



Supporting the unsupported

Annual Report and Accounts 2015

**Believe in
children**



Barnardo's

www.barnardos.org.uk

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Chair's introduction



We have had a strong year delivering services to vulnerable children across the UK. Barnardo's scale and investment in developing services through the expertise of our staff has meant we can do more for those children who need it most.

In our detailed report below you will read how we now help more young children and their parents through our growing network of children's centres; more children at risk of sexual exploitation through our rapidly expanding specialist services; more children find foster homes or be adopted; and have opened more accommodation services for care leavers.

In addition to providing services Barnardo's effectiveness at campaigning for legislative change to help children at both a UK and national level has also made real progress in protecting the interests of care leavers, children at risk from sexual exploitation and children affected by parental imprisonment.

Financially Barnardo's has been able to steer through a harsh economic climate despite ever-increasing pressure on local authority budgets, and we have continued to expand both commissioned services with local authorities and our profitable retail chain.

This year was also notable for intensive early planning work for the future in three major areas:

- preparing for our 150th birthday in 2016. This will be a celebration of the success of Barnardo's values in attracting support for our mission over such a long time and to thank our many supporters. More importantly it gives us the opportunity to explain why it is now urgent to help the UK's increasing number of vulnerable children. We will call for more volunteers, donors and supporters so that we can do more in the future.
- developing our next corporate strategy, starting in spring 2016, that will set our long term priorities to help vulnerable children in the UK and drive the organisational change we will need to deliver our aims.
- planning for significant investment in our fundraising and income generation capability so

we are better placed to deal with the increasing pressure on resources. Barnardo's ability to deploy its expertise, deliver innovative services, influence and research to identify and effectively help the most vulnerable will greatly depend on its charitable resources, particularly at a time when public funding of services is likely to decline further.

On behalf of the Board I would like to thank our staff for their tremendous and inspiring work that has made all these achievements possible, and our management for their determined leadership during a time of change.

I am also most grateful to our Chief Executive Javed Khan. This has been his first year and he has already made a great impact – further building Barnardo's powerful campaigning public profile, continuing to modernise the organisation and driving the development of our long term strategy.

As always I'd like to thank all the Trustees on the Barnardo's Board for their great support for and deep commitment to our cause. This has been the first year of our new governance arrangements including new Finance and Governance Committees which we expect to help us strengthen further our governance oversight and support for Barnardo's. We were all sorry to see our long-serving Honorary Treasurer Ian Marshall retire in January. We are in his debt for the exemplary way he worked to ensure Barnardo's future, along with his fellow trustees who retired this year – Rachael Bayley, Sheila Mawer and Gill Stewart. We will miss them all while welcoming our new trustees John Bartlett, Colin MacLean and Colin Walsh.

Lastly my thanks go to our President, HRH The Duchess of Cornwall, who does so much for us so enthusiastically and to all our volunteers, supporters, community fundraisers, celebrities and donors. We couldn't do the work we do to transform young lives without their magnificent generosity.

A handwritten signature in dark ink that reads "Tony Cohen". The signature is fluid and cursive, written in a professional style.

Tony Cohen
Chair of the Board of Trustees
16 July 2015

Chief Executive's introduction



My first year at Barnardo's has been an absolute pleasure and a humbling journey. It's been a joy to witness the brilliant work we do with the UK's most vulnerable children and young people. We could not do what we do without our highly dedicated employees and volunteers or the incredible generosity of those who support us.

Over the last year, we have achieved all eight of our strategic objectives, and as a result reached 240,000 children, young people and their families. Highlights have included our support to care leavers across the UK by delivering a range of specialist services; peer mentoring for young parents in Merseyside; delivering our Five to Thrive training to over 1,500 staff across our early intervention services and publishing ground breaking research into the sexual exploitation of boys and young men.

We work across the UK and deliver an amazing array of services to those in the most challenging of circumstances. As we go into our 150th year, our single motivation remains to achieve the best possible outcome for those we are here to support. This is what we stand for now and what we have stood for since 1866. I'm confident that we will continue to deliver these high quality services for the UK's most vulnerable children and young people.

In addition, to continue to make the greatest impact from our work, we will respond to the complex challenges we face – targeting our resources effectively, influencing and working in partnership with others, ensuring we are efficient in all that we do, whilst we diversify our reach.

I am confident that Barnardo's will continue to go from strength to strength, delivering vital support to the children, young people and families who need us most.

A handwritten signature in black ink that reads "Javed Khan". The signature is written in a cursive style with a horizontal line underneath the name.

Javed Khan
Chief Executive
16 July 2015

Report of the Board of Trustees

1. Objectives and activities

Our vision is to realise our founder's dream of a world where no child is turned away. Our purpose is to transform the lives of the UK's most vulnerable children. We support them, stand up for them and bring out the best in each and every child who needs us the most.

We are the largest children's charity in the UK. We run over 960 services in local communities, have 590 shops, 8,500 employees and 16,000 volunteers who help support our vital work. Our services include reaching and helping children who have been sexually exploited, young people leaving the care system, children affected by parental imprisonment and early intervention for families struggling to cope. We also find loving adoptive homes and foster placements for children in care.

Last year we helped improve the lives of more than 240,000 of the UK's most vulnerable children, young people and their families. We helped many more by campaigning to change policy and public opinion, drawing on our years of extensive research.

To fund our work, Barnardo's relies on voluntary donations from the public, companies and trusts, together with the fees and grants we raise for providing services to local authorities and other funding partners.

2. Strategic report

a. Achievements and performance

Our strategic business plan for 2013-16, *True to our roots, fit for the future* included eight objectives for the three years of the plan. We now report on the progress made in the first two years.

1. Plan, develop and implement strategies in four priority areas of need: children at risk of sexual exploitation, young people who spend time in care (care leavers), children affected by parental imprisonment and early intervention with families.

We have developed strategies in each of the four priority areas. As a direct result of those strategies we have achieved the following:

- Delivered a range of specialist support for **care leavers** across the UK, including peer mentoring for young parents in Merseyside, a training flat in North Lanarkshire and substance use support in Northern Ireland, as well as new supported lodgings schemes for the most vulnerable care leavers. In Scotland we commissioned ground-breaking research on children 'looked after at home' who are amongst the most vulnerable young people in the care system, and often ignored by government. In England we ran a successful public campaign (*Beyond Care*) including an innovative *carebandb* website to highlight the risks facing care leavers placed in unsuitable temporary bed and breakfast accommodation.
- *Five to Thrive* training has been successfully delivered to over 1,500 staff across more than 250 services working with **early intervention**. We have had great success in raising the profile of

this work: In England a recommendation for national roll-out of the training was included in the October report by the Child Poverty and Social Mobility Commission, drawn to the attention of the Childcare Minister Sam Gyimah. Three key civil servants have attended the training through Barnardo's.

- We have expanded the capacity of our specialist services for **children at risk of sexual exploitation (CSE)**, helping 3,175 sexually exploited or at risk children – a 49 per cent increase on the previous year. We have invested in our workforce and ability to deliver high quality support to children by delivering training on neuroscience and the impact of trauma to all Barnardo's CSE services. We also published ground-breaking research into the sexual exploitation of boys and young men and held a series of roundtable events on diversity of CSE victims.
- We have developed a model of working in the community for **children affected by parental imprisonment** in three locations and we are developing a model using children's centres as a hub. The model has the potential to offer greater sustainability and will be rolled out in two further locations during 2015/16, together with training for our children's centres front line practitioners on identifying and responding to children with a parent in prison.

2. Further improve the quality of our children's centres and grow our market share.

The number of children's centres we operate has increased from 139 at the start of the year to 190 at the end, including new relationships with Warwickshire (29 centres), the Isle of Wight (eight centres), Hertfordshire and successful retenders with increased numbers of centres in Cumbria, Plymouth and Manchester. We are responding creatively to increasing pressure on local authority budgets by using multi-generational approaches to early intervention support for

families. These are based in children's centres, providing a hub for an integrated service. We have established systems of quality and data improvement to support all our centres to better understand the needs of the communities they serve and evidence the difference they have made to families' lives, and demonstrated in an Ofsted inspection. We have trained staff in all of our centres to apply a *Five to Thrive* approach in their work with families, raising the profile of early attachment between parents and children. This practice has been commended by Ofsted and we continue to work with our commissioners to ensure best practice is shared between all agencies to achieve demonstrably better outcomes for children.

3. Increase the number of young people we help achieve employment, training and skills (ETS).

The number of young people in our services working towards employment or improving their training and skills has increased from 3,000 in 2012-13 to 4,700 in 2014-15. This is however a reduction from 2013-14, following a restructure which closed or redesigned underperforming services. In its new format, ETS has launched a 'Commitment to Quality' campaign alongside a clear performance focus in order to maximise the employment opportunities for young people and increase the number of young people we work with.

4. Be one of the top voluntary adoption agencies in the UK, providing excellent UK-wide services and a growing number of fostering placements.

Barnardo's remains one of the top UK Voluntary Adoption Agencies, working collaboratively with the English, Welsh and Scottish governments in responding to their local change agendas. The number of adoptions has increased 63 per cent in the last year. As with fostering, the focus of our work continues to be finding placements for hard to place children such as disabled children and sibling groups.

Barnardo's Fostering UK reached a total of 1,161 children and young people for long term, short term and short break placements. This is a 26 per cent increase on the previous year.

A unified operational process has been introduced across all 17 family placement services, enabling improved quality assurance systems to be implemented and monitored.

5. Achieve significant changes in government policy so that the most vulnerable children and young people achieve their potential.

In 2014-15 Barnardo's successfully campaigned for significant changes in draft legislation and government policy. These changes included:

- Amendments to the Criminal Justice and Courts Act 2015 tightening the offence of sexual grooming of a child; introducing mandatory specialist training for lawyers in child sexual abuse cases; and securing commitment in the UK Government's action plan to address victim stereotypes in the criminal justice system. The amendments were all recommendations of the *Sarah Champion MP Parliamentary Inquiry* supported by Barnardo's.
- An amendment to statutory guidance which places limits on the time bed and breakfasts may be used to accommodate care leavers. These changes follow our *Beyond Care* public campaign.
- In Wales, amendments to the Housing (Wales) Act were secured to strengthen safeguards against homelessness and entitlements for care leavers up to the age of 25 years, and for young people vulnerable because of sexual exploitation aged up to 21 years old. A key element of these changes requires local authorities to comply with their duties to these young people even if they are deemed 'intentionally homeless'.
- The inclusion of the specific childcare needs of ethnic minorities in the

(pending) Northern Ireland Childcare Strategy and the Southern Health and Social Care Trust Action Plan.

- The inclusion of Barnardo's Northern Ireland newcomer pupil research on the reading list of a large Northern Ireland teacher training college.
- Following our Holyrood CSE petition, publication of the Scottish Government Action Plan to tackle CSE and the revision of the Scottish child protection guidance to include a Barnardo's-drafted section on CSE.
- In January we launched the UK's first piece of legislation aimed solely at strengthening support for children affected by parental imprisonment. Our successful campaign to transform the support for care leavers in Scotland through amendments to the Children and Young People (Scotland) Act 2014 received four awards.
- We worked with other children's charities on the *Stitch in Time* campaign to urge parties to commit to early support for children ahead of the general election. During our work, we met with Ministers and produced an animation which went on to win Digital Campaign of the Week from *Third Sector* magazine. Over 730 campaigners took action for Barnardo's in the campaign, sending over 2,300 emails to their Prospective Parliamentary Candidates (PPC), covering over 350 constituencies across the UK.

6. Increase non-legacy fundraising income over the next three years.

Over the course of the last year, non-legacy fundraising income increased by 0.7 per cent. We invested in fundraising, recognising the need for investment now in order to grow our income in future years. Gifts in wills income reduced to the level received two years ago, following the receipt of a large bequest in 2013/14.

7. Extend our retail chain to raise more net income towards our work.

Barnardo's now has 590 shops, an increase of 51 during the course of the year. This places us as the third largest charity retailer (by number of shops). Net income from these shops grew by £1.2m or 11.8 per cent to £11.3m for the year, which goes towards our work with the most vulnerable. As last year, we have again paid above-inflationary increases to the lowest paid staff in our shops to ensure they are paid a fair salary. We are continuing to expand the chain and expect further increases in net income year on year.

8. Increase the number of volunteering opportunities across the organisation.

Over the last two years we have increased the number of volunteers who give freely of their time to enhance our service delivery by 10 per cent to more than 16,000. We have agreed a new five year Volunteering and Community Engagement Strategy to maintain momentum and build on our achievements in this important area.

b. Financial review

Income

Total £296.0m

£170.8m

Fees and grants

£57.0m

Trading, including shops

£41.4m

Donations, Gifts in Wills and other fundraising

£26.8m

Investments and property development



Expenditure

Total £291.6m

£211.2m

Charitable activities

£45.6m

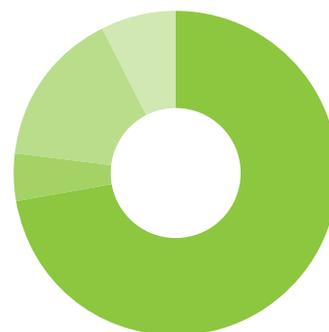
Trading, including shops

£21.3m

Governance costs, pension charge and other costs

£13.5m

Fundraising



Results for 2014–15

The net income available for our charitable activities has continued to increase from £219.4m to £222.6m, as shown in the statement of financial activities on page 22. Of the increase, £6.1m came from fees and grants for delivering children's services, £1.2m from trading and £0.6m from developing former Barnardo's sites, in particular the highly successful development of our Head Office site in Barkingside, Essex,

where more properties have been sold in the last year. There were decreases in net income from fundraising as gifts in wills returned to the level received two years ago following the receipt of a large bequest in 2013/14, and further investment in fundraising in order to increase income in the future. We've also seen a reduction in our net income from investments following a change in our investment strategy, which favours a total return over income.

With the increased income of £3.2m and the use of reserves, we increased expenditure on charitable activities by £5.2m to £211.2m (2014: £206m). After governance and pension finance costs of £7m, our total charitable expenditure came to £218.2m (2014: £212.1m), which is a surplus of £4.4m (2014: £7.4m). Not included in the expenditure is the past cost of pensions, of which £6m (2014: £5.2m) was paid in the last year. This resulted in a £1.5m use of reserves to fund charitable activities.

The statement of financial activities goes on to show the change in the value of our investments and movement in the long-term valuation of the Barnardo's pension fund. In the year to 31 March 2015, the value of our investments increased by £6.8m (2014: £2m) and the deficit in the Barnardo's pension fund increased from £95.9m to £109m. This increase largely results from the long-term actuarial assumption on corporate bond yields, which having an impact on many UK pension schemes. The Board of Trustees of Barnardo's and the Trustees of the pension fund have agreed a plan to eliminate the deficit over time. We have planned and budgeted for our pension contributions and included them in future cash flow projections without needing an ongoing contribution from reserves.

Reserves and the position at the end of the year

Reserves are represented by the fund balances in the balance sheet on page 23.

The level of our reserves is determined by balancing two objectives: maintaining sufficient reserves to enable us to carry on our work when faced with difficult circumstances and ensuring we maximise the resources used for charitable purposes. Our reserves level therefore needs to be adequate to allow us to address potential losses that might arise from our charitable activities, investments, trading and other activities and give us sufficient time to adjust our strategy to meet changing circumstances without unnecessarily removing funds from addressing our charitable purposes.

The Board assesses the risks Barnardo's could be exposed to and the appropriate level of reserves that we should maintain. The current assessment of the target range of free reserves – that is, funds that are freely available to be used for our general charitable purposes – is £38-51m. We regularly review the actual level of reserves regularly, and would take action to bring it back in line with the target if the level looked likely to move significantly outside the target range.

The balance sheet shows unrestricted reserves – that is, reserves that do not carry any restrictions on how they can be used – of £94.6m (2014: £87.1m). In assessing our level of free reserves against the target range, we exclude the fixed asset fund of £41.7m (2014: £46.5m) because this cannot quickly be realised. After excluding the fixed assets fund this leaves free reserves just above the target of £53m (2014: £40.6m). Plans will be developed to bring reserves in line with the target as we develop the next corporate strategy from 2016. In carrying out our assessment of reserves, we look at reserves prior to taking pension liabilities into account. Pension reserves are a long-term liability, in relation to which a long-term reduction plan is in place.

We also take no account of the £32.6m (2014: £30.1m) held in restricted and endowment funds. Only the income from these funds is available for our work.

Overall financial health

Throughout 2014-15 and looking ahead, Barnardo's has successfully secured new income to support its charitable activities and deliver its plans. The current public sector funding situation is expected to remain challenging for some time to come. The Board has therefore developed contingency plans to minimise the effect on our charitable activities should income be adversely affected. We have had a good track record of being able to maintain or increase income as we deliver valued and cost-effective services to commissioners and generate income from fundraising, trading and other sources.

Investments

Barnardo's investments are managed on our behalf by BlackRock Investment Management Limited and, from this year, Ruffer LLP. Investments are held in a range of asset classes including equities, fixed-income securities, commodities and cash. The equities funds do not invest in companies whose products are associated with tobacco or arms industries. In the year to 31 March 2015 our unrestricted investments delivered a return of 13.5 per cent. The performance of our investment managers is monitored. In relation to one investment manager, performance measured against relevant market indices was 1.05 per cent better than the benchmark. The absolute return target for the other was achieved for the year.

Commercial activities

The financial activities of Barnardo's subsidiary companies are summarised in note 3 to the accounts. In total, the subsidiaries generated net income of £5.6m (2014: £6.3m) with all of the subsidiaries contributing to the surplus. The net income from each subsidiary is gift aided to Barnardo's.

Barnardo Trading Limited generated a profit of £871,000 during the year (2014: £618,000) from its mail order, publishing and retail activities. Barnardo's total retail and trading activities (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 £11.3m (2014: £10.1m).

Barnardo Developments Limited's principal activity is the development and sale of properties that are surplus to Barnardo's operational requirements. The company generated a profit of £3,864,000 during the year (2014: £4,807,000), largely from the sale of properties built and sold on its site in Barkingside, Essex. The sales programme continues with further sales expected in 2015-16.

Barnardo Events Limited raises sponsorship and runs special events to generate funds for Barnardo's, with much of the income included in the charity's accounts. The company generated a profit of £274,000 during the year (2014: £277,000).

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 £608,000 during the year (2014: £568,000).

c. Plans for future periods

Plans for 2015–16

2015–16 is the final year of our three-year strategic business plan, *True to our roots, fit for the future*. Over the life of this plan we are focusing on the children, young people and families who are unseen, unheard and whose needs are ignored. We will focus on where we can make the most impact and strengthen our presence in local communities. We will respond to a challenging external environment of increasing need, decreasing resources and more competition in every field. To achieve this vision we will continue working towards accomplishing each of the eight targets our success will be measured against, and we will report the progress we make in each year.

Over the next year we will continue to do the following:

- continue the implementation of strategies in the four priority areas of need: children at risk of sexual exploitation, young people who spend time in care (care leavers), children affected by parental imprisonment and early intervention with families.
- improve the quality of our children's centres and grow our market share.

- increase the number of young people we help to achieve employment, training and skills.
- be one of the top voluntary adoption agencies in the UK, providing excellent UK-wide services and a growing number of fostering placements.
- achieve significant changes in government policy so that the most vulnerable children and young people achieve their potential.
- increase our non-legacy fundraising income.
- extend our retail chain to raise more net income that can be put towards our work.
- increase the number of volunteering opportunities across the organisation.

d. Principal risks and uncertainties

Barnardo's Board has responsibility for ensuring that:

- the charity has an appropriate system of financial and non-financial controls to provide reasonable assurance that it is operating efficiently and effectively.
- the charity's assets are safeguarded against unauthorised use or disposition.
- proper records are maintained.
- financial and operational information used within the charity or for publication is reliable.
- Barnardo's complies with relevant laws and regulations.

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

- 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

- regularly reviewing the critical business systems and policy areas of our operations. These reviews include an independent inspection of services, a review of child safeguarding and our internal audit process involving Barnardo's Corporate Audit and Inspection Unit and third-party inspectors and auditors. The results of each review are reported to management and, via the Audit and Risk Committee, to the Board of Trustees.
- policies on whistleblowing and reporting in relation to safeguarding, child protection, health and safety and complaints, to ensure compliance with statutory requirements.
- formal consideration by the Board of an annual governance statement in which the effectiveness of the charity's financial and operational internal controls have been satisfactorily reviewed against objective and independent evidence. This process complies with the Charity Commission's recommended practice.

Barnardo's operates a formal risk-management process, culminating in a corporate risk register that identifies the top risks, their likelihood and impact, and the consequent actions necessary to manage them effectively. The process follows good practice methods and guidance from the Charity Commission and others, with risks mapped against the objectives of the charity. Wherever possible we identify ways of providing independent assurance against the management of each risk. Corporate risks and mitigating actions are regularly scrutinised at each Audit and Risk Committee meeting and by senior management and the Board.

The principal commercial, operational and financial risks that we have identified as having a serious potential impact on performance, future prospects or reputation are as follows:

- significant reduction in statutory funding in key service areas.
- failing to deliver the objectives of the

strategic business plan, which would have an adverse impact on our ability to raise funds against those priorities and our four priority areas – children at risk of sexual exploitation, young people who spend time in care (care leavers), children affected by parental imprisonment and early intervention with families.

- a serious safeguarding incident resulting in harm to a child or young person and subsequent damage to the charity's reputation.
- an inability to generate increased voluntary funds from fundraising and retail.
- pension liabilities increasing faster than the agreed recovery plan and investment performance.
- serious data protection, security failure or inappropriate use of social media resulting in a safeguarding incident, legal breach, cyber threats, reputational damage and potential loss of income.
- failing to effectively leverage our brand to further Barnardo's purposes due to an inability to communicate our purpose and work to the public and other stakeholders.

Credit risk on amounts owed by donors and funders is low and as our activities are UK-based, exchange risk is negligible. Regarding liquidity risk, we have set out our policies on the management of investments and reserves above.

The Board and senior management are satisfied that appropriate actions have been identified and are being taken so these risks are managed effectively. Examples of mitigating actions include:

- adopting a stronger focus on localities and partnership working to broaden the funding of services and the sharing of resources across a locality.
- reviewing and updating the safeguarding policy in the last year.
- enhancing safeguarding reporting mechanisms outside children's services.
- multi-disciplinary teams developing new ways of working in the four voluntary fund priority areas, including setting a strategy and KPIs for each.

- setting policies on the management of investments to take a prudent level of risk to be taken when seeking a financial return.
- developing and delivering a long term recovery plan to address the pension deficit.
- routine external penetration testing of IT systems to identify any security weaknesses.
- agreeing prices with our customers and suppliers to minimise the pricing risk.

Going concern

The Board confirms that the accompanying accounts comply with statutory requirements, the requirements of the Articles of Association, and the requirements of the Statement of Recommended Practice on Accounting and Reporting by Charities (SORP 2005). The Board considers 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.

3. 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 (Charity Commission registration number 216250) and in Scotland (Office of the Scottish Charity Regulator registration number SC037605). It is governed by its Articles of Association, last reviewed and revised in 2011. The Articles of Association set out the charitable purposes for public benefit in the following terms:

1. to promote the care, safety and upbringing of children and young people by:
 - supporting and assisting those in need along with their families and carers.
 - promoting their health.
 - advancing their education.

2. the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage.

The Board of Trustees, elected by the Members of Association at the annual general meeting, are the charity's trustees and the legal directors of the company. Members of the Board of Trustees serve a three-year term after which they are eligible for re-election. New trustees are selected through an open recruitment process, which generally includes advertising in the national press and online and a targeted recruitment search.

New appointees and existing trustees are provided with an induction programme and a range of other training opportunities to help them meet their responsibilities. The Board meets every two months with occasional ad hoc meetings for exceptional business. The balance of trustees is kept under review with regard to diversity and geographical spread and the Board places particular emphasis on appointing individuals who bring specific, identified skills.

A written schedule of matters is reserved for decision by the whole Board, including:

- the formulation and implementation of strategy.
- overseeing the implementation of the strategy through annual operating plans and budgets.
- monitoring progress.
- accepting ultimate responsibility for the sound professional, legal and financial management of the charity.

Matters not reserved for decision by the Board are delegated either to one of the board committees or to the chief executive.

A comprehensive review of governance has been undertaken to ensure that the Board and its committees are fit for purpose as the organisation evolves. As a result of this review, a number of changes were made to the structure and terms of reference of the Board's committees. The committees now have the following remits:

- **Audit and Risk Committee** – independently reviews the effectiveness of Barnardo's internal control and risk management systems. It reviews the content of the *Annual Report and Accounts* and supporting materials before submission to the full Board, considers any significant issues arising in respect of either internal or external audit or inspection arrangements and has oversight of arrangements for the organisation's whistleblowing policy.
- **Family Placement Scrutiny Committee** – is responsible for adoption and family placement work within Barnardo's. It considers reports, proposals and recommendations before submission to the Board. It also ensures that the adoption agency and family placement work operates in accordance with the law and organisational policy.
- **Finance Committee** – this Committee has a wider remit than its predecessor and oversees, monitors and keeps under review the financial position of the charity and its subsidiaries to ensure long- and short-term viability. It oversees the budgeting process and recommends the investment policy including the charity's stance on ethical investment. It appoints – and receives reports from – the charity's 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. It monitors reserves and makes recommendations to the Board on the appropriate level for reserves, taking into account the financial risks faced by the organisation.
- **Governance Committee** – this Committee combines the work of the previous Nominations Committee and Remuneration Committee but has a wider remit than both. It ensures that Barnardo's complies with its governing documents, all relevant governance-related legislation, meets the requirements of charity regulators and

best governance practice. Its remit includes succession planning, recruitment, training and development of trustees, reviewing Committee terms of reference and levels of delegated authority, ensuring appropriate performance evaluation processes are in place and advising the Board on the charity's overall remuneration framework and the remuneration of senior staff.

- The three **national committees** for each of Scotland, Northern Ireland and Wales comprise one or two trustees in addition to individuals with local knowledge and experience. Barnardo's remains a single UK charity but these committees are responsible within the framework set by the Board for overseeing the development of services, the raising of income and Barnardo's influencing work in their respective nations.

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 continued her active support of Barnardo's through the year. In July she visited one of our retail stores, Clerk Street bookstore in Edinburgh, Scotland. In October she again recognised the exceptional efforts made by staff, volunteers and supporters through the award of a number of President's Certificates. In May 2015 she hosted long-serving staff, children and young people from Barnardo's at a Buckingham Palace Garden Party.

Board of Trustees

A list of Trustees is shown on page 45.

Management

Barnardo's activities extend across all four UK nations: England, Scotland, Northern Ireland and Wales. England is managed in five regions covering London, South East and Anglia, Midlands and South West, East and West. Responsibility for operational activities is allocated to five departments: Children's Services, Strategy, Marketing, Corporate Services and Finance.

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

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.

Remuneration policy

To deliver our charitable aims and to meet the needs of various service contracts, Barnardo's employs a significant number of staff alongside the vital support that our volunteers provide. We are committed to ensuring that we pay our staff a fair and appropriate salary while always making sure we have the ability to do so. This is to enable us to attract and retain people with the right skills and therefore have the greatest impact in delivering our objectives. We recognise that in some cases it is possible to attract staff at a discount to market rates for similar roles in the public or private sector. When setting levels of pay, particularly for more senior roles, this level of discount is taken into account.

In accordance with the Statement of Recommended Practice we:

- disclose all payments to trustees (no trustees are paid) and expenses reimbursed (detailed in note 9 to the accounts).
- disclose the number of staff in receipt of £60,000 and above (in bands of £10,000) (note 10 to the accounts).
- disclose pensions and other benefits (note 11 to the accounts).

The Board approves the annual pay settlement for all staff.

The Remuneration Committee (a sub-committee of the Governance Committee) meets at least annually and comprises the Chair, Deputy Chair, Honorary Treasurer and two additional trustees. No members of the executive are members of the Committee. The Committee's main responsibilities are to consider the remuneration of the Chief Executive and members of the Corporate Leadership team as well as to set the pay policy for all staff and agree the basis for any annual increases in pay. The Committee then makes recommendations to the Board for approval. The Board and the Remuneration Committee operate within the powers and constitutional arrangements as set out in the Articles of Association and Committee terms of reference. When making recommendations, the Committee will draw on relevant internal and external information regarding staff remuneration.

Barnardo's recognises a trade union, Unison, for the purpose of negotiating the annual cost of living increase of all staff other than the senior management team. Through negotiation with Unison we have, for the last two years, agreed modest increases for all staff. We have targeted larger increases on those staff who receive the lowest rates of pay so our minimum rates are considerably higher than the national minimum wage.

Staff remuneration does not include any share options or long-term incentive schemes. The period of notice for termination of contracts of employment is six months for the Chief Executive

and a minimum 12 weeks for the members of the Corporate Leadership team. The pension provisions for the Chief Executive and the members of the Corporate Leadership team are on the same terms as other employees.

Auditors

In accordance with section 487 of the Companies Act 2006, BDO LLP will be deemed to be re-appointed as auditors at the 2015 annual general meeting. Barnardo's abides by regulatory requirements and best practice principles regarding auditor independence and rotation.

Equal opportunities

Equality and diversity is an intrinsic part of Barnardo's basis and values, which can be found on our website. We are committed to being an inclusive organisation where diversity is welcomed and valued.

We aim to embed equality and diversity in every aspect of the organisation by making our services inclusive and accessible to the most vulnerable children in the UK. We do this by recruiting and retaining a diverse workforce that reflects the communities we serve.

Barnardo's strives to create a culture where people treat each other with mutual respect regardless of age, disability, gender, marital or civil partnership status, pregnancy and maternity, gender reassignment, race, religion and belief, sexual orientation, irrelevant offending background, responsibility for dependants, economic status or political values.

The vision for our current equality and diversity strategy is to create an environment where diversity is valued and embraced and which is free from discrimination, victimisation and harassment for the children and young people who use our services, staff and volunteers. Our strategy has led to a revised governance structure and senior manager oversight.

We plan to establish new strategic objectives for 2016 and beyond and will prepare an updated strategy to be launched in conjunction with our new corporate strategy. A new Project Manager has taken up post to support this work.

Communicating with employees and volunteers

At Barnardo's we value the opinions of our employees and volunteers. We engage with them regularly, sharing news about our work and frequent updates about how we're meeting our objectives and our plans for the future. We encourage everyone to speak to our Corporate Leadership Team, including our Chief Executive, through blogs, phone-in sessions and face-to-face events, and raise questions directly with them, in person and via email.

Ahead of the launch of our corporate strategy, we have undertaken the 'Biggest Conversation' with people from across the whole organisation. Through phone-ins and workshops, the senior leadership team has been engaging with employees about what they think our strengths, weaknesses and challenges are now and over the next decade.

We have also launched our new intranet 'b-hive.' Through this platform, we encourage employees to discuss their work, share their expertise, blog and contribute to discussion forums and polls.

While there is a strong emphasis on the social aspect of this platform, we also want to encourage people to use b-hive as a practical resource where they can find the most up to date policy or form, therefore helping them to be more efficient in their daily work.

We have been visiting our regions and services to conduct presentations and workshops with the aim of making the most of this new tool. From our statistics, we know that usage is on an upward trend and that collaboration is increasing every month.

Public benefit

In setting plans and priorities for areas of work, the Trustees of Barnardo's have followed the latest guidance from the Charity Commission on the provision of public benefit in accordance with section 17 of the Charities Act 2011. In particular, the Trustees consider how activities will contribute to meeting the objectives they have set and focus on the services that will deliver the greatest impact to the most vulnerable children and young people. In delivering these services, we clearly identify the benefits to the service users and monitor progress to ensure benefits are accruing as planned and to learn any lessons that can be fed back into the planning and delivery cycle.

We have demonstrated how Barnardo's delivers its principal charitable objective – to promote the care, safety and upbringing of children and young people – in the Strategic Report which forms part of this report and sets out Barnardo's objectives and achievements during 2014-15. We have set out more specific examples of activities in the *Annual Review 2015*, which complements this report. One example of our activities in action is Chantelle, a young carer who looks after her mum, brother and younger siblings. After years of caring for others and having to leave education, she is excited to return to college to study child care with the aspiration to become a youth worker.

By providing services that support and empower children and by campaigning for changes to government policy that will improve children's lives, Barnardo's helps some of the most vulnerable children and young people to reach their full potential. This work benefits society as a whole as well as the beneficiaries themselves. In doing this, Barnardo's meets the public benefit requirement as set out in section 4 of the Charities Act 2011

Environment

Barnardo's continues to work hard to reduce the impact it has on the environment and to reduce its carbon footprint with the following initiatives:

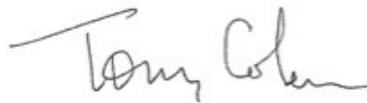
- purchasing 'green' electricity produced from sustainable, renewable energy sources for all our premises, resulting in lower carbon emissions and decreased impact on the environment.
- all diesel vehicles in the fleet have been replaced with sub 100g/km low-emission engines and almost 70 per cent are now sub 90g/km models.
- continuing to promote the 'Big Switch Off' energy campaign with the aim of reducing energy consumption by five per cent each year. This has been extended to a year-round initiative. To support the campaign we are establishing a network of ambassadors to promote environmental awareness and engagement.
- water meters have been installed in our larger premises to reduce consumption and costs. In the last year meters have been installed in properties in Scotland and the East of England.
- promoting recycling within our larger sites supported by our ambassadors to reduce the amount of waste being sent to landfill. Ambassadors have been sharing their methods and their benefits within their region/nation.
- recycling unsold and damaged donations to our retail shops, including textiles, shoes, books, DVDs, CDs, plastics, cardboard, and metal and electrical items. We also recycle old mobile phones and printer cartridges received from the public and those used by Barnardo's.
- promoting video conferencing, which has been used more than 1,700 times during the year, saving an estimated 675,000 business miles.

Acknowledgements

The Trustees would like to thank the many friends and supporters of Barnardo's for their donations and bequests. They would also like to thank the thousands of volunteers who give their time so generously.

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 42 to 44.

The Annual Report is signed by the Chair on behalf of the Board of Trustees. The Trustees also approve the Strategic Report, which is contained within this Annual Report, in their capacity as company directors.



By order of the Board of Trustees

Tony Cohen

Chair of the Board of Trustees

16 July 2015

Statement of responsibilities

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

The Trustees are responsible for preparing the Annual Report which incorporates the Strategic 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.

The trustees confirm that, so far as they are aware, there is no relevant audit information of which the charity's auditors are unaware. They have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Independent auditor's report

Independent auditor's report to the Board of Trustees and members of Barnardo's

We have audited the financial statements of Barnardo's for the year ended 31 March 2015 which comprise the Consolidated Statement of Financial Activities (including the Consolidated Summary Income and Expenditure Account), the Consolidated and Parent Charitable Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable by law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2015 and of the group's incoming resources and application of resources, including its 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

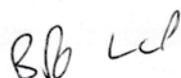
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the trustees' report, which includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records or 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.



Andrew Stickland,
Senior Statutory Auditor
for and on behalf of BDO LLP,
Statutory Auditor
Gatwick
United Kingdom

Date: 16 July 2015

BDO LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

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

Consolidated statement of financial activities

	Note	Unrestricted funds		Restricted and endowment funds	Total 2015	Total 2014
		£000	£000	£000	£000	£000
Incoming resources						
Incoming resources from charitable activities						
Fees and grants for service provision	4		165,597	5,226	170,823	164,715
Voluntary income	5	36,448		4,981	41,429	43,717
Less: Costs of generating voluntary income		(12,706)		(834)	(13,540)	(12,061)
Net voluntary income			23,742	4,147	27,889	31,656
Activities for generating funds						
Trading income		56,950			56,950	51,680
Less: Costs of goods sold and other costs	6	(45,619)			(45,619)	(41,544)
Net income from trading			11,331	-	11,331	10,136
Income from development and sale of properties	7	23,547			23,547	21,563
Less: Costs of developing and selling properties		(13,917)			(13,917)	(12,539)
Net income from developing and selling properties			9,630	-	9,630	9,024
Investment and other income	8	2,255		961	3,215	4,100
Less: Investment management costs		(235)		(50)	(285)	(216)
Net investments and other income			2,020	911	2,930	3,884
Total incoming resources			284,797	11,167	295,965	285,774
Less: Cost of generating income			(72,478)	(884)	(73,362)	(66,360)
Net incoming resources available for charitable expenditure			212,319	10,283	222,603	219,414
Charitable expenditure						
Charitable activities:						
Service provision	6		191,063	10,204	201,267	197,095
Informing the public about our work			7,745	-	7,745	6,881
Childcare research and education			2,210	-	2,210	1,978
Total charitable activities			201,018	10,204	211,222	205,954
Governance costs			2,208	-	2,208	2,207
Pensions finance charge	11		4,800	-	4,800	3,900
Total charitable expenditure			208,026	10,204	218,230	212,061
Net incoming resources	12		4,293	79	4,372	7,353
Gains on revaluation and on investment asset disposals	13		4,409	2,387	6,797	1,970
Actuarial loss recognised on defined benefit pension scheme	11		(14,300)	-	(14,300)	(9,400)
Net movement in funds			(5,599)	2,466	(3,131)	(77)
Fund balances brought forward			(8,788)	30,128	21,340	21,417
Fund balances carried forward	23		(14,387)	32,594	18,208	21,340
Note:						
Total incoming resources			284,797	11,167	295,965	285,774
Total resources expended			280,505	11,089	291,593	278,422
Net incoming resources			4,293	79	4,372	7,353
Total cost of generating funds (including investment, fundraising, trading and property development)			72,478	884	73,362	66,360

All of the above results relate to continuing activities. The notes on pages 26 to 40 form part of these financial statements.

Balance sheet

	Note	Group		Charity	
		2015 £000	2014 £000	2015 £000	2014 £000
Fixed assets					
Tangible assets	14	41,858	46,694	41,858	46,694
Investments	15	69,675	62,751	69,695	62,771
		<u>111,533</u>	<u>109,445</u>	<u>111,553</u>	<u>109,465</u>
Current assets					
Stocks and work in progress	16	6,393	1,968	-	-
Debtors	17	34,367	28,695	35,128	26,241
Current asset investments	18	11,160	11,093	11,160	11,093
Cash and bank balances and short-term deposits	19	6,536	11,172	5,844	10,819
		<u>58,456</u>	<u>52,928</u>	<u>52,132</u>	<u>48,153</u>
Creditors – amounts falling due within one year	20	(42,781)	(42,071)	(33,582)	(34,677)
Net current assets		<u>15,675</u>	<u>10,857</u>	<u>18,550</u>	<u>13,476</u>
Creditors – amounts falling due after more than one year	21	-	(3,063)	-	(3,063)
Net assets excluding pension liability		<u>127,208</u>	<u>117,240</u>	<u>130,103</u>	<u>119,878</u>
Pension liability	11	(109,000)	(95,900)	(109,000)	(95,900)
Net assets including pension liability		<u>18,208</u>	<u>21,340</u>	<u>21,102</u>	<u>23,978</u>
Fund balances					
Restricted and endowment funds	23(a) and (b)	32,594	30,128	32,594	30,128
Fixed assets fund	23(c)	41,684	46,520	41,684	46,520
General reserve		43,652	29,735	43,671	29,753
Working capital fund		9,278	10,857	12,153	13,476
		<u>94,614</u>	<u>87,112</u>	<u>97,508</u>	<u>89,749</u>
Unrestricted funds excluding pension liability					
Pension liability	11	(109,000)	(95,900)	(109,000)	(95,900)
Total unrestricted funds including pension reserve		<u>(14,386)</u>	<u>(8,787)</u>	<u>(11,492)</u>	<u>(6,150)</u>
Total funds	23(c)	<u>18,208</u>	<u>21,340</u>	<u>21,102</u>	<u>23,978</u>



Tony Cohen
Chair of the Board of Trustees

16 July 2015



Neil Braithwaite
Honorary Treasurer

The notes on pages 26 to 40 form part of these financial statements.

Company number: 61625

Consolidated cash flow statement

	Note	2015		2014	
		£000	£000	£000	£000
Net cash outflow from operating activities	24(a)		(14,790)		(4,064)
Returns on investments and servicing of finance					
Investment income and interest	8		3,215		4,101
Capital expenditure and financial investment					
Purchase of tangible fixed assets	14	(5,836)		(10,900)	
Purchase of investments	15	(8,467)		(48,418)	
Sale of tangible fixed assets		15,965		10,422	
Sale of investments	15	8,340		53,324	
			10,002		4,428
Cash (outflow)/inflow before use of liquid resources			(1,573)		4,465
Management of liquid resources					
Net cash withdrawn/(put on deposit)			1,990		(1,454)
Financing					
(Decrease)/Increase in long-term borrowings			(3,063)		63
(Decrease)/Increase in cash in the year			(2,646)		3,074

Consolidated 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	2015		2014	
		£000	£000	£000	£000
Gross income					
Gross income of continuing operations			206,787		200,987
Income of non-charitable trading subsidiaries	3		88,265		83,440
			295,052		284,427
Gross expenditure					
Total expenditure of continuing operations			208,579		200,948
Expenditure of non-charitable trading subsidiaries	3		82,648		77,170
			291,227		278,118
Net income for the year before transfers and investment asset disposals			3,825		6,309
Realised gain on disposal of investment assets	13		446		8,454
Net income for the year			4,271		14,763
Reconciliation to statement of financial activities:					
Net income for the year before investment asset disposals as above			3,825		6,309
Movement on restricted capital and endowment funds	23(a)		547		1,043
Net incoming resources			4,372		7,352

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. Gross income of the charity of £206.8m and net expenditure of £1.3m (2014: net income £8.5m) 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.

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 2015. 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, including those held as fixed assets and current assets, 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 SOFA. Gains or losses on investments are calculated as the difference between the disposal proceeds and the carrying value.

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 SOFA 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 and it is not used for the delivery of charitable objectives, the reduction is recognised in full in the results for the year, in accordance with Financial Reporting Standard (FRS) 15 (Tangible Fixed Assets).
- iii. Other tangible fixed assets are depreciated over their expected useful lives, which vary between one and five years.

Creditors

Payments to suppliers are either our standard payment terms of 30 days or according to the agreed credit terms.

Income

- i. Fees and grants for service provision are accounted for on the basis of the amount receivable for the year with income included in the SOFA in the period in which this supply is made.
- 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 wills 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.** The value for gifts in kind, donated services and donated facilities are estimated and included in the period in which they are received.
- iv.** All grants are accounted for gross when receivable, as long as this is capable of financial measurement. Grants where entitlement is not conditional on the delivery of a specific performance by the charity are recognised when the charity becomes unconditionally entitled to the grant.
- v.** Income raised through the operation of shops and related trading activity under the charity's management is taken into account at the point at which ownership of the goods transfers to the customers. Stocks of unsold donated goods are not valued for balance sheet purposes.
- vi.** Income from sale and development of properties is accounted for once the income on the land element of the sale is received in the bank.
- vii.** Investment income is the amount receivable for the year.
- viii.** Where fee or performance-related grant income is invoiced or received that relates to subsequent periods or when other conditions have not yet been met, the income is treated as deferred income in note 20 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 a basis consistent with the use of resources. Further details regarding support costs are disclosed in note 6.
- ii.** Costs of generating voluntary funds are incurred in relation to staff members who are engaged in fundraising activities and the provision of fundraising activities on Barnardo's behalf.
- 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. Grant expenditure is recognised once the offer is communicated to the recipient.
- 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 includes 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 FRS 17 (retirement benefits), the SOFA includes:

- the cost of benefits accruing during the year in respect of current and past service (charged against net incoming 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 resources), and:
- actuarial gain/(loss) 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 11.

Capital grants

In accordance with the SORP for charities, grants receivable are recognised immediately in the SOFA 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.

Corporation tax

The subsidiary companies make qualifying donations of all taxable profits to Barnardo's. The company is a charity within the meaning of the Finance Act 2010 (schedule 6, paragraph 1). Accordingly the company is potentially exempt from taxation in respect of income or capital gains within categories covered by the Corporation Tax Act 2010 (part 11, chapter 3) or the Taxation of Chargeable Gains Act 1992 (section 256), to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge arose in the period.

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 that 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 retaining reserves at a level that will cover operating cash flow 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 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 that 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 SOFA. 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 23).

Going concern

The officers of the charity have considered their obligations to prepare these financial statements on an appropriate basis, having specific regard to the charity's net liability position within unrestricted funds at 31 March 2015. The net liability position is as a result of the inclusion of an FRS17 liability of £109m for the Barnardo Staff Pension Scheme. The charity's funding commitment to the pension scheme remains long-term and the charity has agreed a long-term funding plan with the Trustees of the pension scheme.

The Trustees have also assessed the impact of the financial budgets in place for 2015-16 and beyond against the working capital available, notably its cash and investments. Despite a challenging environment, a break-even budget is planned for 2015-16.

As a result, in the opinion of the Trustees the charity has sufficient resources to be able to meet its obligations as and when they fall due and accordingly the accounts have been prepared on a going concern basis.

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 subsidiaries:

Subsidiary undertaking	Principal activities
Barnardo Trading Limited	Mail order and retailing
Barnardo Developments Limited	Property development
Barnardo Events Limited	Sponsorship and special events
Barnardo Services Limited	Childcare services
Barnardo Garden Village Management Company Limited	Property management

During the year there was no activity in Barnardo Holdings Limited.
The net assets of Barnardo Holdings Limited are £20,000.

The subsidiary companies make qualifying donations of all taxable profit to Barnardo's. No corporation tax liability on the subsidiaries arises in the accounts.

Barnardo Garden Village Management Company Limited is not consolidated in the group accounts as it is not material to the group accounts.

3. Trading subsidiaries' results

	Barnardo Trading Limited	Barnardo Developments Limited	Barnardo Events Limited	Barnardo Services Limited	Total 2015	Total 2014
	£000	£000	£000	£000	£000	£000
Turnover	3,173	17,772	412	66,119	87,476	82,699
Cost of sales	(1,434)	(13,918)	-	(66,119)	(81,471)	(75,915)
Gross profit	1,739	3,854	412	-	6,005	6,784
Admin/other costs	(852)	(134)	(138)	(53)	(1,177)	(1,255)
Trading profit/(loss)	887	3,720	274	(53)	4,828	5,529
Other income	(16)	144	-	661	789	741
Net income	871	3,864	274	608	5,617	6,270
Amount payable by qualifying charitable donation to Barnardo's	(871)	(3,864)	(274)	(608)	(5,617)	(6,270)
Retained profit for year	-	-	-	-	-	-
Retained profit brought forward	10	-	-	-	10	10
Retained profit carried forward and net assets	10	-	-	-	10	10

These results have been consolidated on a line-by-line basis in the SOFA, after consolidation adjustments.

4. Fees and grants for children's services

	2015 £000	2014 £000 (restated)
Family support and placement	82,848	78,238
Education	24,191	23,475
Disability support	13,090	13,091
Other services	50,694	49,911
	170,823	164,715

2014 has been restated to correctly reflect the revised categorisation of income activities.

5. Voluntary income

Legacies
Donations and gifts from the general public
Donations from companies and trusts

2015	2014
£000	£000
16,266	18,649
23,852	23,816
1,311	1,252
41,429	43,717

Legacies notified but not accrued at 31 March 2015 were £3.6m (2014: £4.6m).

6. Expenditure

Trading expenditure of £43.3m represents the costs of operating our 590 retail shops. The remainder of £2.3m includes the expenditure of Barnardo Trading Limited on costs of goods sold and other costs. £13.9m has been incurred developing and selling land surplus to the group's requirements. Expenditure on service provision comprises direct costs of £188.4m (2014: £181.2m), grants made of £0.4m (2014: £0.3m) and support and training costs of £12.5m (2014: £15.5m).

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.

7. Income from sale and development of properties

Gain on disposal of properties
Turnover of Barnardo Developments Limited

2015	2014
£000	£000
5,775	4,161
17,772	17,402
23,547	21,563

8. Investment and other income

Listed investments – United Kingdom
Short-term deposits
Rents and ground rents
Loan and other interest
Gain on disposal of non-property fixed assets

2015	2014
£000	£000
2,700	3,400
85	77
148	254
145	124
137	246
3,215	4,101

9. Members

Barnardo's is a company limited by guarantee having no share capital and in accordance with clause 6 of the Articles 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 2015 there were 302 members (31 March 2014: 306).

During the year no Trustee received any remuneration or benefits from the charity. Expenses incurred by Trustees amounted to £22,751 (2014: £24,329) and included travel, subsistence and other related costs. The number of Trustees claiming expenses was 14 (2014:11).

The charity purchased insurance for Trustees 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 £7,819 (2014: £7,819).

10. Employees

The average number of employees during the year was:

	2015 No.	2014 No.
Children's services	6,112	6,229
Fundraisers, shop managers, clerical staff and fundraising management	1,888	1,765
Central support services (including employees performing work for other departments)	381	260
	8,381	8,254

The number of staff whose emoluments fell within each of the following bands was:

	2015 No.	2014 No.
£0 to £59,999	8,349	8,222
£60,000 to £69,999	7	8
£70,000 to £79,999	11	12
£80,000 to £89,999	6	8
£90,000 to £99,999	5	-
£100,000 to £109,999	1	2
£110,000 to £119,999	1	-
£130,000 to £139,999	-	1
£140,000 to £149,999	-	1
£150,000 to £159,999	1	-
	8,381	8,254

Number of full-time equivalent employees at year end

5,533	5,354
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The highest paid employee is the chief executive.

The aggregate emoluments to employees in the year were:

	£000	£000
Wages and salaries	139,124	133,165
Social security costs	11,068	10,721
Pension costs	11,477	12,073
Benefits in kind (as calculated for taxation purposes)	353	344
	162,022	156,303

Emoluments for this purpose include gross salary and benefits in kind but exclude expenses. Systems are in place for the management of expenses.

27 employees earning over £60,000 (2014: 29) receive benefits accruing under the Barnardo's Retirement Savings Plan. The increased number of pension members follows the closure of the defined benefit pension scheme during the year (see note 11). Employer contributions to the pension funds of these 27 employees were a combined total of £116,000 during the year (2014: £142,000).

11. Retirement benefits

The group operates a funded defined benefit scheme, the Barnardo 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. The scheme was closed to further accrual of defined benefits from 30 April 2013, with active members of the scheme on that date becoming members of the Barnardo's Retirement Savings Plan, which is a defined contribution arrangement, for future service. Benefits for members of the defined benefit scheme will continue to increase broadly in line with inflation.

New employees are offered membership of the Barnardo's Retirement Savings Plan. The total employer contributions and costs relating to the defined contribution arrangement for the year amount to £5,938,000 (2014: £5,409,000).

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

The full actuarial valuation as at 31 March 2012 was updated to 31 March 2015, 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 ended 31 March 2015 was 4.5 per cent pa (2014 4.6 per cent 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 2015, less an allowance for administration expenses.

The estimated amount of total employer contributions expected to be paid to the scheme during 2015/16 is £6.2m (2014/15 actual: £7.0m).

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

Assumptions	2015 per annum	2014 per annum
Price inflation (RPI)	2.8%	3.2%
Discount rate	3.5%	4.6%
Pension increases (5% LPI)	2.7%	3.1%
Pension increases (2.5% LPI)	2.0%	2.2%
Further life expectancy of male aged 60 in 2015	26 years	26 years
Further life expectancy of male aged 60 in 2035	29 years	28 years
Further life expectancy of female aged 60 in 2015	28 years	28 years
Further life expectancy of female aged 60 in 2035	30 years	29 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:

	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Total fair value of assets	604.9	522.9	525.2	463.9	417.6
Present value of liabilities	(713.9)	(618.8)	(613.0)	(547.8)	(491.0)
Deficit	(109.0)	(95.9)	(87.8)	(83.9)	(73.4)

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

	2015 £m	2014 £m
Employer's part of current service cost	0.0	0.7
Past service cost	0.2	1.1
	0.2	1.8
Interest cost	28.0	27.8
Expected return on scheme assets	(23.2)	(23.9)
Curtailment (gain)	0.0	0.0
Total expense	5.0	5.7

Employer's part of current service cost is now nil, following the closure of the defined benefit scheme to further accrual during 2013/14

The current allocation of the scheme's assets is as follows:

	2015 £m	2014 £m
Equities	33.6	161.2
Bonds	276.4	151.4
Diversified growth fund	186.8	177.4
Swap contracts	58.9	17.4
Cash/other	49.2	15.5
	604.9	522.9

The Scheme's assets shown above at 31 March 2015 include instruments that protect against movements in long term interest rates and future inflation and also instruments that provide returns linked to equity markets (shown categorised as swaps above). The Scheme's exposure to equity markets is therefore greater than that indicated by the asset split shown above.

Changes in the present value of the scheme liabilities over the year are as follows:

	2015 £m	2014 £m
Opening value of scheme liabilities	618.8	613.0
Employer's part of current service cost	-	0.7
Past service cost	0.2	1.1
Interest cost	28.0	27.8
Actuarial loss/(gain)	86.6	(4.6)
Benefits paid	(19.7)	(19.2)
Closing value of scheme liabilities	<u>713.9</u>	<u>618.8</u>

Changes in the fair value of the scheme assets over the year are as follows:

	2015 £m	2014 £m
Opening fair value of the scheme assets	522.9	525.2
Expected return on scheme assets	23.2	23.9
Actuarial gain/(loss)	72.3	(14.0)
Contributions by the employer	6.2	7.0
Benefits paid	(19.7)	(19.2)
Closing fair value of scheme assets	<u>604.9</u>	<u>522.9</u>

The actual return on the scheme's assets over the year was a gain of £95.5m (2013/14: gain of £9.9m).

The following amounts for 2011–15 have been recognised under the 'actuarial loss recognised on defined benefit pension scheme' heading within the SOFA:

	2015 £m		2014 £m		2013 £m		2012 £m		2011 £m	
Actual less expected return on scheme assets	72.3	12%	(14.0)	(3%)	42.7	8%	22.1	5%	7.0	2%
Experience gain on scheme liabilities	9.6	1%	3.2	1%	0.4	0%	(7.4)	(1%)	(6.0)	(1%)
(Loss) or gain due to assumption changes underlying the present value of scheme liabilities	<u>(96.2)</u>	(13%)	<u>1.4</u>	0%	<u>(49.4)</u>	8%	<u>(30.8)</u>	(6%)	<u>0.4</u>	0%
Actuarial loss	<u>(14.3)</u>	(2%)	<u>(9.4)</u>	(2%)	<u>(6.3)</u>	(1%)	<u>(16.1)</u>	(3%)	<u>1.4</u>	0%

The above percentages show the components as a percentage of the end of year value of the scheme's assets or liabilities, as appropriate. The cumulative amount of actuarial gains and losses recognised under the above heading in the statement of financial activities since 1 April 2002 is a loss of £139.5m.

A recovery plan has been agreed with the pension trustees to fund the deficit in the defined benefit scheme and the agreed payments have been budgeted and included in future cashflow projections. Payments will be accounted for over a number of years and do not require a reduction in the total funds shown in the balance sheet.

12. Net incoming resources

	2015 £000	2014 £000
Net incoming resources are stated after charging:		
Depreciation of tangible fixed assets	4,336	3,993
Auditors' remuneration – statutory	66	65
– taxation	4	2
– other	8	10
Operating lease rentals	<u>14,934</u>	<u>13,729</u>

13. Gains and losses on revaluation and on investment asset disposals

	2015 £000	2014 £000
Realised gains	446	8,454
Unrealised gains/(losses)	6,351	(6,484)
	6,797	1,970

14. Tangible assets

	Properties £000	Equipment and vehicles £000	Total 2015 £000
(a) Group and charity			
<i>Cost</i>			
At beginning of year	97,518	20,670	118,188
Additions	3,235	2,601	5,836
Disposals	(14,323)	(2,584)	(16,907)
At end of year	86,430	20,687	107,117
<i>Depreciation</i>			
At beginning of year	54,191	17,303	71,494
Provided during year	2,194	2,142	4,336
On disposals	(8,100)	(2,472)	(10,572)
At end of year	48,285	16,973	65,258
Net book value			
At beginning of year	43,328	3,367	46,694
At end of year	38,145	3,714	41,859

	Group and charity	
	2015 £000	2014 £000
(b) Analysis of freehold and leasehold properties:		
Freeholds	28,425	34,834
Long leaseholds (over 50 years)	2,608	2,718
Short leaseholds (50 years and under)	7,112	5,776
	38,145	43,328
(c) Use of properties:		
Service delivery	14,834	16,494
Other (including shops and offices)	23,311	26,834
	38,145	43,328

Rental income is received from properties surplus to operational requirements.

15. Investments

	Group	
	2015 £000	2014 £000
Investments at market value	69,675	62,751
Investments of the charity include £20,000 in subsidiary undertakings (note 2).		
<i>Investments at market value:</i>		
At beginning of year	62,751	65,687
Additions	8,467	48,418
Disposals	(8,340)	(53,324)
Realised/unrealised gains	6,797	1,970
At end of year	69,675	62,751
<i>Comprising:</i>		
UK equities	23,354	21,367
UK bonds	20,758	17,688
International Pooled Funds	22,385	20,336
Cash	2,104	2,373
Other investments	1,074	987
	69,675	62,751
Cost of investments	59,741	59,016

There were no investments in individual companies in excess of five per cent of the total portfolio value.

16. Stocks and work in progress

	Group	
	2015 £000	2014 £000
Finished goods	1,216	1,000
Work in progress	5,177	968
	6,393	1,968

Work in progress represents building developments held by Barnardo Developments Limited at the year end. No stocks or work in progress were held by the charity.

17. Debtors

	Group		Charity	
	2015 £000	2014 £000	2015 £000	2014 £000
Trade debtors	429	282	10	2
Statutory and related funders	19,355	15,897	11,386	10,056
Taxation	3,230	2,757	3,199	2,710
Other debtors	772	1,079	750	795
Prepayments and accrued income	10,582	8,681	9,007	6,683
Amounts due from subsidiaries	-	-	10,777	5,995
	34,368	28,696	35,129	26,241

Amounts due from subsidiaries represent:

- i) Loans from the charity to Barnardo Trading Limited and Barnardo Developments Limited. 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 per cent to two per cent above base rate.
- ii) Temporary current account balances between the charity and Barnardo Services Limited and Barnardo Events Limited.

18. Current asset investments

	Group		Charity	
	2015 £000	2014 £000	2015 £000	2014 £000
At beginning of year	11,093	5,002	11,093	5,002
Transfer from short-term cash deposits	67	6,091	67	6,091
At end of year	11,160	11,093	11,160	11,093

19. Cash and bank balances and short-term deposits

	Group		Charity	
	2015 £000	2014 £000	2015 £000	2014 £000
Cash at bank and in hand	5,451	8,097	4,758	7,744
Short-term deposits	1,086	3,076	1,086	3,076
	6,537	11,173	5,844	10,820

20. Creditors – amounts falling due within one year

	Group		Charity	
	2015 £000	2014 £000	2015 £000	2014 £000
Pension contributions	511	488	511	488
Other taxes and social security costs	7,911	7,602	4,234	4,101
Other creditors	4,704	3,840	3,366	2,772
Accruals	12,892	10,809	12,597	10,580
Trade creditors	2,757	6,561	2,757	6,443
Deferred income	10,978	8,772	7,088	6,294
Bank loans	3,028	4,000	3,028	4,000
	42,781	42,072	33,581	34,678

Deferred income relates to fees and grants invoiced in advance from statutory and related funders.

21. Creditors – amounts falling due after more than one year

	Group		Charity	
	2015 £000	2014 £000	2015 £000	2014 £000
Bank loans	-	3,063	-	3,063

Repayable within two years at fixed rates of interest of between 3.5 per cent and 3.8 per cent.

22. Commitments

	Group		Charity	
	2015 £000	2014 £000	2015 £000	2014 £000
(a) Capital expenditure				
Capital expenditure contracted	244	967	244	967
Capital expenditure authorised but not contracted for	-	-	-	-

	Group and charity	
	2015 £000	2014 £000
(b) Land and other buildings		
Annual commitments under non-cancellable operating leases are as follows:		
Operating leases which expire:		
Within one year	510	491
In the second to fifth years inclusive	4,770	4,393
Over five years	7,089	6,513

23. Fund balances

	Restricted income funds	Restricted endowment funds	Total 2015
	£000	£000	£000
(a) Analysis of restricted and endowment funds			
Incoming resources			
Fundraising income	5,604	-	5,604
Big Lottery Fund	4,603	-	4,603
Net income from investments and other	-	912	912
	<u>10,207</u>	<u>912</u>	<u>11,119</u>
Resources expended			
Childcare and community work in the UK	9,840	-	9,840
Cost of fundraising income	834	-	834
Grants to young people in need	-	365	365
	<u>10,674</u>	<u>365</u>	<u>11,039</u>
Net incoming/(outgoing) resources	<u>(467)</u>	<u>547</u>	<u>80</u>
Gains and losses on revaluation and on investment asset disposals			
Unrealised losses	2,273	-	2,273
Realised gains	113	-	113
	<u>2,386</u>	<u>-</u>	<u>2,386</u>
Net movement in funds	1,919	547	2,466
Fund balances brought forward	8,616	21,512	30,128
Fund balances carried forward	<u>10,535</u>	<u>22,059</u>	<u>32,594</u>

All endowment funds are permanent endowments.

The restricted capital and endowment fund balances carried forward at 31 March 2015 include endowment funds for which Barnardo's has received an Order signed by the Charity Commission enabling the unapplied total return to be transferred to unrestricted funds.

Value of assets representing the unapplied total return within endowment funds at 1 April 2014	£000
Net increase in value during the year of the unapplied total return within endowment funds	1,778
Value of assets representing the unapplied total return within endowment funds at 31 March 2015	<u>2,209</u>
	<u>3,987</u>

	2015 No.	2015 £000	2014 No.	2014 £000
(b) Categorisation of restricted and endowment funds				
Fund balances				
Educational purposes	3	2,715	3	2,477
Project buildings	2	284	2	284
Sea training	1	444	1	407
General and other purposes	19	29,151	20	26,960
	25	32,594	26	30,128

Included in the restricted and endowment funds are two charities that are independently registered with the Charity Commission, along with a number of constituent charities, also registered with the Charity Commission. The independent charities are ACW Edwards (registration number 247678) whose objects are for the income to be distributed to recognised local or national charities that the trustees shall in their absolute discretion select, and GA Joyce (registration number 272973) whose objects are such charitable purposes as the trustees shall in their absolute discretion determine. Funds are held separately from Barnardo's. The objects are closely aligned to Barnardo's so in accordance with the Statement of Recommended Practice for Charities, issued in 2005, as custodian Trustees, and with Charity Commission consent, these charities have been included as if they represent restricted funds of Barnardo's.

	Unrestricted £000	Restricted and endowments £000	Total £000
(c) Analysis of fund balances between group net assets			
Fixed assets	41,684	174	41,858
Investments	43,651	26,024	69,675
Pension liability (note 11)	(109,000)	-	(109,000)
Net current assets	9,278	6,397	15,675
Net assets as at 31 March 2015	(14,387)	32,594	18,208
Net assets as at 31 March 2014	(8,788)	30,128	21,340
Unrealised losses included in investments value	4,077	2,274	6,351

The restricted funds are held in appropriate asset forms to enable the restrictions to be satisfied.

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

	2015 £000	2014 £000
Net incoming resources	4,372	7,353
Depreciation charge	4,336	3,993
Net gain on disposal of tangible fixed assets	(9,630)	(9,024)
Net pension charges	(1,200)	(1,300)
(Increase)/decrease in debtors	(5,672)	2,323
Increase in creditors	709	1,439
Increase in current asset investments	(67)	(6,091)
Investment income and interest	(3,215)	(4,101)
(Increase)/decrease in stock and work in progress	(4,425)	(1,343)
Net cash outflow from operating activities	(14,790)	(4,064)

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

	2015 £000	2014 £000
Decrease/(Increase) in cash	(2,646)	3,074
Cash inflow/(outflow) from changes in debt	4,035	(63)
Cash (outflow)/inflow from changes in liquid resources	(1,923)	7,545
Movement in net funds	(534)	10,556
Opening funds	15,203	4,647
Closing funds	14,669	15,203

24(c). Analysis of net cash funds

	At 1 April 2014 £000	Cashflow £000	Other non-cash items £000	At 31 March 2015 £000
Cash at bank and in hand	8,097	(2,646)	-	5,451
Debt due within one year	(4,000)	4,000	(3,028)	(3,028)
Debt due after one year	(3,063)	35	3,028	-
Cash on deposit	3,076	(1,990)	-	1,086
Current asset investments	11,093	67	-	11,160
	15,203	(534)	-	14,669

25. Related parties

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

26. Contingent liabilities

Barnardo's has operated a large number of residential and non-residential services over a long period of time caring for significant numbers of vulnerable children and young people. Rigorous procedures have been and continue to be in place for ensuring the safeguarding of children and internal and external inspections evidence the high standard of services delivered. The nature of this work could give rise to potential claims against Barnardo's. The Trustees have considered this likelihood and potential materiality of any such claims and do not consider a provision in the accounts is warranted in this regard.

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



Gifts and grants received

Funding from donations

Corporate donations

AF International, Aldi Stores Limited, Bank of Ireland, BEKO plc, Bluebay Asset Management, Bregal Investments LLP, Carillion plc, Citibank, Dunelm (Soft Furnishings) Ltd, Duracell, Foresters Friendly Society Limited, Hallmark Cards, John Lewis Partnership, Kier Group plc, Lacey Advocates, Lotto Scotland Ltd, Nexen Petroleum, Next plc, Prestige Gifting Ltd, Raspberry Pi, Saint-Gobain Building Distribution UK & Ireland, Screwfix Direct Ltd, SGN, Shoosmiths LLP, Sweets for Life, Tesco Bank, Travelers, The Royal Bank of Scotland Group plc, Xchanging.

Charitable trusts, grants and foundations

The 29th May 1961 Charity: £8,000

The Atlantic Philanthropies: £483,403

The Bartle Family Charitable Trust: £2,000

BBC Children in Need: £52,412

Big Lottery Fund:

- All Stars: £260,688
- Baby Father Initiative: £82,805
- A Better Start Leicester: £90,989
- BIG Manchester: £322,164
- Blaenau Gwent Community Connections: £122,549
- Canolfan Caban Bach Mantell Gwynedd: £127,255
- Community Spaces: £37,297
- Compass Aspire: £217,365
- Eleri project: £325,124
- Family Connections: £218,078
- Gregory's Place Anti-Trafficking project: £95,119
- Growing Up service: £94,404
- Highlands & Islands – Barnardo's Works: £7,591
- Highlands & Islands – Face2face: £73,828
- Hopscotch: £230,824
- Lifeskills: £407,310
- Lothian Supported Carers Scheme: £182,540
- Nurturing Inverclyde: £448,305
- Palmersville Training: £26,750
- Path Plus: £347,986
- South Lakeland Families: £104,555
- Streetlevel – Perpetrators Programme: £31,232
- Support and Connect: £57,045
- Taith – Girls with Sexually Harmful Behaviour: £82,132
- Talent Match – Bradford: £16,228
- Talent Match – Lincolnshire: £96,324
- Threads Connexions: £104,895
- VAW – Advocacy Service – Dundee: £170,049
- You First National: £271,999

Bill Brown's Charitable Settlement of 1989: £3,750
 The Blagrave Trust: £61,300
 The Bromley Trust: £10,000
 Burges Salmon Charitable Trust: £3,000
 Choose Life Funding – Suicide Prevention: £10,132
 Comic Relief: £162,187
 Creative Scotland: £20,517
 D.C.R Allen Charitable Trust: £10,000
 David & Ruth Lewis Family Charitable Trust: £10,000
 Early Years – the organisation for young children: £99,820
 The Edith Murphy Foundation: £10,000
 Education Scotland: £28,610
 Elizabeth Rathbone Charities: £2,000
 Eveson Charitable Trust: £12,000
 The Gannochy Trust: £18,000
 The Grantham Yorke Trust: £10,000
 Gresham Charitable Trust: £3,000
 Impact Arts: £2,730
 Jenour Foundation: £5,000
 John James Bristol Foundation: £25,000
 The Jones 1986 Charitable Trust: £10,000
 J Paul Getty Jnr Charitable Trust: £52,000
 The Katherine Martin Charitable Trust: £140,000
 Kathleen Smith Foundation: £4,000
 Lord Austin Trust: £2,000
 Mary Homfray Charitable Trust: £2,000
 Maud Elkington Charitable Trust: £4,400
 Mellow Dads & Lochend: £9,307
 Michael Marsh Charitable Trust: £5,000
 Miss E A Pemberton-Barnes Will Trust £21,739
 Moondance Foundation: £225,000
 No Knives Better Lives: £4,500
 Northern Rock Foundation: £140,057
 The Pauline Meredith Charitable Trust: £5,000
 The Peacock Charitable Trust: £15,000
 Philip Gower Charitable Trust: £122,260
 Pilkington Charities Fund: £2,000
 President's Club Charitable Trust: £10,900
 Miss R C R Angel Charitable Trust: £8,310
 The Robertson Trust: £82,251
 The Rothley Trust: £1,500
 The R S Macdonald Charitable Trust: £10,000
 The Sandra Charitable Trust: £10,000
 The Shanly Foundation: £10,000
 STV Charitable Trust – CHIP: £89,711
 Tom Parrington's Will Trust: £50
 The Waterloo Foundation: £107,500
 William A Cadbury Trust: £20,000
 William Belmer Rush Foundation: £18,229
 Wood Family Trust: £3,000
 Youth Link Scotland: £25,000

Funding from statutory authorities

Cymru/Wales

Welsh Assembly Government: £684,123 including £148,790 Section 180 Homelessness Grant

England

Department for Education:

- Families of Offenders: £437,269

Sandwell MBC – Play is Making a Difference: £1,416

Wiltshire Council

- Short Breaks: £209,760
- Children's Centres, Calne & Corsham: £333,994

Northern Ireland

Belfast Health and Social Care Trust: £2,287,563

Department for Employment and Learning European Social Fund: £118,406

Department of Education: £153,197

Department of Health, Social Services and Public Safety: £9,470

Department of Justice: £84,709

Department of Justice – Northern Ireland Prison Service: £123,420

Health and Social Care Board: £2,482,982

Northern Ireland Housing Executive: £275,995

Office of the First Minister and Deputy First Minister: £36,306

Public Health Agency: £595,002

Southern Health and Social Care Trust: £1,061,100

Victims and Survivors Service: £147,989

Western Health and Social Care Trust: £166,893

Scotland

Better Breaks: £27,530

Central Scottish Government:

- Plan B Extended Service: £34,939
- You First: £10,000
- East Region Disability Services: £81,189

Falkirk Council:

- Education & Family Support Services: £298,405
- Oxcgang Family support Service: £192,341
- Cluaran: £361,619

Inverclyde Council:

- Inverclyde Family Support Team: £181,970
- NHS Forth Valley: £22,424
- Nurture Services: £43,000

NHS Forth Valley – Stirling & Clacks Services: £45,267

Scottish Prison Service: £131,128

Board of Trustees and officers

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Her Majesty The Queen

President

Her Royal Highness The Duchess of Cornwall

Vice Presidents

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 Mr John Bartle, CBE
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 Mrs Susan Bernerd, MBE
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 Mr David Cathie
 Rev. Joel Edwards
 Rev. David Gamble
 Ms Rosemary Jones
 Lord Loomba, CBE
 Mr Bruce Oldfield, OBE
 His Honour Sir Mota Singh, QC
 Mr Philip Taylor

Trustees

(Year of first appointment)

Ms Rachael Bayley (2005) – retired October 2014
 Mr John Bartlett (2014)
 Mr Neil Braithwaite (2011) – Honorary Treasurer
 from July 2014
 Mr Hugh Burkitt (2009)
 Ms Judy Clements, OBE (2006) – Deputy Chair
 Ms Alexis Cleveland (2011)
 Mr Tony Cohen (2011) – Chair
 Lady Amanda Ellingworth (2009)
 Mr Ian Marshall (2005) – Honorary Treasurer
 until July 2014, retired January 2015
 Mrs Sheila Mawer (2005) – retired October 2014
 Mr Colin MacLean (2014)
 Ms Gill Stewart, CB (2003) – retired October 2014
 Mr Colin Walsh (2014)
 Ms Eleanor Williams (2008)

Chief Executive

Javed Khan (from May 2014)

Executive Director, Marketing

Gerard Cousins (interim)

Executive Director, Children's Services

Sam Monaghan

Director of People

Anne Comber

UK Director of Strategy

Aidan Rave (interim)

Executive Director, Corporate Services

Everton Bryan (from June 2014)

Director of Finance

Kevin Barnes

Company Secretary

Marie Livingstone (from September 2014)

Contact details

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 Limited, 12 Throgmorton Avenue,
 London EC2N 2DL
 Ruffer LLP, 80 Victoria Street, London SW1E 5JL

Principal solicitors

Bates Wells & Braithwaite London LLP,
 10 Queen Street Place, London EC4R 1BE



**Believe in
children**



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