	<u>35,911</u>	<u>29,709</u>	<u>37,225</u>
Fund balances					
Restricted and endowment funds	21(a)&(b)	25,911	21,361	25,911	21,361
Fixed assets fund	21(c)	37,227	36,677	37,227	36,677
General reserve		43,532	35,738	43,532	35,738
Working capital fund		6,817	5,335	8,039	6,649
		<u>87,576</u>	<u>77,750</u>	<u>88,798</u>	<u>79,064</u>
Unrestricted funds excluding pension liability					
Total funds excluding pension reserve		<u>113,487</u>	<u>99,111</u>	<u>114,709</u>	<u>100,425</u>
Pension reserve	13	(85,000)	(63,200)	(85,000)	(63,200)
Total funds	21(c)	<u>28,487</u>	<u>35,911</u>	<u>29,709</u>	<u>37,225</u>



Geoffrey Barnett
Chair of Council
15 July 2010



Ian Marshall
Honorary Treasurer

The notes on pages 27 to 36 form part of these financial statements.

Cash flow statement

	Note	2010		2009	
		£000	£000	£000	£000
Net cash outflow from operating activities	22(a)		(2,993)		(6,848)
Returns on investments and servicing of finance					
Investment income and interest	7		3,332		5,019
Capital expenditure and financial investment					
Purchase of tangible fixed assets	14	(6,228)		(5,576)	
Purchase of investments	15	(10,176)		(4,998)	
Sale of tangible fixed assets			6,360		5,702
Sale of investments	15		10,248		3,019
			<u>204</u>		<u>(1,853)</u>
Cash inflow / (outflow) before use of liquid resources			<u>543</u>		<u>(3,682)</u>
Management of liquid resources					
Net cash (put on deposit)/withdrawn			(1,003)		4,000
(Decrease) / Increase in cash in the year			<u>(460)</u>		<u>318</u>

Summary income and expenditure account

The summary income and expenditure account is presented in order to ensure compliance with the Companies Act 2006. The major difference in the figures presented from those in the consolidated statement of financial activities is that unrealised gains and losses on investments are not recognised.

	Note	2010	2009
		£000	£000
Gross income			
Gross income of continuing operations		171,017	163,204
Income of non-charitable trading subsidiaries	3	62,371	50,069
		<u>233,388</u>	<u>213,273</u>
Gross expenditure			
Total expenditure of continuing operations		171,619	162,344
Expenditure of non-charitable trading subsidiaries	3	60,771	49,204
		<u>232,390</u>	<u>211,548</u>
Net income for the year before transfers and investment asset disposals		<u>998</u>	<u>1,725</u>
Realised loss on disposal of investment assets	10	(101)	(21)
Net income for the year		<u>897</u>	<u>1,704</u>
Reconciliation to statement of financial activities:			
Net income for the year before investment asset disposals as above		998	1,725
Movement on restricted capital and endowment funds	21 (a)	563	564
Net incoming resources		<u>1,561</u>	<u>2,289</u>

In accordance with the provisions of the Companies Act 2006, a separate income and expenditure account dealing with the results of the charity only has not been presented. Net expenditure for the year of £0.4 million (2009: £1.4 million) has been dealt with in the accounts of the charity.

Notes to the accounts

1 Accounting policies

Basis of preparation

The accounts have been prepared in accordance with applicable accounting standards, including the Statement of Recommended Practice (SORP) on Accounting and Reporting by Charities (revised 2005) and the Companies Act 2006.

Monetary values are calculated under the historical cost convention, as modified by the revaluation of investments and certain properties.

Basis of consolidation

The consolidated accounts of the group incorporate the accounts of the charity and its subsidiary undertakings, all of which were prepared to 31 March 2010. The trading results of the subsidiary undertakings as shown in Note 3 are consolidated on a line by line basis within the consolidated statement of financial activities (SOFA). A separate SOFA for the charity is not presented as permitted by the SORP and the Companies Act 2006.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value.

Investments

Investments are stated in the balance sheet at their market value as at the balance sheet date. All movements in value arising from investment changes or revaluation are recognised in the consolidated statement of financial activities. Gains or losses on investments are calculated as the difference between the disposal proceeds and the historical cost.

Fixed Assets

Except as set out below, fixed assets are stated in the balance sheet at their cost or value at the time of receipt less depreciation. Expenditure of a capital nature over £1,000 is capitalised. Profits and losses on the disposal of properties are recognised in the consolidated statement of financial activities in the year of disposal.

Depreciation

i) Depreciation of freehold and long leasehold properties is provided at the rate of between two and three per cent per annum on their cost or value. Short leasehold properties are amortised over the period of the lease. Properties acquired and adapted for childcare purposes, whose book cost exceeds market value at the date of commissioning, are subject to a special provision whereby the excess cost is written off over three years in equal instalments.

ii) Where a property is known to have suffered an impairment in market value, the reduction is recognised in full in the results for the year, in accordance with FRS15 ("Tangible Fixed Assets").

iii) Other tangible fixed assets are depreciated over their expected useful lives, which vary between one and five years.

Income

i) Fees and grants for childcare services are accounted for on the basis of the amount receivable for the year.

ii) Donations except in relation to legacies are accounted for at the time of receipt. Income from pecuniary legacies is recognised where grant of probate has been received, and income from residuary legacies is recognised where estate accounts have been finalised. Income from will or reversionary trusts of property is not recognised until the life interest has passed away and the property sale is at an advanced stage. Income from all other legacies is only recognised where there is clear entitlement, the amount can be accurately measured and there is certainty of imminent receipt. The amount notified in relation to such legacies is disclosed in Note 5.

iii) Income raised through the operation of shops and related trading activity under the charity's management is taken into account at the time of receipt. Stocks of unsold donated goods are not valued for balance sheet purposes.

iv) Income from sale and development of properties is accounted for once the certainty of completion has been established.

Notes to the accounts

1 Accounting policies (contd.)

Income (contd.)

v) Investment income is the amount receivable for the year.

vi) Where fee or grant income is invoiced or received that relates to subsequent periods, the income is treated as deferred income in Note 19 to the accounts.

Expenditure

i) All expenditure is accounted for on an accruals basis and irrecoverable VAT is included in the relevant cost category.

Some costs incurred centrally are allocated to expenditure categories listed below on the basis of their use of corporate functions. Such allocations of support costs are made on the basis consistent with the use of resources. Further details regarding support costs are disclosed in Note 8.

ii) Costs of generating voluntary funds are incurred in relation to staff members who are engaged in fundraising activities.

iii) Costs of generating trading income represent expenditure incurred in the operation and management of the Barnardo's chain of shops and other activities undertaken by Barnardo Trading, such as the Christmas mail order catalogue.

iv) Costs of developing and selling properties represent expenditure undertaken by Barnardo Developments Limited.

v) Direct service provision costs represent the operational costs of service delivery.

vi) Grants made include those that Barnardo's makes to other organisations and grants to young people through Barnardo's trust funds.

vii) Other service and training costs are incurred in providing regional/national and departmental management.

viii) Informing the public about our work includes the costs incurred in raising awareness of childcare issues and Barnardo's activities in relation to them.

ix) Childcare research and education include policy reviews and activities to help educate wider groups about relevant childcare issues.

x) Governance costs include those incurred in the governance of Barnardo's assets and are associated with constitutional and statutory requirements.

Pension costs

In accordance with FRS17 Retirement Benefits, the SOFA includes: the cost of benefits accruing during the year in respect of current and past service (charged against net incoming/(outgoing) resources); the expected return on the scheme's assets and the increase in the present value of the scheme's liabilities arising from the passage of time (charged against net incoming/(outgoing) resources); actuarial gain recognised in the pension scheme (shown within net movement of funds). In accordance with FRS17, the balance sheet includes the deficit in the scheme taking assets at their year-end market values and liabilities at their actuarially calculated values discounted at year-end AA corporate bond interest rates. Further details regarding the scheme are disclosed in Note 13.

Capital grants

In accordance with the SORP for charities, grants receivable are recognised immediately in the statement of financial activities unless they are restricted to future accounting periods or may become repayable under the terms attached.

Operating leases

Rentals payable under operating leases are charged on a straight line basis over the term of the lease.

Notes to the accounts

1 Accounting policies (contd.)

Corporation tax

The subsidiary companies gift aid all taxable profit to Barnardo's. No corporation tax liability arises in the accounts.

Fund accounting

Barnardo's has various types of funds for which it is responsible, and which require separate disclosure as follows:

Restricted income funds	Donations or legacies received, or income arising from such, which are earmarked by the donor for specific purposes. Such purposes are within the overall aims of the organisation.
Restricted capital and endowment funds	Funds given to the charity where the income may be used for the charity's purposes. In accordance with the Order signed by the Charity Commission in 2003, the charity may convert a proportion of the capital gain on monies held by way of endowment into income as long as the current indexed value of the original endowment is maintained.
Unrestricted funds	Funds which are expendable at the discretion of the trustees in furtherance of the objects of the charity, consisting of three specific types: (1) Fixed assets fund This fund represents amounts invested in fixed assets for use by the charity. (2) General reserve This reserve represents funds set aside as part of the organisation's risk reduction strategy. Barnardo's has set a policy of building reserves to a level that will cover one month's operating cash flow, 10 per cent of the previous year's public sector income (received to fund Barnardo's work) and protect Barnardo's against a significant setback in the stock and property markets to which the organisation may at any one time be exposed. (3) Working capital fund This fund represents net assets available to meet day-to-day operational commitments.
Pension reserve	In accordance with FRS17 - Retirement Benefits, the liability attributable to the Barnardo's Staff Pension Scheme is shown as a reduction of total funds. No designation of funds to meet future pension commitments at the balance sheet date is in place as the organisation anticipates meeting such commitments through future cash flows, a situation that is subject to regular review in conjunction with actuarial valuations and related professional advice.
Subordinate charities	Included in restricted and endowment funds are assets held on behalf of trusts that are constituted as separately registered charities. These have purposes which are consistent with the objects of Barnardo's and are under common control. As such, their results have been included in the consolidated statements presented.

The SORP lays down that restricted income funds should be separately disclosed in the statement of financial activities. However, in the case of Barnardo's the value of such funds is not significant. The disclosure is therefore made by way of note (Note 21).

Notes to the accounts

2 Subsidiaries

Barnardo's owns the whole of the issued capital amounting to £20,000 (20,000 ordinary shares of £1 each) of Barnardo Holdings Limited which in turn owns the whole of the issued capital of the following principal subsidiaries:

Subsidiary undertaking	Principal Activities
Barnardo Developments Limited	Property development
Barnardo Events Limited	Sponsorship & special events
Barnardo Trading Limited	Mail order and retailing
Barnardo Services Limited	Childcare services
Barnardo Social Enterprise Limited	Commercial activities
Bow Childcare	Nursery services

All the above companies gift aid their taxable profits to the charity, except for Bow Childcare; in accordance with Schedule 405 (2) of the Companies Act 2006, Bow Childcare is not consolidated in the group accounts as it is not material to the group accounts.

3 Trading subsidiaries' results

	Barnardo Trading Limited £000	Barnardo Developments Limited £000	Barnardo Events Limited £000	Barnardo Services Limited £000	Barnardo Social Enterprise Limited £000	Bow Childcare £000	Total 2010 £000	Total 2009 £000
Turnover	2,077	729	332	58,520	13	988	62,659	49,962
Cost of sales	(915)	(448)	-	(58,520)	(1)	(844)	(60,728)	(48,418)
Gross profit	1,162	281	332	-	12	144	1,931	1,544
Admin/other costs	(523)	(151)	(159)	(44)	(10)	(290)	(1,177)	(1,294)
Trading profit/(loss)	639	130	173	(44)	2	(146)	754	250
Other income		115		585			700	524
Net Income	639	245	173	541	2	(146)	1,454	774
Amount payable by gift aid to Barnardo's	(639)	(245)	(173)	(541)	(2)	-	(1,600)	(865)
Retained (loss) for year	-	-	-	-	-	(146)	(146)	(91)
Retained profit/(loss) brought forward	10	-	-	-	-	(36)	(26)	65
Retained profit/(loss) carried forward	10	-	-	-	-	(182)	(172)	(26)

These results, with the exception of Bow Childcare, have been consolidated on a line by line basis in the SOFA, after consolidation adjustments.

4 Fees and grants for children's services

	2010 £000	2009 £000
Family support & placement	70,689	59,764
Education	21,543	18,304
Disability support	12,122	10,837
Other services	42,768	37,970
	147,122	126,875

5 Voluntary income

	2010 £000	2009 £000
Legacies	20,925	22,683
Donations and gifts from the general public	22,571	23,190
Donations from companies and trusts	979	1,267
	44,475	47,140

Legacies notified but not accrued at 31 March were £5.9m (2009:£8.6m).

6 Income from sale and development of properties

	2010 £000	2009 £000
Gain on disposal of properties	4,558	4,067
Turnover of Barnardo Developments Limited	729	462
	5,287	4,529

Notes to the accounts

7 Investment and other income	2010	2009
	£000	£000
Listed investments - United Kingdom	2,533	2,703
Short term deposits	96	1,156
Rents and ground rents	366	480
Loan and other interest	337	680
Gain on disposal of non property fixed assets	196	136
	<u>3,528</u>	<u>5,155</u>

8 Expenditure on Service Provision
Expenditure on service provision comprises direct costs of £158.4m (2009: £144.5m), grants made of £0.4m (2009: £0.5m) and support and training costs of £17.7m (2009: £16.8m).
Total resources expended include the allocation of support costs to the various expenditure categories set out in the SOFA. These support costs relate to the corporate functions of information technology, property and facilities management, human resources and finance in addition to the support costs incurred by communications and other centralised departments that are not otherwise directly allocated. Support costs have been allocated to activities on a basis consistent with the use of resources (e.g. time spent, number of staff, asset value). Voluntary income in support of contracts is managed through Barnardo's.

9 Net incoming resources		
Net incoming resources are stated after charging:		
Depreciation of tangible fixed assets	4,315	4,137
Depreciation on adaptations for special purposes	37	37
Auditors' remuneration - statutory	61	64
- non-audit work	17	19
Operating lease rentals	10,074	9,532

10 Gains and losses on revaluation and on investment asset disposals	2010	2009
	£000	£000
Realised losses	(101)	(21)
Unrealised gains/(losses)	12,516	(12,226)
	<u>12,415</u>	<u>(12,247)</u>

11 Council members
Barnardo's is a company limited by guarantee having no share capital and in accordance with clause 7 of the Memorandum of Association every member is liable to contribute a sum of £1.05 in the event of the company being wound up. At 31 March 2010 there were 281 members (31 March 2009: 285).
During the year no Council member received any remuneration or benefits from the charity. Expenses incurred by trustees amounted to £11,629 (2009: £10,651) and included travel, subsistence and other related costs. The number of Council members claiming expenses was eight (2009: nine).
The charity purchased insurance for Council members and officers of the company during the year to indemnify them against possible liabilities incurred by them in relation to their duties. The cost of this insurance was £11,529. (2009: £18,743).

12 Employees	2010	2009
	No.	No.
The average number of employees during the year was:		
Children's services	5,996	5,598
Fundraisers, shop managers, clerical staff and fundraising management	1,223	1,170
Central support services (including employees performing work for other departments)	303	313
Subsidiary companies	4	4
	<u>7,526</u>	<u>7,085</u>
The number of staff whose emoluments fell within each of the following bands was:		
£0 to £59,999	7,496	7,053
£60,000 to £69,999	8	10
£70,000 to £79,999	9	8
£80,000 to £89,999	7	9
£90,000 to £99,999	4	2
£100,000 to £109,999	1	2
£160,000 to £169,999	1	1
	<u>7,526</u>	<u>7,085</u>

Notes to the accounts

Number of full time equivalent employees at year end	4,945	4,492
The aggregate emoluments to employees in the year were:	£000	£000
Wages and salaries	125,639	115,873
Social security costs	9,660	8,609
Pension costs	9,628	9,825
Benefits in kind (as calculated for taxation purposes)	383	324
	<u>145,310</u>	<u>134,631</u>

Emoluments for this purpose include gross salary and benefits in kind but exclude expenses. Systems are in place to manage the payment of expenses. The amount of expenses claimed by the Chief Executive and UK Directors is published on our website. The above banding includes 20 staff earning over £60,000 (2009:27) for whom retirement benefits are accruing under the Barnardo's Staff Pension Scheme and Barnardo's Retirement Savings Plan (see Note 13). A further six staff earning over £60,000 (2009:five) receive benefits accruing under the Barnardo's Retirement Savings Plan. Employer contributions to the pension funds of these six employees were a combined total of £25,000 during the year (2009: £13k).

13 Retirement benefits

The group operates a funded defined benefit scheme, the Barnardo's Staff Pension Scheme, the assets of which are held in a specific trust separately from those of the group. Contributions are paid to the scheme as agreed with the scheme's trustees, having taken independent actuarial advice.

The scheme was closed to new entrants in 2007, and pensions accrued since then have been provided on a career average revalued earnings basis, with increases broadly in line with inflation. Following a consultation period with staff, Barnardo's has implemented further changes to the scheme benefit structure from 1st April 2010.

New employees are offered membership of the Barnardo's Retirement Savings Plan, which is a defined contribution arrangement. The total costs relating to the defined contribution arrangement for the year amount to £1,138,000.

Details of the defined benefit scheme, produced in accordance with FRS17, are set out below.

The full actuarial valuation as at 31 March 2009 was updated to 31 March 2010, by an independent qualified actuary in accordance with FRS17. As required by FRS17, the defined benefit liabilities have been measured using the projected unit method.

The expected rate of return on assets for the financial year ending 31 March 2010 was 6.5% pa (2009 6.8% pa). This rate is derived by taking the weighted average of the long term expected rate of return on each of the asset classes that the scheme was invested in at 31 March 2009, less an allowance for administration expenses.

The estimated amount of total employer contributions expected to be paid to the scheme during 2010/11 is £20.0m (2009/10 actual: £8.5m), reflecting the increased contributions payable following the 2009 actuarial valuation (including a £5m lump sum payment), plus the impact of a new salary exchange arrangement.

The following table sets out the key FRS17 assumptions used for the scheme.

Assumptions	2010	2009
	per annum	per annum
Price inflation	3.5%	3.1%
Discount rate	5.7%	6.7%
Pension increases (5% LPI)	3.4%	3.1%
Salary growth	5.0%	4.6%
Further life expectancy of male aged 60 in 2010	25 years	25 years
Further life expectancy of male aged 60 in 2030	26 years	26 years

The amounts included in the balance sheet arising from Barnardo's obligations in respect of the defined benefit scheme for the current and previous four periods are as follows:

	2010	2009	2008	2007	2006
	£m	£m	£m	£m	£m
Total fair value of assets	381.9	301.5	349.8	370.1	341.5
Present value of liabilities	(466.9)	(364.7)	(397.6)	(426.7)	(402.7)
Deficit	<u>(85.0)</u>	<u>(63.2)</u>	<u>(47.8)</u>	<u>(56.6)</u>	<u>(61.2)</u>

The following amounts have been included within net incoming resources under FRS17 in relation to the defined benefit scheme:

	2010	2009
	£'m	£'m
Employer's part of current service cost	3.9	4.8
Past service cost	0.4	0.9
	<u>4.3</u>	<u>5.7</u>
Interest cost	24.2	25.3
Expected return on scheme assets	(19.6)	(23.7)
	<u>4.6</u>	<u>1.6</u>
Total expense	<u>8.9</u>	<u>7.3</u>

Notes to the accounts

	Group	
	2010 £000	2009 £000
15 Investments		
Investments at market value	69,270	56,927
Investments of the charity include £20,000 in Subsidiary undertakings (Note 2).		
<i>Investments at market value:</i>		
At beginning of year	56,927	67,199
Additions	10,176	4,998
Disposals	(10,248)	(3,019)
Realised/unrealised gains/(losses)	12,415	(12,251)
At end of year	69,270	56,927
<i>Comprising:</i>		
UK Equities	41,242	28,966
UK Bonds	12,138	12,118
Cash	15,776	15,729
Other investments	114	114
	69,270	56,927
Cost of Investments	64,004	64,177
There were no individual listed investments in excess of 5% of the total portfolio value.		

	Group	
	2010 £000	2009 £000
16 Stocks and work in progress		
Finished goods	358	208
Work in progress	644	1,426
	1,002	1,634
Work in progress represent building developments at the year end. No stocks or work in progress were held by the charity.		

	Group		Charity	
	2010 £000	2009 £000	2010 £000	2009 £000
17 Debtors				
Trade debtors	130	285	43	43
Statutory and related funders	15,887	13,781	10,327	9,609
Taxation	1,679	1,681	1,678	1,666
Other debtors	2,197	2,052	350	410
Prepayments and accrued income	6,674	4,590	5,475	3,874
Amounts due from subsidiaries	-	-	7,184	5,283
	26,567	22,389	25,057	20,885
Amounts due from subsidiaries represent:				
i) Loans from the charity to Barnardo Trading Ltd and Barnardo Developments Ltd. These loans are repayable on demand, and are secured by fixed and floating charges over the assets of the subsidiaries. Interest is chargeable at rates of 1.5% to 2% above base rate.				
ii) A loan from the charity to Bow Childcare, which is repayable on demand. There is no interest charged on the loan since the lending activity falls within the charitable objectives of Barnardo's.				
iii) Temporary current account balances between the charity and Barnardo Services Limited, Barnardo Events Limited and Barnardo Social Enterprise Limited.				

	Group		Charity	
	2010 £000	2009 £000	2010 £000	2009 £000
18 Cash and bank balances and short-term deposits				
Cash at bank & in hand	6,531	6,991	4,912	6,605
Short-term deposits	5,034	4,031	5,034	4,032
	11,565	11,022	9,946	10,637

Notes to the accounts

	Group		Charity	
	2010 £000	2009 £000	2010 £000	2009 £000
19 Creditors - amounts falling due within one year				
Pension contributions	882	978	882	978
Other taxes and social security costs	6,257	4,938	3,581	2,975
Other creditors	3,213	4,335	2,564	3,693
Accruals	7,981	8,161	7,744	7,828
Trade creditors	2,943	3,389	2,943	3,389
Deferred income	11,041	7,909	9,250	6,010
	32,317	29,710	26,964	24,873
Deferred income relates to fees and grants invoiced in advance from statutory and related funders.				

	Group		Charity	
	2010 £000	2009 £000	2010 £000	2009 £000
20 Commitments				
(a) Capital Expenditure				
Capital expenditure contracted	28	605	28	605
Capital expenditure authorised but not contracted for	169	173	169	173
(b) Land & Other Buildings				
Annual commitments under non-cancellable operating leases are as follows:				
Operating Leases which expire:				
	1,147	696		
Within one year				
In the second to fifth years inclusive	2,823	2,576		
Over five years	5,240	3,274		

	Group & Charity		Restricted capital and endowment funds £000	Total £000
	2010 £000	2009 £000		
21 Restricted income funds				
Fund balances				
(a) Analysis of restricted & endowment funds				
Incoming resources				
- Statutory income		943	-	943
- Fundraising income		3,308	-	3,308
- Big Lottery Fund		1,401	-	1,401
- Atlantic Philanthropies		107	-	107
- Net income from investments and other		-	935	935
		5,759	935	6,694
Resources expended				
- Childcare and community work in the UK		5,990	-	5,990
- Grants to young people in need		-	372	372
		5,990	372	6,362
Net incoming resources		(231)	563	332
Gains and losses on revaluation and on investment asset disposals				
Realised losses		(24)	-	(24)
Unrealised gains		4,242	-	4,242
		4,218	-	4,218
Net movement in funds		3,987	563	4,550
Fund balances brought forward		2,676	18,685	21,361
Fund balances carried forward		6,663	19,248	25,911
All endowment funds are permanent endowments.				

Notes to the accounts

The restricted capital and endowment fund balances carried forward at 31 March 2010 include £20.6m in respect of endowment funds for which Barnardo's has received an Order signed by the Charity Commission enabling the unapplied total return within these endowment funds to be transferred to unrestricted funds.

	£000
Value of assets representing the unapplied total return within endowment funds at 1 April 2009	1,868
Net increase in value during the year of the unapplied total return within endowment funds	1,868
Value of assets representing the unapplied total return within endowment funds at 31 March 2010	1,868

	2010		2009	
	No.	£000	No.	£000
(b) Categorisation of restricted & endowment funds				
Fund balances				
- Education purposes	4	2,112	4	1,690
- Project buildings	2	284	2	284
- Sea training	1	354	1	282
- General & other purpose	22	23,161	22	19,105
	29	25,911	29	21,361

	Unrestricted		Restricted & endowments		Total
	£000		£000		
(c) Analysis of fund balances between group net assets					
Fixed assets		37,228	172	37,400	
Investments		48,470	20,800	69,270	
Pension liability (note 13)		(85,000)	-	(85,000)	
Net current assets		1,878	4,939	6,817	
Net assets as at 31 March 2010		2,576	25,911	28,487	
Net assets as at 31 March 2009		14,550	21,361	35,911	
Unrealised gains included in investments value		8,274	4,242	12,516	

22 (a) Reconciliation of net incoming resources to net cash outflow from operating activities

	2010	2009
	£000	£000
Net incoming resources	1,561	2,289
Depreciation charge	4,352	4,174
Net gain on disposal of tangible fixed assets	(5,035)	(4,293)
Increase/ (Decrease) in pension liability	400	(2,000)
Increase in debtors	(4,178)	(1,149)
Increase/ (Decrease) in creditors	2,607	(1,555)
Investment income and interest	(3,332)	(5,019)
Decrease in stock and work in progress	632	705
Net cash outflow from operating activities	(2,993)	(6,848)

22 (b) Reconciliation of net cash flow to movement in net cash funds

	2010	2009
	£000	£000
Net funds at beginning of the year	6,991	6,673
Change in net funds during the year	(460)	318
Net funds at end of the year	6,531	6,991

23 Related parties

The trustees confirm that there have been no related party transactions during the year which require disclosure under FRS8 ("Related Party Transactions").

24 Contingent Liabilities

There is a contingent liability in respect of the unexpired term of leases assigned to other tenants. Council considers that the possibility of a material cost accruing to the organisation is remote and consequently no provision has been included in the accounts.

Gifts and grants received

Corporate donations

Aldi Stores Limited; DHL Automotive; Eversheds LLP; Hallmark Cards PLC; ITN Mark Education; Ladbrokes PLC; Lloyds TSB; Next Retail Limited; Orange PLC; PricewaterhouseCoopers LLP; The Royal Bank of Scotland; Royal Mail Group.

Charitable trusts, grants and foundations

AD Charitable Trust, £30,000
The Atlantic Philanthropies: Ready to Learn, £706,000
BBC Children in Need, £65,449
Big Lottery Fund:

- Asha, Oldham, £90,911
- Barnardo's Voices, Barnsley, £83,604
- BL Family Connections, £64,969
- SECOS, £50,544
- Blackburn, via Blackburn with Darwen Council, £32,079
- Blackpool, Playful Ideas, £85,791
- Bournemouth and Poole Play Rangers, £141,349
- Bristol Locality Services, Somali Play Project, £83,273
- Café West, Bradford, £18,352
- Carmarthenshire Sibling Carer Service, £62,375
- Community Futures, Barnsley, £93,427
- Flintshire Young Carers Street Level, £56,853
- Hamara, £16,000
- Marlborough Road Caterpillar Service, £17,000
- Marlborough Road Out There, £157,084
- Making Change Happen, £24,425
- Pembrokeshire Peer Mentoring Scheme, £39,741
- Signpost, Wakefield, £48,908
- Somerset Play Rangers, £187,142
- South Lakeland Families, £34,425

Big Lottery Target Wellbeing via Groundwork Trust, £12,735

The Cattnach Charitable Trust, Scotland, £7,000

Christ's Hospital in Sherburn, £4,000

The Christina Mary Hendrie Trust, £7,500

Comic Relief, £85,268

Comic Relief, The Princess Royal Trust for Carers, £113,178

Dawe Family Trust, £5,000

Donald Forrester Trust, £10,000

May and Stanley Smith Charitable Trust, £17,455

Miss E A Pemberton-Barnes Will Trust, £21,150

The Ellerdale Trust, £30,000

The Eveson Charitable Trust, £15,000

Freemasons' Grand Charity, £22,500

G J W Turner Trust, £5,000

The Gannochy Trust, £20,000

The Garfield Weston Foundation, £50,000

Hedge Funds Care UK, £20,000

J H Bartlett Charity Trust, £11,113

The J H McGregor Will Trust, £60,000

The Jessie Spencer Trust, £1,000

Sir John Fisher Foundation, £7,500

John James Bristol Foundation, £25,000

The Jones 1986 Charitable Trust, £10,000

Katherine Martin Charitable Trust, £185,000

The Lady Hind Trust, £2,000

Langdale Trust, £5,000

The Ledward Trust, £250,000

Liverpool Children's Fund, £100,000

The Millfield House Foundation, £23,833

Northern Rock Foundation, £95,000

The Oglesby Charitable Trust, £14,327

Pamela Barlow Charitable Trust, £3,000

The Peacock Charitable Trust, £32,000

People's Postcode Lottery, £11,443

Tom Parrington's Will Trust, £95

The Robertson Trust, £20,000

The Rothley Trust, £1,200

Sandra Charitable Trust, £5,000

Trust for Education, £100,000

The Waterloo Foundation, £67,000

Wates Foundation, £17,000

William Belmer Rush Foundation, £17,250

Funding from statutory authorities

Cymru

Neath Port Talbot County Borough Council:

- Through Big Lottery Fund: Children's Inclusion Project, £203,812
- Through Welsh Assembly Government-funded Cymorth project, Children's Inclusion Project, £2,000

Welsh Assembly Government, £836,125 including £205,952

Section 180 Homelessness Grant

Welsh Council for Voluntary Agencies:

- Millennium Volunteers, £7,000
- Russell Commission Youth Volunteering Grants: 'Opportunities', £8,619
- Wales the Active Community, £23,335

England

Birmingham City Council, £81,813

Cumbria County Council, £3,496,769

The Department for Education (formerly known as

Department for Children, Schools and Families):

- Parenting Fund round three, £342,070
- The Princess Royal Trust for Carers, £89,743

Department of Health, Opportunities for Volunteering, £196,000

Electoral Commission, £87,128

Gifts and grants received

Leicester City Council, £88,395

Leicestershire County Council, £76,066

London Councils:

- CANDL, London, £39,000
- Families in Temporary Accommodation (Specialist Service and Access to Permanent or Temporary Accommodation) £140,147
- Young Women's Service, North London, grants for preventative and recovery services, £161,821 and £126,738

Northern Ireland

Belfast HSC Trust (North & West)

- Choices for Children, Forward Steps, £26,000
- Parent and Child Together, £33,114
- Professional Fostering, £220,897
- Tuar Ceatha, Travellers, £17,662

Belfast HSC Trust (South & East):

- Barnardo's Adolescent Support Services, £97,286
- Choices for Children, Forward Steps, £24,841
- Choices for Children, Home Links, £117,500
- Leaving Care, £264,375
- Parent and Child Together, £73,456
- Professional Fostering, £449,761
- Tullycarnet Primary Family Support, £16,029
- Windsor Avenue Family Centre, £201,854
- Adolescent Fostering Partnership, £263,769

Children's Fund Unit (DHSSPS):

- Children First Outreach Service, £97,313
- Choices, Family Support, £14,811
- Domestic Violence Outreach Services, £36,159
- Family Group Conferencing, £122,881
- Newry Adolescent Partnership (Social Inclusion), £5,577
- Parent and Child Together Aftercare Support, £42,861
- Parenting Matters, £40,793
- Pyramid Plus, £78,765
- Young Carers Scheme, £27,837
- Young People's Advice and Info Bureau, £36,565

Communities Relations Council:

- NOVA, £183,838
- Department of Education: Young Parents Network, £66,353
- Department for Employment and Learning: European Social Fund, Dr B's Kitchen, £198,202

Department of Health and Social Services and Public Safety

- Missing From Care, £66,126
- NI Trainee Social Worker, £55,711

- NI Training Support Programme, £14,604
- Research, Child Sexual Exploitation, £50,614
- Substance Misuse Co-ordinator, £5,000

Early Years – The Organisation for Young Children:

- Black Minority Ethnic and Refugee Family Support Service, £21,752
- Choices for Children – Forward Steps, £54,279
- Tuar Ceatha, Travellers, £9,309

Eastern Childcare Partnership:

- Black Minority Ethnic and Refugee Family Support Service, £30,899
- Choices for Children – Play for All, £31,275

Eastern Health and Social Services Board:

- Children's House, £662,089
- EHSSB Glenmona Restorative Practice, £23,566
- Pharos EDACT, £144,781
- Young People's Therapeutic Service, £137,131

NI Housing Executive:

- Leaving Care, £218,931
- Leaving Care, Ballymena, £106,467
- Parent and Child Together, £84,735

NIE Energy Limited, Young Parents Network, £10,440

Northern Ireland Office:

- RP Practitioners, £49,183

Office of the First Minister and Deputy First Minister:

- Black Minority Ethnic and Refugee Family Support Service, £19,055
- Ready to Learn, £31,783

Southern Health and Social Services Board:

- Armagh and Dungannon Adolescent Partnership, £70,602
- Disabled Children & Young People's Participation Project, £65,000
- Newry Adolescent Partnership, £70,891
- Pharos SDACT, £107,952

Western Health and Safety Services Board:

- Health Promoting Homes, £11,201
- Strabane Sure Start, £682,508

Scotland

Inverclyde Council:

- Contribution in Kind Property, £22,230
- Inverclyde Family Support Team, £201,971
- Threshold, £197,756
- Threshold, Contribution in Kind Staff, £35,082

Renfrewshire Council:

- Barnardo's Works, £150,672
- Hear 4 U, £40,000
- Paisley Threads, £130,000

Council and officers

Patron

Her Majesty The Queen

President

HRH The Duchess of Cornwall

Vice Presidents

Dr David Barnardo, OBE
 Mr John Bartle, CBE
 Baroness Benjamin, OBE, DL
 Mrs Susan Bernerd, MBE
 Ms Cherie Booth QC (Honorary)
 Rev Joel Edwards
 Rev David Gamble
 Ms Rosemary Jones
 Mr Raj Loomba, CBE
 Mr Bruce Oldfield, OBE
 Baron Sacks of Aldgate
 Judge Mota Singh, QC
 Mr Philip Taylor
 Mr Leslie Thomas, OBE
 Dr Rowan Williams

Members of Council

(Year of first appointment)

Mr Geoffrey Barnett, OBE (2001) – Chair of Council
 Ms Rachael Bayley (2005)
 Baroness Blood, MBE (2002)
 Mr Hugh Burkitt (2009)
 Ms Judy Clements (2006)
 Lady Amanda Ellingworth (2009)
 Mrs Ann Hodgson (2003)
 Ms Hilary Keenlyside (2001) – Deputy Chair
 Mr Ian Marshall (2005) – Honorary Treasurer
 Mrs Sheila Mawer (2005)
 Mrs Kit Pawson (2005)
 Mr Colin Sheppard (2003)
 Ms Gill Stewart CB (2003)
 Mr David Tolson (2005)
 Ms Eleanor Williams (2008)

Chief Executive

Martin Narey

UK Director of Operations and Deputy Chief Executive

Chris Hanvey (to February 2010)
 Jane Stacey (from April 2010)

UK Director of Policy and Research

Julian Walker (to May 2010)

UK Director of Fundraising

Martin Field

UK Director of Communications

Diana Tickell

UK Director for People

Anne Comber

UK Director of Corporate Resources

Clare Checksfield (to September 2009)
 Peter Brook (from September 2009)

Director of Audit and Inspection

Robert Patterson

Company Secretary

Joanna Lawson

Contact details

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 West Sussex RH6 0PA

Bankers

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 London E14 5HP

Investment managers

BlackRock Investment Management (UK) Limited,
 33 King William Street, London EC4R 9AS

Principal solicitors

Bates Wells and Braithwaite London LLP,
 2-6 Cannon Street, London, EC4H 6YH



**Believe in
children**



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www.barnardos.org.uk

 *give with confidence*

Barnardo's adheres to the
Fundraising Promise and
Fundraising Standards
Board guidelines.

Barnardo's Registered Charity
Nos. 216250 and SC037605
Registered Company No. 61625