

BARNARDO'S

YEAR ENDED 31 MARCH 2019

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Chair's Introduction

I feel very privileged to have been appointed Chair of Trustees at Barnardo's and a great sense of responsibility to build on the work led by my predecessor Wendy Becker.

During her time at Barnardo's Wendy made an excellent contribution to the work of the Board and the leadership team. Wendy led the publication of the Charity's latest impact report and also steered the review of progress with Barnardo's long-term Strategy. I thank her for all her hard work and wish her well for the future.

I also want to pay tribute to the contribution that Mike Nicholson made during his time as a trustee before he sadly passed away in October 2018. Mike was closely involved in the further development and improvement of our safeguarding processes and his efforts in this area and his kindness and good humour are very much missed by all who worked with him.

Barnardo's long-term Strategy – which we launched in 2016 – is our commitment to work with children, young people and their families or carers to help build stronger families, safer childhoods and positive futures. Much has changed over the first three years of the life of this Strategy, and now is the right time to take stock of how effectively we are fulfilling our commitments and how we should prioritise our efforts over the coming years.

Overall, despite a challenging external environment and with a significant pension deficit to manage, Barnardo's is on track to achieve most of the ambitions in the Strategy. We believe that this is a strong vindication of Barnardo's commitment in 2016 to move away from short term plans and concentrate on the long term. Our focus should be on priority areas that transform the lives of vulnerable children and young people.

To achieve our ambition, we need to continue to make the most of our resources. Not just by raising more money, but by changing the way we use it. Three years ago we aimed to have at least doubled our net fundraising and retail income from £23m to £50m by 2025. We have already increased our net fundraising and retail income by 16% to over £26m, and we will now continue to build on this by 2025.

Demand for our services continues to increase as children and young people's needs become ever more complex. However, there are significant additional challenges ahead, including continuing economic and political uncertainty, a tough fundraising environment and different markets for commissioning young people's services.

At the heart of these challenges is continuing to be both impressive and unapologetic fundraisers. We all need to put fundraising at the front of our minds and embed it in every part of our work.

On diversity I am proud that we have made a commitment to be a charity that believes in children regardless of their circumstances, gender, race, disability or behaviour.

I am absolutely committed to making a difference to our central ambition of changing the lives of vulnerable children and young people through giving them hope and helping them to realise their full potential.



John Bartlett
Chair of Trustees

Chief Executive's Introduction

This year there has been increased public awareness about some of the most serious challenges facing children and young people in the UK. More than 4m children are living in poverty; one in eight children have a mental health condition; and youth violence, including gangs and knife crime, has reached a new peak.

Too many young people experience what I call "poverty of hope" – growing up in communities with poor housing, no qualifications, no job prospects, no role models, and no hope in a positive future.

In many ways the need for Barnardo's services has never been greater. So I'm proud that moving into the fourth year of our ambitious ten year Corporate Strategy, we continue to go from strength to strength.

In 2018-19 we worked with 294,300 children, young people, parents and carers across more than 1,000 services, thanks to the amazing work of our more than 8,000 staff and over 20,000 volunteers. Within this the number of service users who received individual support rose by 26%. I'm really pleased that our volunteer numbers are up more than 4% on the year before, and I'm hugely grateful to every one of them for their time and effort.

We have continued to invest our voluntary funds where they will have the greatest impact – focusing on long-term, sustainable change for children and families – not just sticking-plaster solutions.

Children in care and young people leaving the care system will always be some of the most vulnerable in our society. Our specialist services work with care leavers across the UK to help them recover from past trauma and prepare for successful adulthood. In March 2019, our Royal Patron HRH the Duchess of Cornwall opened a new sensory room at our Leaving Care service in Ilford. During this event I met Zhane, who came to Barnardo's after leaving local authority care. With our support, Zhane has been able to realise her dream of starting a cake business, and to gain skills and confidence in caring for her young son.

Keeping children safe is at the heart of all Barnardo's work. Whilst new technologies have created fantastic new opportunities for children to learn, play and socialise, they also create new dangers – such as cyber-bullying, gaming addiction and online grooming and sexual abuse. We spoke out against child sexual abuse in the 1990s when few others dared – and today we have been leading calls for regulation of social media companies, and a legal "duty of care" towards children, so that the industry is required to keep children safe online.

The world is changing fast, which means Barnardo's has to change too so we can continue to transform children's lives and the system around them, for the better.

The fundraising environment is increasingly challenging – with greater competition and a fall in public trust in charities. I'm pleased that our net voluntary income has increased by 11.7%, including a net profit of £15.8m in our 705 retail shops. This is up 5.3% on the previous year. These are sound results but we are not complacent. Just as we continue to innovate in our service delivery, so we continue to innovate in our income generation – our new Ebay online hub has encouraged store managers to send in stock for sale on Ebay and has raised £500,000 for Barnardo's in under a year.

This year's refresh of our Corporate Strategy reaffirms our commitment to delivering transformative change for vulnerable children, and sets out ambitious new goals to help us achieve this. For example, reflecting the changing commissioning climate, Barnardo's will move towards becoming a health and social care children's charity.

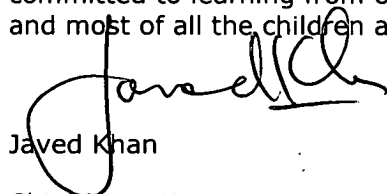
Alongside delivering frontline services, Barnardo's works to bring the voice and experience of children to the attention of decision makers. For example, following our extensive work to raise the profile of serious youth violence and gangs - including through an appearance on BBC Question Time - the Government announced it would adopt a "public health approach", focusing on the root causes. The Government also heard our calls to improve support for young people who care for a sick family member - including those from Black and minority ethnic (BAME) backgrounds.

We continue to make progress in becoming a more digital, diverse and learning organisation. We have embraced digital technology to develop new services and fundraising tools, have enhanced our website, and are equipping our people with new tools so they can spend more time directly supporting children. Equality, Diversity and Inclusion is at the core of the charity and we are improving our systems and data to better understand our service users' needs, whilst benchmarking and validating our progress independently through Stonewall, MIND and Business in the Community. We have also introduced name-blind recruitment, to help make our processes fairer. Additionally, the first cohort of our Emerging Leaders has 'graduated', creating development opportunities, particularly for female and BAME colleagues.

I am also, delighted that we have appointed Natasha Kaplinsky OBE as our new President. She will be a great champion for the charity and help us promote our key messages on behalf of vulnerable children and young people.

Finally, I have been very grateful for the wisdom, support and advice of our Board of Trustees, led by Chair, John Bartlett. Their voluntary role has added great value.

We have made great strides this year in an increasingly complex environment and remain committed to learning from our expert staff and volunteers, our commissioners and partners, and most of all the children and young people we support.



Javed Khan

Chief Executive

Report of the Board of Trustees

1. Objectives and Activities

Barnardo's overarching commitment remains to change the lives of vulnerable children and young people within our broader work with families and communities, giving them hope and helping them to realise their full potential.

We will do this directly through our services, and through influencing the system around them. We will continue to support children and young people without judgement, whilst standing up for them and lobbying Governments, commissioners and practitioners to put the needs of children and young people - and thus our collective future - first.

The Corporate Strategy remains on track and focused on building stronger families, safer childhoods and positive futures by working with children in and leaving care, those vulnerable to and affected by sexual and criminal abuse and exploitation and those who need support with their mental health.

The goal, at the heart of that strategy, remains to achieve better outcomes for more children and young people.

Barnardo's must continue to change what we do and how we do it if we are going to remain a constant force for good in the lives of the children, young people, families and carers who

depend on us. This imperative not only relates to our direct work. It extends to our role in changing and improving the wider system of delivering services to vulnerable children and young people across the UK, which is too often incoherent, ineffective and insufficiently child-focused.

To meet this challenge we will change the lives of vulnerable children and young people by understanding and building on their experiences and the experiences of their families and carers, using our scale, knowledge and expertise to drive systems change within governments, public services and society as a whole.

We will be more assertive in engendering change that prevents harm and delivers long-term sustainable impact for children and young people, working with partners across agencies, communities and volunteers – including in the rapidly changing health and social care sector. By investing our voluntary funds in programmes that demonstrate impact, we will lead the way in setting the agenda across the whole system, driving better outcomes for vulnerable children.

We will further grow our net fundraising and retail income including broadening our supporter base and ensuring we pursue innovative opportunities.

At the same time we will improve organisational efficiency and effectiveness, through becoming a genuinely digital, diverse and learning organisation.

We operate more than 1,000 services, many commissioned by partners. We operate more than 700 retail shops, and we are able to draw on a highly motivated and dedicated army of more than 20,000 volunteers who support our vital work.

The services we provide cover many aspects of established and developing vulnerability. We work with children and young people who have suffered sexual abuse and exploitation; with children who are in care, those who are leaving care, and those caring for others. We provide early intervention for children, parents and carers through our work in children's centres across the country. We support children who care for a sick or disabled relative, focussing on their emotional health and wellbeing. We work with children who have been trafficked, who have suffered through domestic abuse and children who are living with a disability. We find loving and supportive foster placements and adoptive homes for children in care.

Last year we helped improve the lives of more than 294,300 children and young people, parents and carers. We helped 40,100 children, young people, parents and carers through our mental health services; we supported 3,500 care leavers and we worked with more than 7,700 children who are looked after in the care system. We worked with 3,500 people through our Child Sexual Exploitation services.

We are transforming the way we engage both service users and stakeholders, and the way we are able to mine our information, through a focus on enhancing our digital capability and communication channels. We ensure our safeguarding practices and procedures are robust, reinforcing the safeguarding culture that our staff and supporters deserve and expect.

We are proud that we have helped many, and will help many more in the future by campaigning effectively to change public policy and public opinion. Our Policy and Communications team influences and informs politicians, decision makers, the media and many other key stakeholders across the UK. We are working collaboratively with other charities to develop innovative ways of working.

Our work to develop digital initiatives and exploit digital opportunities continues to make

Barnardo's more efficient and agile, which in turn means we are better able to direct resources to frontline services

Our Directorate of Impact and Learning is finding smarter ways to measure accurately what we do and how successful we are, what works and what doesn't. This is a vital ingredient in sharing best practice and knowledge, which sits at the heart of our way of working. This year we will strengthen our learning offer and set the standard in the sector by creating a Barnardo's Corporate University at the heart of a refreshed organisational learning offer that informs our own work and that of others who can make a difference to vulnerable children and young people.

Our Gender Pay Gap Report continues to show that the gender pay gap at Barnardo's is significantly lower than the national average. We are committed to reducing the gap further, and launched a comprehensive action plan alongside that report to deliver this.

Barnardo's is proud of what we have achieved in the past three years to support Stronger Families, Safer Childhoods and Positive Futures for children and young people. Moving into 2020/21 we reaffirm our commitment to changing the lives of vulnerable children and young people in delivering even more against those aims over the next year and beyond.

2. Strategic Report

Achievements and Performance

We believe in children – no matter who they are or what they have been through. We support some of the most vulnerable children in the UK with our services, campaigns and research.

In our 2016-2025 corporate strategy, we set out our ambition to build on our achievements. We want to support more of the most vulnerable children and young people than ever before. We want to help them overcome the challenges they face and move towards a brighter, happier future.

But it doesn't end there. We want to prevent the challenges in the first place. By tackling the causes as well as the symptoms, we can create better outcomes for more children. We now report on the progress we have made in 2018/19.

In 2018/19 we worked with more than 294,300 children, young people, parents and carers above the 2018/19 KPI target of 275,000 by 7% (19,300), including:

- 181,100 through our Children's Centres and Family Hubs.
- 28,700 through our school-based programmes
- 84,500 through our individual work.

In total, we provided support to over 203,300 children and young people, and over 76,300 parents and carers.¹

At the end of 2018-19 we were running over 1,000 services in local communities and had 705 shops, 7,918² employees, and 23,842 volunteers supporting our vital work.

¹ Parental status was unknown for 14,700 due to limited access to data from external recording system

² Full time, part time, and, 'as and when' staff

1. Stronger Families

Early Support

- In total, our Early Support services supported **95,200** people. This included our Children's Centres that were accessed by **92,000** people last year. This is compared to **143,500** children, parents and carers who accessed our Children's Centres in 2017-18.

Family Support

- We provided Family Support services to **120,800** children, young people, parents and carers, such as support for children with a parent in prison, children with caring responsibilities, children experiencing bereavement, and families with children on the edge of being taken into care. This number includes 89,100 who accessed our Family Hubs.
- In total our Children's Centres and Family Hubs supported over 181,100 people last year; over 120,000 children and over 56,000 parents

Mental Health

- We supported **40,100** children, young people, parents and carers through our Mental Health services. This included **28,700** children supported through our school-based programmes, aimed at improving emotional health and wellbeing. This compares to **23,500** in our school based services in 2017-18.

2. Safer Childhoods

Child Abuse and Exploitation

- We supported **7,300** people through our Child Abuse and Exploitation services, including:
 - 3,500 in our Child Sexual Exploitation (CSE) services
 - 800 in our FGM services
 - 2,000 in our Missing services
 - 400 in our Sexually harmful behaviour services
 - 600 in our Trafficking services.

Looked After Children (e.g. family placements)

- Our adoption services placed 125 children with adoptive families
- Our fostering services cared for 857 children.

3. Positive Futures

Leaving Care/Accommodation Support

- We supported **5,000** people in our Leaving Care/Accommodation Support services. This included 3,100 in our Leaving Care services and 1,900 in our Housing and Homelessness services.

In 2016 we articulated three **Strategic Aims**:

- **Stronger Families**
- **Safer Childhoods**
- **Positive Futures**

We committed to investing our voluntary funding³ into six **priority areas** which will help us

³ Our voluntary funding from donations and grants is unrestricted and lets us work towards our own priorities; key areas of need we have identified.

to grow and build our expertise:

- Early Support
- Family Support Services
- Mental Health
- Child Abuse and Exploitation
- Looked After Children (e.g. family placements)
- Leaving Care/Accommodation Support

By focusing on these service areas, we aim to reach more children and young people.

However, we know that for the most vulnerable children there are often entrenched problems which we cannot fix through working solely with children and their families; we also need to influence the wider systems around children. We have invested in three **Core Priority Programmes** to focus this work:

- Mental Health and Wellbeing
- Child Sexual Abuse
- Children In and Leaving Care.

Digital

By making the best use of digital technology and communications in all aspects of our work, we aim to reach out to and support more vulnerable children. We are developing new approaches to deliver the next generation of children's social care, not only to meet today's challenges, but to prevent tomorrow's. We do this in collaboration with young people, practitioners, commissioners, and other external partners. Recent highlights of our work include:

- Establishing clear principles for co-designing services with children and young people – ensuring ethical, empowering standards and expectations are set for Barnardo's and others in the sector to meaningfully involve children in the design of services, as well as the 'Consent to be involved in research' tool to ensure children are worked with ethically and respectfully during research
- Piloting a new approach to provide additional support to children and young people through mobile messenger services direct with their project worker
- Delivering a prototype of Fostering Friends - a 21st-century penpal service for foster children to help build social confidence

Diverse

Equality, diversity and inclusion run through everything we do – from the way we support people, through to who comes to work or volunteers with us. We aim to make our services as accessible and inclusive as possible.

We have further reduced the proportion of service users where we did not know their ethnicity, or whether they had a disability. We have further reduced the proportion of service users where we did not know their ethnicity, or whether they had a disability. We focused on reducing these 'unknown' characteristics across services where these factors can place young people at increased risk of harm.

We have implemented a plan to ensure Equality Impact Assessment (EIA) compliance across the organisation, in order to not discriminate or disadvantage people, and identify ways to make improvements for people with a protected characteristic. In 2018-19, we undertook 14

EIA screenings and we have seen an increased understanding of equality and inclusion. We have increased our success rate for BAME recruitment and attraction rates for disabled candidates. We have also become members of Purple, committing to improving our disability achievements and ambitions.

During 2018, we were awarded a silver banding - for race - in the *Business in the Community Diversity Benchmark* and were an early signatory of the *Race at Work Charter*. We were also accredited as a *Disability Confident Employer*, demonstrating our continued commitment to Disability Equality.

Learning

Learning from our experiences will make us more efficient, effective, and strategic. We take every opportunity to find new ways – and the best ways – to support more children and young people and have greater impact.

86% of full time employed staff have achieved 3 or more days of learning, based on 62% of logged Performance and Development Review's (PDR's) as at the end of June'19. We are aiming to be closer to achieving the 90% target for the year, once the full complement of completed PDR's are logged.

As part of our Learning Organisation Programme, we successfully delivered the first cohort of an Emerging Leaders Programme in 2018-19, with 20 participants from across the organisation taking part in the 12 month programme. The programme comprised: four cohort days, with inputs delivered by Barnardo's staff and external speakers; mentoring opportunities with senior leaders within the organisation; participation in coaching circles; and, working in action learning sets on specific strategic areas, sponsored by a Director. We are currently recruiting for the second cohort of the programme with evaluation of the inaugural programme informing the design and delivery of wave two.

Achieving the best outcomes for children and young people requires a confident and skilled workforce. Therefore, in 2018-19, we also committed to investing in our staff and volunteers through commissioning a range of learning and support packages, including:

- **Trauma informed practice** – Barnardo's is committed to becoming a trauma-responsive organisation, effectively supporting children, young people, and families with experience of adversity and trauma. We aim to transform the capabilities of the workforce across the entire organisation, by enhancing knowledge and skills in relation to understanding and working with trauma and adversity. We want to ensure our workforce is looking after its own mental health and wellbeing, as well as that of the children, young people, and families we are supporting. To date, we have provided training to more than 400 senior leaders. Further training, for all staff and volunteers, is currently being developed and rolled out. This is supported by an online learning portal of training and learning resources on trauma and stress, with materials provided by Psychotherapy Excellence, and available to all staff.
- **Complex abuse and exploitation** – we are working with leading academics and practitioners across the sector to develop modules of core training on child abuse and exploitation. This new learning and support offer will initially be provided to staff in our abuse and exploitation services, with plans for future roll-out across all Barnardo's staff, to help develop practice across the whole of the organisation.
- **eLearning portal for a Core Management Development Programme** – we have developed an eLearning portal for our 'Leadership in Action' work. This provides

consistent learning and development opportunities and resources for managers across the organisation.

- **Induction** – We have begun to undertake a refresh of our induction programme, designed to ensure we embed our learning culture from the earliest contact with Barnardo's.

Volunteers

Volunteers play a vital role in our work. Our retail operation currently has 11,500 volunteers, who, in 2018, gave 2,682,235 hours of their time to support our stores, subsequently helping to fund our frontline work with children.

We have diversified our volunteer base through exploring the range of motivations and aspirations of volunteers, whether that is the achievement of the Duke of Edinburgh Award, a desire to contribute to the community, or a personal affinity with the work of Barnardo's, and a subsequent desire to contribute.

In our 2019 volunteer satisfaction survey the vast majority of respondents either 'Agreed' or 'Strongly Agreed' that:

- They receive support and encouragement from staff/colleagues (87%)
- They feel they make a difference through volunteering with Barnardo's (85%).

Barnardo's Retail provides a variety of positive outcomes to volunteers, such as learning vital skills, undertaking level 2 qualifications, and, gaining the confidence to work towards paid employment.

Job-seeking volunteers regularly report that giving their time at a Barnardo's store helps improve self-esteem, communication skills, team-working, problem-solving, organisational skills, and numeracy skills.

This year we launched a new pilot offering care leavers work experience opportunities in our stores. This is designed to provide employability skills to a new generation of care leavers, paving the way towards a better future with positive destinations.

Our strategy recognises that we must change the way we work with, and support our people. We devised a strategic approach, called the Barnardo's Way, with five key elements to help us benchmark how we do things and what we want to achieve for the future.

1. **Impact: Consistently high quality support for better results**
 - We have set the target to be supporting 300,000 children, young people, parents and carers every year by 2025. This is a 25% increase compared to 2015.
 - In 2018/19 we worked with more than 294,300 children, young people, parents and carers. This is an increase of 22,700 since 2016/17.
2. **Measure: The real impact of our work**
 - In 2018, we published the 4th *Barnardo's Impact Report*, which demonstrates and measures impact across Barnardo's. We will publish the 5th *Barnardo's Impact Report* in 2019.
 - We continue to produce a quarterly performance report, which measures progress against our strategy to inform decision making and provide holistic intelligence on the performance of Barnardo's.

- We have developed our Contract Performance Tool, which is used to measure the effectiveness of Barnardo's work.

3. Influence: Building on our reputation

- Seven of our policy calls passed into law in 2017/18. In addition Government listened to us by not making a policy change on the child protection system, as we advised it might not help children.
- Policy changes included The Child Poverty (Scotland) Act which involved lobbying for the establishment of a statutory Poverty and Inequality Commission.
- In Wales, we lobbied for The Additional Learning Needs and Educational Tribunal (Wales) Bill to have a duty of due regard to the UN Convention on the Rights of the Child (UNCRC) for both the rights of the child and the rights of persons with disabilities.
- In England, the Department for Education published guidance on harmful sexual behaviour in schools. Barnardo's lobbied to have a focus on seeing young people who display harmful sexual behaviour as victims.

4. Innovate: New ideas for support

- We have set up and are progressing a set of transformation digital programmes for both service users and supporters, with a strong focus on innovation
- In 2017/18, we launched an internal Innovation Fund to find and support the best ideas from staff across our organisation, to achieve our goal of getting better outcomes for more children and young people.

5. Income: Secure funding to deliver great work

- Total Statutory income has decreased from £173.7m in 2017/18 to £172.8m in 2018/19.
- Net Voluntary income increased from £29.2m in 2017/18 to £32.6m in 2018/19.
- Net Retail and Trading income increased from £15.0m in 2017/18 to £15.8m in 2018/19.
- We began to roll out EPOS in our shops - our new scanning tills system to simplify the Gift Aid process.

Activities in Scotland

Barnardo's is registered with OSCR (Office of the Scottish Charity Regulator) and has a National Advisory Board to provide advice and guidance on all aspects of our activities in Scotland. Barnardo's provides more than 130 community based services throughout Scotland working with over 26,500 vulnerable children, young people and their families.

Financial Review

Overall financial health

Financially, 2018/19 has been another successful year for Barnardo's. We have worked hard to successfully secure new income to support our charitable activities and deliver our plans. The current public sector funding environment is challenging, and expected to remain so for the foreseeable future. However, we have once more grown our total income and endowments. We continue to follow the path outlined in our ten-year Corporate Strategy (we

are currently in Year Four), which focuses charitable expenditure on priority areas and on growing our voluntary income base. This should ensure Barnardo's continues to expand its reach and use its resources effectively for all stakeholders.

Results for 2018-19

Our total income and endowments increased this year to £306.0m (2018: £304.3m) as shown in the Statement of Financial Activities on page 31. Of the increase, £5.5m came from donations and legacies, £3.4m from our retail and trading activities, and £0.3m from our investments, offset by a reduction in income from the development and sale of properties of £6.4m and a reduction of £1.0m in fees and grants for delivering children's services.

As a result our net income available for charitable activities increased from £224.0m to £226.8m.

There was an increase in expenditure on charitable activities, inclusive of governance costs, of £3.0m to £216.8m (2018: £213.7m) and after pension finance costs of £9.9m (2018: £5.3m), our total charitable expenditure came to £226.7m (2018: £219.0m). Allowing for net gains on investments totalling £3.0m (2018: loss of £0.5m), the resulting net income for the year is £3.1m (2018: £4.5m).

Pensions

Barnardo's is the employer sponsor of the Barnardo's Staff Pension Scheme (BSPS) which is a defined benefit pension plan that closed to new members in 2007 and the further accrual of defined benefits in April 2013. The FRS 102 position at 31 March 2019 shows a deficit of £142.2m (2018: £139m). Better than expected investment returns and mortality rate improvements have been more than offset by the increase in the defined benefit obligation over the year.

The assumptions used for calculating these disclosures are necessarily different to those used for the last triennial valuation, which is carried out separately by the Trustees of the Barnardo's Staff Pension Scheme. At 31 March 2018, on the ongoing valuation basis for their last triennial valuation, the deficit disclosed was £185m and the funding level was 78%. The difference between the last triennial actuarial valuation and the FRS 102 valuations demonstrates the volatility in calculating long term pension liabilities. Neither calculation is right or wrong. They are both snapshots of the situation at a particular moment in time and highly sensitive to changes in financial market factors. They also highlight the difference between the more conservative assumptions used for the triennial valuation and the 'best estimate' assumptions used for the FRS 102 calculations. The FRS valuation uses lower inflation and higher interest/discount rate assumptions and both of these lead to a lower calculation of pension liabilities.

It is the ongoing triennial valuation that is used to calculate the payment of pension contributions and these are currently based on the deficit reduction/recovery plan agreed between the Board of Trustees of Barnardo's and the Trustees of the Barnardo's Staff Pension Scheme following the 2015 triennial valuation. In respect of the deficit in the Scheme, Barnardo's has agreed to pay £10.7m for 18 years from 1 April 2018. Barnardo's therefore expects to pay £10.7m to the Scheme during the accounting year beginning 1 April 2019. This deficit reduction plan should ensure that the deficit reduces over a number of years as additional pension contributions are paid.

With respect to these future planned payments, the Trustees believe that the pension scheme

liability is a manageable long-term liability, where the payments required by the pension plan can be met from forecast cash flows. Supporting this is the implementation of an agreed investment strategy with the Pension Scheme Trustees, allowing for a lower risk asset portfolio but one which still retains potential for growth.

Reserves and the position at the end of the year

Reserves are represented by the fund balances in the Balance Sheet on page 32.

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. It also needs to give us sufficient time to adjust our strategy to meet changing circumstances without unnecessarily removing funds from addressing our charitable purposes.

The Balance Sheet shows a net asset position of £2.0m after taking into account the pension liability and also shows unrestricted reserves (reserves that do not carry any restrictions on how they can be used) of £106.8m (2018: £106.2m). In carrying out our assessment of reserves, we look at reserves prior to taking pension liabilities into account, referred to as free reserves. In assessing our level of free reserves we also exclude the fixed asset fund of £38.3m (2018: £39.3m) because this cannot quickly be realised. We do, however, include the working capital fund of £17.0m (2018: £22.7m) as no restrictions apply to this fund. After excluding the fixed assets fund, this leaves free reserves at £68.5m (2018: £66.9m) as at the 31 March 2019.

The Board of Trustees assesses the risks Barnardo's could be exposed to and the appropriate level of reserves that we should maintain. A recent review of our free reserves (funds that are freely available to be used for our general charitable purposes), based on the financial position at 31 March 2019, set a target range of £46.0m to £61.3m. This is a slight decrease from last year, yet we still reflect the greater financial and economic uncertainties caused by Brexit, the current political environment and the risk associated with our pension deficit. We regularly review the actual level of reserves, and take action to bring it back in line with the target if the level looks likely to move significantly outside the target range. At 31 March 2019 the level of free reserves is outside of this target range, however, it is expected to move back within range by the end of the next financial year.

Our unrestricted reserves assessment also takes no account of the £37.4m (2018: £34.8m) held in restricted and endowment funds. Only the income from these funds is available for our work.

Investments

Barnardo's investments are managed on our behalf by BlackRock Investment Management (UK) Limited and 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 2019, our unrestricted investments held with Blackrock Investment Management (UK) Limited delivered a positive return of 8.9% (2018: positive return of 2.3%). The Blackrock investment performance is benchmarked against the weighted average of three tracker indexes over a rolling five-year period and our target is to outperform this benchmark by 0.75% per annum, we exceeded this benchmark by 0.47% for the year. Ruffer LLP delivered a negative return of -1.5% (2018: negative return of -0.8%). Ruffer's overall objective is firstly to preserve client's capital over rolling twelve month periods, and secondly to grow the

portfolio at a higher rate (after fees) than could reasonably be expected from alternative of depositing the cash value of the Portfolio in a reputable United Kingdom bank. This benchmark was not met for the year. The performance of our investment managers is monitored on a regular basis by our Finance Committee, through quarterly reporting and discussion directly with representatives.

The restricted capital and endowment fund balances are carried forward at 31 March 2019. They 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. The initial value of the unapplied return was established in 2002. It is the value of funds donated at 1 April 1976 or at the date of donation if later, indexed to 2002. Indexation has then been applied to this 2002 value to give the 2019 value. The unapplied return is the difference between the 2018 value and the market value of funds as at 31 March 2019. The annual change is included in the net gains or losses on investments. Further details can be seen in note 24 (a) and (b).

Funds held as custodian trustee on behalf of others

Included in the restricted and endowment funds are two charities that are independently registered with the Charity Commission; ACW Edwards (registration number 247678) and GA Joyce (registration number 272973), along with a number of constituent charities, also registered with the Charity Commission. Funds are held separately from Barnardo's. The objects are closely aligned to Barnardo's so in accordance with the Charities SORP (FRS 102), as custodian Trustees, and with Charity Commission consent, these charities have been included as if they represent restricted funds of Barnardo's.

Commercial activities

In total, the financial activities of Barnardo's subsidiaries generated net income of £2.1m (2018: £2.7m) during the year. The net income from each subsidiary is gift aided to Barnardo's. The trading subsidiary companies' activities are summarised in note 3 to the accounts.

Barnardo Trading Limited generated a profit of £1.7m (2018: £1.3m) from its mail order, publishing and retail activities during the year. 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 £15.8m (2018: £15.0m). The increased profitability is due to improved sales of new goods in the trading entity, receiving more donated goods in shops and sizeable growth in our eBay operations. In addition, we have improved our Gift Aid conversion rate which has led to an increase in Gift Aid claim income.

Barnardo Developments Limited's principal activity is the development and sale of properties surplus to Barnardo's operational requirements. The company generated a profit of £23,000 during the year (2018: £628,000), largely from the sale of properties built and sold on its site in Barkingside, Essex. 31 out of the 34 properties relating to the final phase of the Barkingside Regeneration Project have now been sold with the remaining three forecast to be sold during 2019-20.

Barnardo Events Limited raises sponsorship and runs special events to generate funds for Barnardo's. The company generated a profit of £150,000 during the year (2018: £232,000). The reduction in profitability in 2018-19 was due to a reduction in the number of events and sponsorship agreements.

Barnardo Services Limited provides a range of services for children and young people in

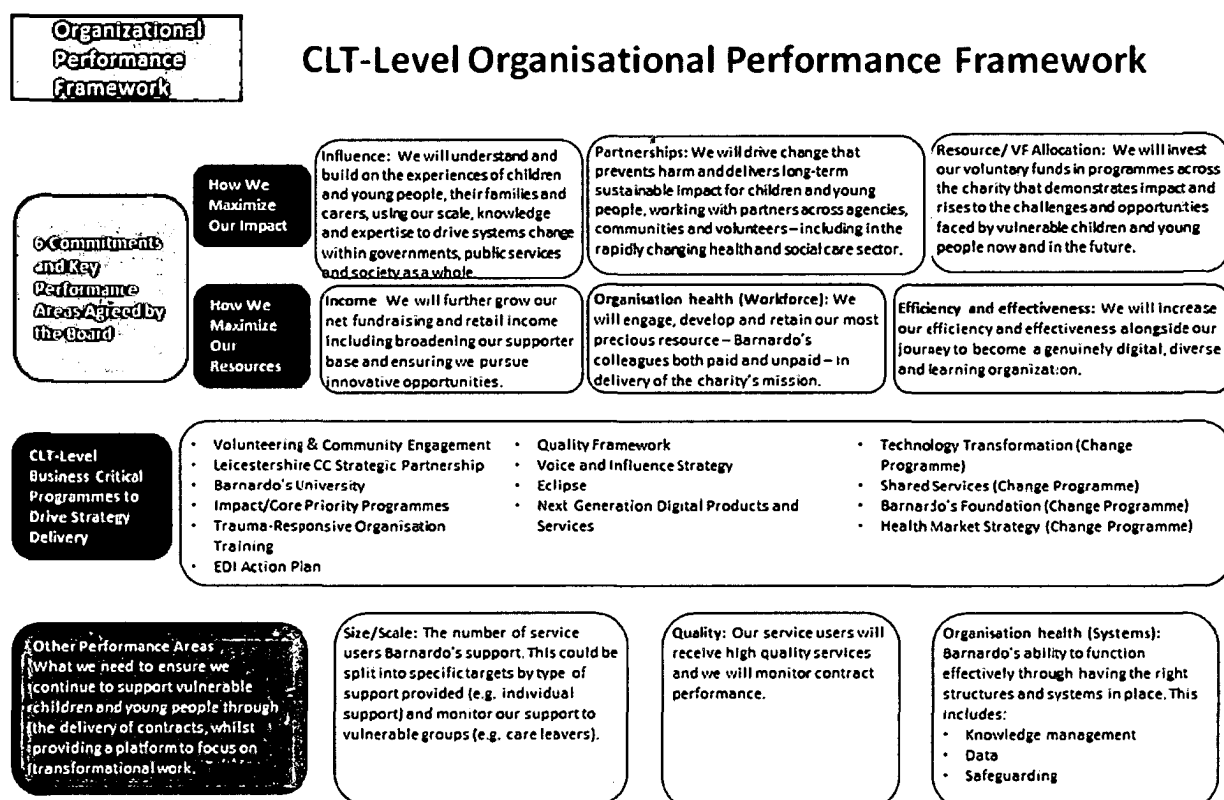
conjunction with local authorities, health authorities and similar bodies. The company generated a profit of £489,000 during the year (2018: £536,000).

From 1st September 2018 we have taken on a new company, Adoptionplus Limited, which offers adoption placement and specialist therapy services. The company generated a loss of £220,000 for the year.

Plans for 2019-20 and beyond

During 2018-19, we reviewed our Corporate Strategy. We reaffirmed our overarching commitment to change the lives of vulnerable children and young people within our broader work with families and communities. We wanted to give them hope and help them to realise their full potential. We built upon our key objectives by developing six new commitments for Barnardo's to work together on (Figure 1.1). Going forward, we will use this framework to measure our impact towards transforming the lives of the most vulnerable children in the UK.

Figure 1.1



Principal risks and uncertainties

The Board of Trustees has responsibility for ensuring that there are adequate and effective risk management and systems of internal controls in place to manage Barnardo's major risks and support the achievement of our strategic objectives. This responsibility is discharged through a formal annual review by the Board of Barnardo's risk management and internal control framework. The Board is supported in its assessment by the Audit and Risk Committee which meets on a quarterly basis during the year.

Barnardo's risk management framework is designed to support informed decision-making regarding the risks which may affect the achievement of its objectives. It also provides a consistent approach to identifying, assessing and dealing with the risks which Barnardo's faces to ensure that they do not exceed the level of risk Barnardo's is willing to accept. The framework is designed to manage, rather than to eliminate, the risks to objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss.

Processes in place to manage the key risks that could affect Barnardo's ability to achieve its objectives include the following:

- A risk escalation protocol is established, to identify risks at directorate and regional level and ensure that, where applicable, these are included in the 'Corporate Risk Register' which is subject to regular Corporate Leadership Team and Trustee (Audit and Risk Committee) review.
- The Audit and Risk Committee approves the annual risk-based internal audit and inspection plan and reviews regular audit reports on internal controls and risk management across the charity and its subsidiaries.
- A quarterly 'horizon-scanning' exercise is performed by the Corporate Leadership Team, with input from leaders across Barnardo's, to identify upcoming risks and opportunities in the external environment that could have a material impact on our strategy. Owners are assigned to the changes considered most important, to ensure impact is monitored and the risks and opportunities for Barnardo's are appropriately managed.
- A framework of delegated authority is established, with detailed procedures setting out the governance and decision-making process for key corporate decisions.
- A whistleblowing policy is in place, which is communicated to and accessible by all Barnardo's employees and volunteers. During 2018/18, Barnardo's introduced an outsourced, independent whistleblowing hotline and web-based service designed to give employees and volunteers further confidence to raise any concerns they may have. All whistleblowing cases are subject to independent review, investigation and reporting to Trustees where required.

Barnardo's continues to review its risk management framework and the associated process and activities, and will seek opportunities to strengthen these including through refinement of its risk appetite framework and through assurance mapping.

Information relating to the principal risks to Barnardo's objectives and how these are managed is set out below:

Risk	Risk Management
<p>Financial performance and sustainability</p> <p>Significant reduction in statutory funding for children's services and/or reduction in income from fundraising and retail due to the economic conditions and competitor actions. This risks undermining the ability to meet the needs of service</p>	<ul style="list-style-type: none"> • Holding of a significant value of reserves and a regular review of charity reserves to ensure these remain within the target range set by the Finance Committee. • Annual budget setting process, including review and challenge from senior management and Trustees. • Sensitivity analysis on income and expenditure streams and contingency planning. • Regular review and scrutiny of financial performance (short and medium term) by senior management and

users and to achieve strategic objectives.	<p>Trustees through the Finance Committee.</p> <ul style="list-style-type: none"> Delegated approvals process, ensuring Trustee review and scrutiny of material income and expenditure contracts and transactions.
<p>Safeguarding children and young people</p> <p>Inadequate or ineffective safeguarding policy or practice resulting in, or contributing to, serious harm or injury to a child or a young person represents Barnardo's most critical risk. Barnardo's gives its full attention to every child and young person, and never turns away complex cases. By virtue of this strategy of working with some of the most vulnerable children and young people in society there are significant challenges to making them safer and that this increases the level of inherent risk.</p>	<ul style="list-style-type: none"> All employees and volunteers are required to sign the Barnardo's safeguarding code of conduct and mandatory safeguarding training for all employees and volunteers. Additional mandatory safeguarding training for all employees working directly with children and young people. Barnardo's-wide safeguarding policy, available to all employees and volunteers. Formal governance and reporting structures have been established including regular meetings of all Safeguarding Leads across all departments chaired by the Head of Corporate Safeguarding; Local Safeguarding Forums; and, regular meetings between the executive-level Safeguarding Lead, Head of Corporate Safeguarding and the Safeguarding Link Trustee. Clear safeguarding reporting mechanisms, including Safeguarding Leads in all departments and regions. Clear escalation protocol for all relevant incidents to the Head of Corporate Safeguarding, executive-level Safeguarding Lead and Audit and Risk Committee. Reviews of serious cases and lessons learned implemented in a timely manner. Regular independent reviews of safeguarding practices across Barnardo's, performed by safeguarding specialists, with any required improvements implemented in a timely manner.
<p>Pension Liabilities</p> <p>Defined benefit pension scheme deficit increases due to actuarial valuations. Requirement to make additional use of Barnardo's funds, adversely impacting on growth and investment plans.</p>	<ul style="list-style-type: none"> Agreement of an affordable long-term recovery plan with the Scheme Trustees. Ongoing monitoring and review (including annual desk-based valuations) of Scheme liabilities and reporting to Trustees. Ongoing relationship with the Scheme Trustees. Review and monitoring of the Scheme investment strategy and returns.
<p>Information Security and Data Protection</p> <p>Serious data protection or security failure, including cyber-attacks, resulting in legal and contractual issues, reputational damage and</p>	<ul style="list-style-type: none"> Governance structures in place to manage data protection overseen by the Data Protection Officer (DPO). Information governance and data protection policy framework established with policies available to all employees and volunteers. Data protection included as part of mandatory training

<p>potential fines and loss of income.</p>	<p>and induction for all employees and volunteers, with compliance monitored and reported.</p> <ul style="list-style-type: none"> • Regular Data Protection Group meetings with Data Protection Managers from across Barnardo's, chaired by Barnardo's DPO, reviews key issues including data protection breaches and 'near misses' and reviews implementation of any resulting lessons learned. • Barnardo's Digital and IS department has ISO27001 information security standard certification. • Routine external penetration testing of IT systems to identify any security weaknesses. • Regular review of external organisation cyber-attacks and applying lessons learned to Barnardo's systems.
<p>Change and innovation management</p> <p>As Barnardo's continues to build on its history of designing and implementing better ways to support children and young people it is investing in a number of change and innovation programmes. These bring opportunities but also a number of risks including those relating to maintaining existing service delivery and quality, management capacity, employee morale and non-realisation of benefits.</p>	<ul style="list-style-type: none"> • Formal governance structures have been established including a Corporate Programmes Board, chaired at executive-level, which oversees the progress of major projects. • Regular reporting to the Corporate Programmes Board from each of the relevant projects and onwards reporting to Trustees. • Appointment of a Director of Change Programme to oversee elements of the Change Programmes. • Individuals with relevant skills and expertise are assigned to relevant projects with this being subject to ongoing review. • Integration of Change Programmes into the wider charity budgeting process and ongoing monitoring of the financial position and progress of projects. • Regular communication and engagement with employees on the progress of the Change Programmes.

Going concern

The Board of Trustees 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 2015).

The Trustees have considered the financial budget for the year of 2019/20 and the medium-term business plan for the following years. Such plans demonstrate robust contract, fundraising and retail income projections and a focus on overhead cost control. Pension contributions are in line with the deficit reduction plan and should challenges arise there is flexibility within the financial plans to flex the cost base and manage cash flows accordingly. Free reserves remain healthy and can be used to absorb the impact of any unexpected volatility.

Considering all the above, the Trustees believe that Barnardo's has adequate resources to continue operating successfully for the foreseeable future, and so should continue to adopt the going concern basis in preparing the annual report and the financial statements.

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 2018. The Articles of Association set out the charitable purposes for public benefit in the following terms:

- (i) to promote the care, safety and upbringing of children and young people by:
 - a) supporting and assisting those in need along with their families and carers
 - b) promoting their health
 - c) advancing their education.
- (ii) the relief of those in need by reason of age, ill-health, disability, financial hardship or any 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 for a maximum of two further three-year terms in all but exceptional cases. 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 are given a personal induction programme tailored to their areas of expertise and governance obligations, and all trustees are provided with a range of training opportunities to help them meet their responsibilities. The Board of Trustees met six times for scheduled meetings in 2018/19 and holds occasional ad hoc meetings for exceptional business if necessary. The balance of trustees is kept under review with regard to diversity and geographical spread. The Board of Trustees also places particular emphasis on appointing individuals who bring specific identified skills.

A written schedule of matters is reserved for decision by the whole Board of Trustees, 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 of Trustees are delegated either to one of the Board committees or to the Chief Executive. The Chief Executive and members of the executive Corporate Leadership Team (CLT) are detailed on page 55.

The charity's governance is kept under review by the Nomination, Remuneration and Governance Committee to ensure that the Board of Trustees, its committees and governance structures and procedures are fit for purpose as the organisation and the environment evolves. In addition, Barnardo's abides by the Charity Governance Code, which sets the principles and recommended practice for good governance.

The committees 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 of Trustees. It also 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.
- **Children and Young People's Services Committee** – Responsible for ensuring that Barnardo's meets the needs of children, young people, their families and carers, now and in the future, in the best way possible. It considers reports, proposals and recommendations before submission to the Board of Trustees. It also ensures that the adoption agency and family placement work operates in accordance with the law and organisational policy.
- **Finance Committee** – Oversees and monitors 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 of Trustees on the appropriate level for reserves, taking into account the financial risks faced by the organisation.
- **Nomination, Remuneration and Governance Committee** – Ensures that Barnardo's complies with its governing documents and all relevant governance-related legislation, and 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; and ensuring appropriate performance evaluation processes are in place and advises the Board of Trustees on the Charity's overall remuneration framework and the remuneration of senior staff.
- **Remuneration Committee** - Advises the Board of Trustees on the Charity's overall remuneration framework and the remuneration of senior staff.
- The **National Advisory Boards (NABs)** for Scotland, Northern Ireland and Cymru/Wales typically comprise at least one trustee in addition to individuals with local knowledge and experience. Barnardo's remains a single UK charity, but these NABs support the formation and delivery of Barnardo's UK Corporate Strategy in the relevant Nation within the framework set by the Board of Trustees.

Fundraising

Barnardo's has a wide portfolio of fundraising activities to generate voluntary donations towards the vital services which deliver better outcomes for more children. Our Board of Trustees and Corporate Leadership Team are deeply committed to building relationships and trust with our supporters.

A sub-committee of the full Board, involving trustees and senior staff, meets regularly with the aim of strengthening oversight and assurance of our fundraising programmes and ensuring compliance and best practice in these areas. This group has responsibility for all aspects of quality assurance and compliance relating to fundraising.

We are members of the Fundraising Regulator and the Institute of Fundraising and we engage widely within the sector to support measures to increase public trust and confidence in the sector.

In addition to our staff and volunteer-led fundraising, we engage the services of agencies to help deliver face-to-face, telephone and other direct marketing activities (e.g. direct mail). External agencies who act in this capacity on our behalf are required to do so in a respectful manner and in accordance with our standards and sector regulation such as the Fundraising Code of Practice. We recognise the need to monitor the performance and compliance of our agencies and we involve ourselves in their training with regular briefing and refresher sessions involving our staff. Our quality assurance also includes regular reviews of complaints and other feedback, as well as regular audits, mystery shopping and shadowing of agency fundraisers.

We are particularly aware of the need to protect vulnerable individuals in any fundraising we undertake. Our vulnerable person's policy sets out the high standards we commit to meet and we work regularly with third party agencies and fundraisers to review their policies, procedures and performance.

Over the course of this financial year we received 288 total fundraising complaints, 11 more than the previous year. The majority of complaints received related to door to door activity, from approximately 0.01% of all households visited. Door to Door fundraising played a large part in the recruitment of 31,439 new Regular Giving supporters.

We continue to be committed to addressing any expression of dissatisfaction on the part of our supporters and to examining ways to improve the levels of our service to them. Our Supporter Relations' team look into the basis of each complaint that we receive, and we aim to resolve complaints speedily and to the satisfaction of our supporters. Our complaints procedure is available on our [website](#) with all relevant contact details.

Patron

Our Patron, Her Royal Highness, The Duchess of Cornwall, has continued to support Barnardo's in 2018/19. We are extremely proud of our continued connection to the Royal Family which dates from 1902.

This year Her Royal Highness opened a new sensory room at our Redbridge Wellbeing Hub, meeting care leavers, young people with disabilities and Barnardo's employees and volunteers. HRH also provided a message for our fantastic Banking on Barnardo's fundraising event, and a signed Patron's Certificate at our Barnardo's Awards ceremony.

Board of Trustees

A list of Trustees is shown on page 55.

Barnardo's activities extend across all four UK nations: England, Scotland, Northern Ireland and Cymru/Wales. England is managed in five regions covering London, South-East and Anglia, Midlands and South-West including Guernsey and Jersey, East and West. Responsibility for operational activities is allocated to five departments: Children's Services (England), Children's Services (Celtic Nations), Strategy and Performance, Income and Innovation, and Finance and Resources.

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. 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) and transactions with Barnardo's subsidiaries.

Remuneration Policy

To deliver our charitable aims and to meet the needs of our beneficiaries and other stakeholders, Barnardo's employs a significant number of employees alongside the vital support that our volunteers provide.

We recognise and value the unique worth and contribution of every employee and are committed to ensuring that we pay our employees a fair and appropriate salary informed by the local labour market, while always making sure we have the ability to do so.

Barnardo's complies fully with statutory Gender Pay reporting requirements and our 2018 Gender Pay Report is available in full from our [corporate website](#). Our 2018 report shows our Median Gender Pay Gap, at 9.51% is significantly below the all sector median of 17.9%. Whilst this compares favourably to ONS data, we are not complacent and have a clear action plan in place to influence our Gender Pay statistics over time. The key factor underpinning these statistics will be improving the representation of women at the highest levels of responsibility and we have a range of talent management initiatives working towards that outcome.

Our approach to reward reflects the importance of both financial and non-financial recognition, including the ethos, culture and other intangible elements of what makes us a great organisation to work for. Barnardo's has a single UK wide trade union recognition agreement with UNISON. Our Single Annual Pay Award system (SAPA) is now in its third year and, following consultation with staff and Unison, we agreed principles for SAPA distribution which seek to ensure all staff on Barnardo's terms and conditions understand how their pay progression works over time. This addressed a key question arising from our employee opinion survey. Our pay rates are informed primarily by charity sector data. We recognise that charity pay is often lower compared to similar roles in the public or private sector. Nevertheless, in the spirit of fighting 'in work' poverty and child poverty, we aim to pay a decent wage to all, especially those at the bottom of our pay ranges.

In accordance with the Statement of Recommended Practice we:

- Disclose all payments to trustees (no trustees are paid) and expenses reimbursed (detailed in note 11 to the accounts).
- Disclose the number of staff in receipt of £60,000 and above (in bands of £10,000) (note 12 to the accounts).
- Disclose the aggregate remuneration of the Corporate Leadership Team.
- Disclose pensions and other benefits (note 13 to the accounts).

The Board approves the annual pay settlement for all staff.

The Remuneration Committee meets at least annually and comprises the Chair, Deputy Chair,

Honorary Treasurer and three 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.

Staff remuneration does not include any share options or long-term incentive schemes. The Chief Executive and other members of the Corporate Leadership Team all need to give at least 26 weeks' notice in order to terminate their contracts of employment. The pension provisions for the Corporate Leadership Team are on the same terms as other employees with the exception of the Chief Executive who has opted out of the staff pension scheme.

Equality Diversity & Inclusion

Equality, Diversity and Inclusion (EDI) principles are a long standing commitment for Barnardo's, deeply embedded in our Basis and Values. We are committed to being an inclusive organisation where diversity is welcomed and valued.

We are working hard to ensure that in every aspect of the organisation; this is reflected by making our services inclusive and accessible to the most vulnerable children and their families in the UK. Alongside recruiting and retaining a diverse workforce that reflects the communities we serve, we will deliver culturally appropriate and responsive services.

Our EDI Action Plan 2017-2019 contains a suite of Key Performance Indicators (KPIs) and supporting PIs that will allow us to develop a solid foundation on which to build our EDI work. Good progress has been made on targets and we will be refreshing the Action Plan to focus on priority areas from 2019 onwards. A complete EDI Board, chaired by the Chief Executive, oversees EDI action plan delivery.

We have continued to measure progress against external benchmarks. During 2018 we were awarded a Silver banding for Race in the Business in the Community Diversity Benchmark and were an early signatory of the Race at Work Charter. We were also accredited as a Disability Confident Employer demonstrating our continued commitment to Disability Equality. We will continue to measure and review our work to ensure we are achieving positive outcomes and focusing on priority areas to support delivery of the Corporate Strategy.

Communicating with staff and volunteers

The voices of the young people we work with have been heard in the media over the last 12 months. Their powerful testimonies have helped us to explain how our vital UK-wide services support children on issues like mental health, child sexual abuse and exploitation, children in or leaving care and the emerging and growing problem of child criminal exploitation. We have underlined the need for charities like Barnardo's to work together with local and central government, health and education professionals, the police and community leaders to find solutions to the growing problem of child criminal exploitation.

The former Home Secretary Sajid Javid agrees we need to invest in the futures' of this country's most vulnerable youngsters and has pledged millions for early intervention projects. However, we know that to address the root causes of serious violence we need to do much more. We also need to tackle adverse childhood experiences and better identify those

children who are most at risk.

We have continued to grow our number of followers on social media channels. We have more than 186,000 followers on Twitter, an increase of around 3,700 from the previous year. Our reach is now 1.9 million on Facebook with our number of followers growing by around 3,500 (from 84,000 to 87,000).

Our most highly viewed tweet was for Random Acts of Kindness Day and was seen over 80,000 times. On Facebook, our animated image for Valentine's Day also reached over 80,000 people.

Conversation and awareness around mental health is continuing to grow, particularly among young people. Content on Barnardo's Facebook page is representative of this with our young carers and children's mental health posts seen more than 145,000 times. Building and investing in our digital channels to communicate and engage with colleagues and volunteers is essential. The launch of two new platforms is transforming how we communicate. We are proud that the introduction of Workplace is enabling us to capture the opinions of our employees and empowered them to share, connect and collaborate with each other. Each week over 2,300 staff share their knowledge, ask for advice, and talk with other colleagues that do similar roles to themselves.

We continue to develop our skills in video production and live streaming events to enable our senior leaders to connect with colleagues across the UK. We have live streamed over 50 events that enables colleagues to join in remotely, or watch the events back at a time that is convenient to them.

Our latest channel to launch is our new intranet Inside.Barnardos. We are one of only a few organisations to launch an 'intranet without walls' which means we have ambitiously put our internal intranet on an open platform. This allows our colleagues to access our policies and procedures openly and without barriers; for 76% of their visits they were able to access what they needed, up from 26% for the previous intranet.

Public Benefit

In setting plans and priorities for areas of work, our Trustees have followed 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 meet 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 service users. We also 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 2018-19. We have set out specific examples of activities in our *Impact Report*, which complements this report.

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. The wide-ranging and substantial impact of our work is demonstrated in our *Impact Report*. Our 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 via the following initiatives:

1. We continue via our UK national contract to use where possible 'Green' electricity produced from sustainable, renewable energy sources, resulting in lower carbon emissions.
2. Some 97% of our fleet vehicles are now sub 100g/km models to ensure minimal impact to the environment.
3. The Barnardo's Big Switch-Off (BBSO) energy campaign aims to help reduce energy consumption and raise awareness of energy usage throughout Barnardo's. The BBSO incorporates an environmental awareness week each year. During this week, our environmental ambassadors raise awareness within Barnardo's about aspects of the environment and sustainability. The ambassadors are responsible for championing and promoting environmental awareness within their local regions and nations.
4. Barnardo's ensures where possible that water and Smart electricity meters are installed in all premises to help reduce consumption and costs.
5. We are promoting recycling within our larger sites, supported by our environmental ambassadors, to reduce the amount of waste being sent to landfill.
6. Barnardo's is fully compliant with the Energy Savings Opportunity Scheme (ESOS). The aim of ESOS is to identify opportunities to reduce energy consumption, emissions and costs accordingly. Barnardo's is currently undertaking ESOS phase II.
7. We recycle unsold and damaged donations to our retail shops, including textiles, shoes, books, DVDs, CDs, plastics, cardboard, metal and electrical items. More than 4.3m kilos of books were collected and recycled from Barnardo's shops last year. Other environmental initiatives throughout Barnardo's include cartridge recycling, redundant IT kit recycling, and environmentally friendly stationery procurement.
8. Barnardo's has in place a range of resources and mechanisms to give staff and volunteers up-to-date and easily available training and information about environmental issues.
9. Wherever possible we try to procure from sustainable sources by ensuring that any suppliers we engage with have appropriate environmental protection measures, and that these are applied throughout their engagement with Barnardo's.

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 with help from companies, legal firms, 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 and pro-bono support are acknowledged

in accordance with their terms on pages 51 to 54.

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

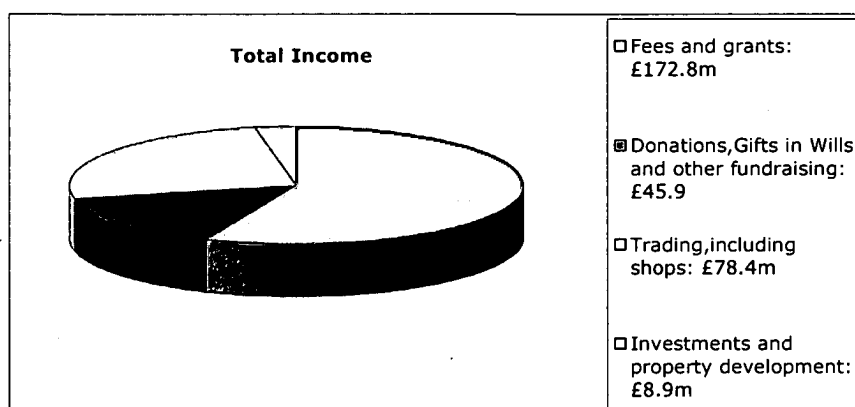
By order of the Board of Trustees

A handwritten signature in black ink, appearing to read 'John Bartlett', with a stylized flourish at the end.

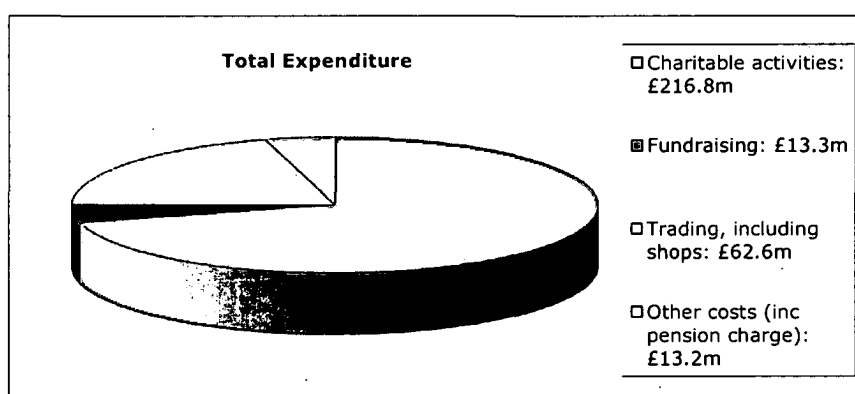
John Bartlett
Chair of Trustees

30 July 2019

Total income £306.0m	£'000
Fees and grants: £172.8m	172,763
Donations, Gifts in Wills and other fundraising: £45.9	45,878
Trading, including shops: £78.4m	78,369
Investments and property development: £8.9m	8,951



Total expenditure £305.9m	£'000
Charitable activities: £216.8m	216,766
Fundraising: £13.3m	13,258
Trading, including shops: £62.6m	62,580
Other costs (inc pension charge): £13.2m	13,225



The figures above exclude net losses/gains on investments

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 to the Members and Trustees of Barnardo's

Opinion

We have audited the financial statements of Barnardo's ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 March 2019 which comprise the consolidated statement of financial activities, the consolidated and parent charitable company balance sheet, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 March 2019 and of the Group's incoming resources and application of resources 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 in 2010.

Basis for opinion

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

Conclusions related to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. The other information comprises: Report of the Board of Trustees. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' Report, have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 requires us to report to you if, in our opinion;

- proper and adequate accounting records have not been kept by the Parent Charitable Company, 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 and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, 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, and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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 the Acts and relevant regulations made or having effect thereunder.

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the Charitable Company's trustees, as a body, in accordance with the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charitable Company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company, the Charitable Company's members as a body and the Charitable Company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Fiona Condron (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick

Date *1 August 2019*

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

Barnardo's
Consolidated Statement of Financial Activities
Year ended 31 March 2019

	Note	Unrestricted funds £000	Restricted & endowment funds £000	Total 2019 £000	Total 2018 £000
Income from:					
Charitable activities	4	168,438	4,325	172,763	173,716
Donations and legacies	5	40,715	5,163	45,878	40,407
Other trading activities	6	78,369	-	78,369	74,924
Development and sale of properties	8	3,364	-	3,364	9,752
Investments	9	1,456	1,027	2,483	2,192
Other	10	3,104	-	3,104	3,280
Total Income		295,446	10,515	305,961	304,271
Expenditure on:					
Raising donations and legacies		12,653	605	13,258	11,205
Other trading activities	7	62,580	-	62,580	59,919
Costs of developing and selling properties		3,038	-	3,038	8,856
Investment management costs		222	65	287	275
Raising Funds		78,493	670	79,163	80,255
Net income available for charitable expenditure		216,953	9,845	226,798	224,016
Expenditure on:					
Service provision	7	197,403	8,594	205,997	204,510
Informing the public about our work		8,534	-	8,534	7,447
Childcare research and education		2,235	-	2,235	1,775
Total Charitable Activities		208,172	8,594	216,766	213,732
Other - pension finance charge	13	9,900	-	9,900	5,300
Total expenditure		218,072	8,594	226,666	219,032
Net gains/(losses) on investments	15	1,650	1,308	2,957	(519)
Net income	14	530	2,559	3,089	4,465
Other recognised losses:					
Actuarial loss on defined benefit pension scheme	13	(3,100)	-	(3,100)	(4,580)
Net movement in funds		(2,570)	2,559	(11)	(115)
Total funds brought forward		(32,811)	34,849	2,038	2,153
Total funds carried forward	24	(35,381)	37,408	2,027	2,038

All of the above results relate to continuing activities. The notes on pages 34 to 50 form part of these financial statements.

Barnardo's
Balance Sheet
Year Ended 31 March 2019

	Note	Group		Charity	
		2019	2018	2019	2018
		£000	£000	£000	£000
Fixed Assets					
Tangible assets	16	38,500	39,491	38,470	39,491
Investments	17	81,680	72,990	80,924	72,096
		120,180	112,481	119,394	111,587
Current Assets					
Stocks and work in progress	18	2,975	4,390	-	-
Debtors	19	44,707	36,586	40,744	35,426
Current asset investments	20	11,027	11,018	11,027	11,018
Cash and cash equivalents	21	17,151	19,889	16,415	19,466
		75,860	71,883	68,186	65,910
Creditors: Amounts falling due within one year	22	(51,833)	(43,346)	(43,039)	(36,075)
Net current assets		24,027	28,537	25,147	29,835
Net assets excluding pension liability		144,207	141,018	144,541	141,421
Pension liability	13	(142,180)	(138,980)	(142,180)	(138,980)
Net assets including pension liability		2,027	2,038	2,361	2,442
Fund balances					
Restricted and endowment funds	24(a) &(b)	37,408	34,849	37,408	34,849
Fixed assets fund	24(c)	38,327	39,318	38,296	39,318
General reserve	&(d)	51,504	44,133	50,750	43,238
Working capital fund		16,968	22,718	18,087	24,017
Unrestricted funds excluding pension liability		106,799	106,169	107,133	106,573
Pension liability	13	(142,180)	(138,980)	(142,180)	(138,980)
Total unrestricted funds including pension reserve		(35,381)	(32,811)	(35,047)	(32,407)
Total funds	24(c)	2,027	2,038	2,361	2,442


John Bartlett
Interim Chair of Trustees

30 July 2019


Neil Braithwaite
Honorary Treasurer

The notes on pages 34 to 50 form part of these financial statements.

Company Number 61625

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 £241.3 million and net income of £0.4 million (2018: net expenditure £4.2 million) has been dealt with in the accounts of the charity.

Barnardo's
Notes to the Accounts
Year Ended 31 March 2019

	Note	2019 £000	2018 £000
Cash flows from operating activities:			
Net cash generated from operating activities	25	2,197	3,101
Cash flows from investing activities:			
Investment income and interest	9	2,483	2,721
Purchase of tangible fixed assets	16	(4,931)	(4,346)
Purchase of investments	17	(39,358)	(9,582)
Sale of tangible fixed assets		3,255	4,276
Sale of investments	17	33,625	17,582
Net cash (used)/provided by investing activities		(4,926)	10,651
(Decrease)/Increase in cash and cash equivalents in the year		(2,729)	13,752
Cash and cash equivalents at the beginning of the year			
Held as current asset investments		11,018	8,011
Held as cash deposits		19,889	9,143
		30,907	17,155
Cash and cash equivalents at the end of the year			
Held as current asset investments		11,027	11,018
Held as cash deposits		17,151	19,889
		28,179	30,907

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	2019 £000	2018 £000
Gross income			
Gross income of continuing operations		241,295	230,246
Income of non-charitable trading subsidiaries	3	63,704	73,136
		304,999	303,382
Gross expenditure			
Total expenditure of continuing operations		243,964	228,527
Expenditure of non-charitable trading subsidiaries	3	61,564	70,412
		305,528	298,939
Net (expenditure)/ income for the year before transfers and Investment asset disposals		(529)	4,443
Realised gain on disposal of investment assets	15	3,086	2,430
Net income for the year		2,557	6,873
Reconciliation to statement of financial activities:			
Net (expenditure)/income for the year before investment asset disposal above		(529)	4,443
Movement on restricted capital and endowment funds	24 (a)	661	541
Net income		132	4,984

Notes to the accounts

1. Accounting policies

Basis of preparation

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

Barnardo's meets the definition of public benefit entity under FRS102. Monetary values are calculated under the historical cost convention, as modified by the revaluation of investments.

Critical accounting estimates and judgements

To be able to prepare financial statements in accordance with FRS102, Barnardo's must make certain estimates and judgements that have an impact on the policies and the amount reported in the annual accounts. The estimates and judgments are based on historical experiences and other factors including expectations of future events that are believed to be reasonable at the time such estimates and judgements are made.

Of particular significance is the retirement benefit liability. As disclosed in note 13, the charity's previous retirement benefit scheme was of the defined benefit type. Year-end recognition of the liabilities under this scheme and the valuation of assets held to fund these liabilities require a number of significant assumptions to be made, relating to levels of scheme membership, rates of mortality, key financial market indicators such as inflation and expectations on future asset returns. These assumptions are made by the charity in conjunction with the schemes' actuaries.

Parent charity disclosure exemptions

In preparing the separate financial statements of the parent charity, advantage has been taken of the following disclosure exemptions available in FRS102:

- (i) Disclosures in respect of the parent charity's financial statements have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- (ii) No disclosure has been given for the aggregate remuneration of the key management personnel of the parent charity as their remuneration is included in the totals for the group as a whole.

(iii) Cash flow of the parent charity has not been presented as disclosure has been provided in respect of the group as a whole.

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 2019. Subsidiaries are consolidated from the date when control passes. 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 at their market value as at the balance sheet date. All movements in value arising from investment changes or revaluation ("unrealised gains") are recognised in the SOFA. Realised gains or losses on investments are calculated as the difference between the disposal proceeds and the carrying value.

Fixed Assets

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.

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.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Financial instruments

The group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost.

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 when receivable. 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 reasonable probability of receipt. The receipt of legacies is considered probable when probate has been granted, it has been established that there are sufficient net assets to pay the legacy and any conditions attached to the legacy have been met or are under the control of Barnardo's.

iii) The value for gifts in kind, donated services and donated facilities are estimated and included in the period in which they are received. In accordance with the Charities SORP (FRS102), general volunteer time is not recognised. More information about their contribution is explained in the Trustee's annual report.

iv) All grants are accounted for 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 as it is not considered practical to estimate the fair value due to the high volume of low value inventory and the absence of management information systems.

vi) Income from sale and development of properties is recognised based on Barnardo's share of profit on practical completion of each sale.

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 22 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 7.

ii) Costs of raising 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) Expenditure on trading activities represent expenditure incurred in the operation and management of the Barnardo's chain of shops and other activities undertaken by Barnardo's Trading.

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) All costs involved in terminating employee contracts are accounted for on an accruals basis and disclosed in aggregate in Note 12. Termination benefits are measured at the best estimate of the expenditure required to settle the obligation of the reporting date.

Pension costs

In accordance with FRS 102 section 28, the SOFA includes:

- the cost of benefits accruing during the year in respect of current and past service (charged against net income)
- the actual return on plan assets less interest on plan assets and the increase in the present value of the scheme's liabilities arising from the passage of time (charged against net income), and:
- actuarial gain/(loss) recognised in the pension scheme (shown within net movement in funds).

In accordance with FRS 102, the balance sheet includes the deficit in the scheme taking assets at their year-end market values and liabilities at their actuarially calculated values discounted at year-end AA corporate bond interest rates. Further details regarding the scheme are disclosed in note 13.

Capital grants

In accordance with the SORP for charities, grants receivable are recognised immediately in the SOFA unless they are restricted to future accounting periods and are recognised as a liability.

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	<p>Funds that are expendable at the discretion of the Trustees in furtherance of the objects of the charity, consisting of three specific types:</p> <p>(1) Fixed assets fund This fund represents amounts invested in fixed assets for use by the charity.</p> <p>(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.</p> <p>(3) Working capital fund This fund represents net assets available to meet day-to-day operational commitments.</p>
Pension reserve	In accordance with FRS 102, 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 24).

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 2019. The unrestricted funds net liability position is as a result of the inclusion of an FRS 102 liability of £142.2m for the Barnardo's 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 2019–2020 to 2021–22 inclusive, against the working capital available, notably its cash and investments. 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.

Barnardo's
Notes to the Accounts
Year Ended 31 March 2019

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	Company Reg No:	Principal Activities
Barnardo Trading Limited	886425	Mail order and retailing
Barnardo Developments Limited	964920	Property development
Barnardo Events Limited	2270706	Sponsorship & special events
Barnardo Services Limited	1227919	Childcare services
Barnardo Garden Village Management Company Limited	8652230	Property management
Adoptionplus Limited	6900397	Adoption agency

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 profits 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 £000	Barnardo Developments Limited £000	Barnardo Events Limited £000	Barnardo Services Limited £000	Adoptionplus Limited £000	Total 2019 £000	Total 2018 £000
Turnover	5,608	3,364	233	53,454	510	63,169	72,521
Cost of sales	(2,985)	(3,038)	-	(53,454)	-	(59,477)	(69,102)
Gross profit	2,623	326	233	-	510	3,692	3,419
Admin/other costs	(916)	(303)	(83)	(46)	(739)	(2,087)	(1,310)
Trading profit/(loss)	1,707	23	150	(46)	(229)	1,605	2,109
Other income	-	-	-	535	-	535	615
Taxation	-	-	-	-	9	9	-
Net Income	1,707	23	150	489	(220)	2,149	2,724
Amount payable by qualifying charitable donation to Barnardo's	(1,707)	(23)	(150)	(489)	-	(2,369)	(2,724)
Retained loss for year	-	-	-	-	(220)	(220)	-
Retained profit brought forward	10	-	-	-	-	10	10
Retained profit/(loss) carried forward and net assets	10	-	-	-	(220)	(210)	10

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

4 Income from charitable activities

	2019 £000	2018 £000
Family support & placement	78,361	74,734
Education	15,971	15,448
Disability support	8,694	9,861
Government grants	6,677	6,563
Other services	63,060	67,110
	172,763	173,716

Income from charitable activities is £172.8m (2018: £173.7m) of which £168.4m is unrestricted (2018: £170.3m) and £4.3m is restricted (2018: £3.4m).

Barnardo's
Notes to the Accounts
Year Ended 31 March 2019

5 Income from donations and legacies

	2019 £000	2018 £000
Legacies	22,452	16,550
Donations and gifts from the general public	22,018	22,266
Donations from companies and trusts	1,408	1,591
	<u>45,878</u>	<u>40,407</u>

The income from donations and legacies is £45.9m (2018: £40.4m) of which £40.7m is unrestricted (2018: £36.0m) and £5.2m restricted (2018: £4.4m). Legacies notified but not accrued at 31 March 2019 were £7.2m (2018: £4.0m).

6 Other Trading Income

Income from trading is £78.4m (2018: £74.9m). All income relates to unrestricted activities.

7 Expenditure

Trading expenditure of £58.7m (2018: £58.6m) represents the costs of operating our 705 retail shops. The remainder of £3.9m (2018: £1.3m) includes the expenditure of Barnardo Trading Limited on costs of goods sold and other costs. £3m (2018: £8.9m) has been incurred developing and selling land surplus to the group's requirements. Expenditure on service provision comprises direct costs of £195.3m (2018: £189.5m), grants made of £0.3m (2018: £0.3m) and support and training costs of £10.3m (2018: £11.3m). Of the total expenditure on service provision of £205.9m (2018: £204.5m), £197.3m was unrestricted (2018: £196.6m) and £8.6m restricted (2018: £4.5m). Total expenditure 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.

	2019 £000	2018 £000
8 Income from development and sale of properties		
Turnover of Barnardo Developments Limited	3,364	9,752

Income relates to unrestricted activities.

	2019 £000	2018 £000
9 Income from investments		
Listed investments - United Kingdom	2,184	2,050
Short term deposits	97	27
Rents and ground rents	150	62
Other interest	52	53
	<u>2,483</u>	<u>2,192</u>

The income from investments was £2.5m (2018: £2.2m) of which £1.5m is unrestricted income (2018: £1.8m) and £1m is income from endowments (2018: £0.9m).

10 Other Income

Gain on disposal of non property fixed assets	195	217
Gain on disposal of properties	2,529	2,534
Other	380	529
	<u>3,104</u>	<u>3,280</u>

Income relates to unrestricted activities.

11 Members & Trustees

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 2019 there were 265 members (31 March 2018: 289).

Barnardo's trustees are all unpaid volunteers who give freely of their time and expertise to the Charity. The time that they give to Barnardo's ranges from around 15 to over 90 days per year depending on their role on the board and on committees. These days cover preparation and attendance at board, committee and planning meetings, Barnardo's service visits, special working groups, governance groups required for regulatory reasons, briefings and training. During the year no Trustee received any remuneration or benefits from the charity. Trustees often cover all their costs of travel and accommodation incurred whilst on Barnardo's business. Actual expenses incurred amounted to £16,108 (2018: £13,177) and included travel, subsistence and other related costs. The number of Trustees claiming expenses was 8 (2018: 8).

Charities have to disclose where trustees or their related parties have made their donations to charity with conditions attached. No such disclosable donations have been made to Barnardo's in the year to 31 March 2019 (2018: £nil). 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 £4,775 (2018: £4,689).

Barnardo's
Notes to the Accounts
Year Ended 31 March 2019

12 Employees

	2019	2018
	No.	No.
The average number of employees during the year was:		
Children's services	4,967	5,264
Fundraisers, shop managers, clerical staff and fundraising management	2,007	1,931
Central support services	914	933
	<hr/> 7,888	<hr/> 8,128

	2019	2018
The number of staff whose emoluments fell within each of the following bands was:		
£0 to £59,999	7,827	8,070
£60,000 to £69,999	23	21
£70,000 to £79,999	15	13
£80,000 to £89,999	11	9
£90,000 to £99,999	4	5
£100,000 to £109,999	3	6
£110,000 to £119,999	1	1
£120,000 to £129,999	2	-
£130,000 to £139,999	1	2
£180,000 to £189,999	1	1
	<hr/> 7,888	<hr/> 8,128

Number of full time equivalent employees at the year end.	<hr/> 5,467	<hr/> 5,519
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The highest paid employee is the chief executive.

	£000	£000
The aggregate emoluments to employees in the year were:		
Wages and salaries	147,369	145,808
Social security costs	11,625	11,645
Pension costs	11,145	11,321
Benefits in kind (as calculated for taxation purposes)	512	454
	<hr/> 170,651	<hr/> 169,228

Included in wages and salaries is an amount of £4.1m relating to redundancy, compromise and termination costs (2018: £2.3m) following the implementation of the IT transformation project and the completion of children services contracts.

Emoluments in respect of the bandings above include gross salary and all benefits in kind (including pension contributions) but exclude expenses. Systems are in place for the management of expenses.

53 staff earning over £60,000 (2018: 52) receive benefits accruing under the Barnardo's Retirement Savings Plan. Employer contributions to the pension funds of these 53 employees were a combined total of £208k during the year (2018: £181k).

The total employee benefits of the executive Corporate Leadership Team, as listed on page 56, was £792k in 2019 (2018: £799k).

Barnardo's
Notes to the Accounts
Year Ended 31 March 2019

13 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 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 £10,700,000 (2018: £6,389,000).

The funding plan for the defined benefit scheme is to hold assets equal to the value of the benefits earned by employees, where that value is calculated using a set of assumptions appropriate for funding the scheme. The funding assumptions differ from the assumptions used to calculate the figures for these accounts, and therefore produce different results. If there is a shortfall against this funding plan, Barnardo's and the pension scheme trustees agree on deficit contributions to meet this deficit over a period. A deficit recovery plan was agreed with the pension scheme trustees following the actuarial valuation as at March 2015.

Over the year to 31 March 2019, £10.7m of deficit contributions were paid into the scheme. On the current plan (agreed following the actuarial valuation as at 31 March 2015), deficit contributions of £10.7m per annum are expected to be paid each year up to the end of the current recovery plan in 2037.

Details of the defined benefit scheme, produced in accordance with section 28 of FRS102, are set out below. Calculations are based on membership data as at 31 March 2015 were updated to 31 March 2019 by an independent qualified actuary, allowing for changes in financial conditions, actual benefit payments made over the period, and the impact of pension scheme increases granted. The defined benefit liabilities have been measured using the projected unit method.

The following table sets out the key FRS102 assumptions used for the scheme.

Assumptions	2019 per annum	2018 per annum
RPI inflation	3.2%	3.1%
CPI inflation	2.2%	2.1%
Discount rate	2.5%	2.7%
Revaluation of deferred pensions (non-GMP)	3.2%	3.1%
Pension increases:		
Pre 88 GMP	nil	nil
Post 88 GMP	1.9%	1.9%
Pre 97 XS	3.1%	3.0%
Post 97 pension	2.2%	2.1%
Life Expectancies (in years)		
For a male aged 60 in 2019	85.5	86.0
For a female aged 60 in 2019	87.9	88.4
At age 60 for a male aged 40 in 2019	86.0	86.6
At age 60 for a female aged 40 in 2019	88.3	88.8

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

	2019 £m	2018 £m
Fair value of assets	702.3	684.6
Present value of liabilities	(844.4)	(823.5)
Net liability recognised in the balance sheet	<u>(142.1)</u>	<u>(138.9)</u>

These figures exclude additional voluntary contributions, which have previously been included.

Barnardo's
Notes to the Accounts
Year Ended 31 March 2019

13 Retirement Benefits (cont'd)

Sensitivity Analysis

The sensitivity of the liabilities (in both percentage and £ terms) to changes in the key assumptions used to measure the Pension Fund's liabilities is shown in the table below:

Assumption	Change in Assumption	Impact on liabilities
Discount rate	+/- 0.1%	-/+ £13.5m (1.6%)
RPI Inflation	+/- 0.1%	+/- £12.5m (1.5%)
Assumed life expectancy	+/- 1 year	+/- £29.4m (3.5%)

The following amounts have been included within net income in relation to the defined benefit scheme:

	2019 £m	2018 £m
Employer's part of current service cost	0.0	0.0
Past service cost	4.1	0.0
Interest expense	3.7	3.8
Administrative expenses	2.1	1.5
Total expense	9.9	5.3

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

	2019 £m	2018 £m
Equities	71.3	54.2
Bonds	254.7	205.0
Diversified growth fund	86.9	194.2
Swap contracts	269.2	211.3
Private credit	14.2	8.8
Cash/other	6.0	11.1
	702.3	684.6

The Scheme's assets shown above at 31 March 2019 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:

	2019 £m	2018 £m
Opening value of scheme liabilities	823.5	824.3
Past service cost	4.1	-
Interest cost	21.9	22.7
Actuarial loss	20.3	0.2
Benefits paid	(25.4)	(23.7)
Closing value of scheme liabilities	844.4	823.5

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

	2019 £m	2018 £m
Opening fair value of the scheme assets	684.6	686.6
Interest on plan assets	18.2	19.0
Actual return on plan assets less interest on plan assets	17.2	(4.4)
Contributions by the employer	9.8	8.6
Administrative expenses	(2.1)	(1.5)
Benefits paid	(25.4)	(23.7)
Closing fair value of scheme assets	702.3	684.5

The actual return on the scheme's assets over the year was a gain of £35.4m (2017/18: gain of £14.6m).

Barnardo's
Notes to the Accounts
Year Ended 31 March 2019

14 Net income

	2019 £000	2018 £000
Net income is stated after charging:		
Depreciation of tangible fixed assets	5,532	5,238
Auditors' remuneration - statutory	81	72
- other assurance services	-	8
Operating lease rentals	18,271	18,732
Operating lease income	(35)	(35)

15 Gains and losses on revaluation and on investment asset disposals

	2019 £000	2018 £000
Realised gains	3,086	2,430
Unrealised gains/(losses)	(129)	(2,949)
	2,957	(519)

Gains and losses on revaluation and on investment asset disposals is a £3m gain for the year (2018: £0.5m loss) of which £1.7m is unrestricted (2018: £0.3m loss) and £1.3m is restricted (2018: £0.2m loss).

16 Tangible assets

	Properties £000	Equipment & vehicles £000	Total £000
(a) Group and Charity:			
<i>Cost</i>			
At beginning of year	81,997	22,509	104,506
Additions	1,665	3,265	4,931
Disposals	(1,338)	(1,794)	(3,131)
At end of year	82,325	23,980	106,305
<i>Depreciation</i>			
At beginning of year	46,597	18,418	65,015
Provided during year	2,673	2,859	5,532
On disposals	(1,037)	(1,704)	(2,741)
At end of year	48,233	19,573	67,806
Net book value			
At beginning of year	35,400	4,091	39,491
At end of year	34,092	4,408	38,500

	Group & Charity 2019 £000	2018 £000
(b) Analysis of freehold and leasehold properties:		
Freeholds	24,349	25,220
Long leaseholds (over 50 years)	2,337	2,324
Short leaseholds (50 years and under)	7,406	7,856
	34,092	35,400
(c) Use of properties:		
Service delivery	12,552	13,076
Other (including shops and offices)	21,540	22,324
	34,092	35,400

Barnardo's
Notes to the Accounts
Year Ended 31 March 2019

	Group	
	2019 £000	2018 £000
17 Investments		
Investments at market value	81,680	72,990
Investments of the charity include £20,000 in Subsidiary undertakings (Note 2).		
Investments at market value:		
At beginning of year	72,990	78,509
Additions	39,358	12,582
Disposals	(33,625)	(17,582)
Realised/unrealised gains/(losses)	2,957	(519)
At end of year	81,680	72,990
Comprising:		
UK Equities	25,730	22,337
UK Bonds	25,644	22,651
International Pooled Funds	26,523	24,122
Cash	1,734	1,382
Other investments	2,049	2,498
	81,680	72,990
Cost of Investments	68,111	59,141
There were no investments in individual companies in excess of 5% of the total portfolio value.		
18 Stocks and work in progress		
Finished goods	2,003	1,013
Work in progress	972	3,377
	2,975	4,390

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. The value of stock recognised within the Statement of Financial Activities during the year ended 31 March 2019 was £6.0m (2018: £8.4m).

19 Debtors	Group		Charity	
	2019 £000	2018 £000	2019 £000	2018 £000
Trade debtors	197	138	-	-
Statutory and related funders	23,342	19,236	16,188	14,414
Taxation	2,713	2,764	2,713	2,764
Other debtors	1,021	2,151	937	1,459
Prepayments and accrued income	17,434	12,297	16,212	11,406
Amounts due from subsidiaries	-	-	4,694	5,383
	41,707	36,586	40,744	35,426

Amounts due from subsidiaries represent:

i) Loans from the charity to Barnardo Trading Ltd and Barnardo Developments Ltd. These loans are repayable on demand, and are secured by fixed and floating charges over the assets of the subsidiaries. Interest is chargeable at rates of 1.5% to 2% above base rate.

ii) Temporary current account balances between the charity and Barnardo Services Limited and Barnardo Events Ltd.

Barnardo's
Notes to the Accounts
Year Ended 31 March 2019

20 Current asset investments

Group		Charity	
2019	2018	2019	2018
£000	£000	£000	£000
Interest bearing deposit accounts	11,027	11,018	11,027
			11,018

21 Analysis of cash and cash equivalents

Group		Charity	
2019	2018	2019	2018
£000	£000	£000	£000
Cash in hand	17,113	19,851	16,376
Notice deposits (less than 3 months)	38	38	38
Total cash and cash equivalents	17,151	19,889	16,415
			19,466

22 Creditors - amounts falling due within one year

Group		Charity	
2019	2018	2019	2018
£000	£000	£000	£000
Pension contributions	892	892	-
Other taxes and social security costs	7,835	7,436	5,099
Other creditors	10,334	8,040	10,075
Accruals	16,798	16,329	15,769
Trade creditors	4,424	2,905	3,620
Deferred income	11,550	8,636	7,585
			6,054
	51,833	43,346	43,039
			36,075

Deferred income relates to fees and grants invoiced in advance from statutory and related funders. An amount of £8.6m (2018: £4.2m) was released from prior year.

23 Commitments

(a) Capital Expenditure

Group		Charity	
2019	2018	2019	2018
£000	£000	£000	£000
Capital expenditure contracted	-	990	-
Capital expenditure authorised but not contracted for	-	-	-

Capital expenditure commitment relates to the outstanding expenditure on the Barkingside Regeneration Project (Phase 4) development.

(b) Land & Other Buildings

Group & Charity		2019	2018
		£000	£000
Total future minimum lease commitments under non-cancellable operating leases are as follows:			
Operating leases payable which expire:			
Within one year		691	616
In the second to fifth years inclusive		17,460	16,748
Over five years		60,484	79,920
Operating leases receivable which expire:			
Within one year		35	35
In the second to fifth years inclusive		62	97
Over five years		-	-

Barnardo's
Notes to the Accounts
Year Ended 31 March 2019

24 Fund balances

(a) Analysis of restricted & endowment funds

	Restricted income funds	Endowment funds	Total 2019	Restricted income funds	Endowment funds	Total 2018
	2019	2019		2018	2018	
	£000	£000	£000	£000	£000	£000
Income						
- Fundraising income	6,768	-	6,768	5,240	-	5,240
- Big Lottery Fund	2,720	-	2,720	2,528	-	2,528
- Net income from investments and other	-	962	962	-	889	889
	9,488	962	10,450	7,768	889	8,658
Expenditure						
- Child care and community work in the UK	8,293	-	8,293	7,606	-	7,606
- Cost of fundraising income	605	-	605	610	-	610
- Grants to young people in need	-	301	301	-	349	349
	8,898	301	9,199	8,216	349	8,565
Net income/(expenditure)	590	661	1,251	(448)	541	92
Gains and losses on revaluation and on investment asset disposals						
Unrealised gains/(losses)	309	-	309	(480)	-	(480)
Realised gains	999	-	999	270	-	270
	1,308	-	1,308	(211)	-	(211)
Net movement in funds	1,898	661	2,559	(659)	541	(118)
Fund balances brought forward	11,327	23,522	34,849	11,986	22,981	34,967
Fund balances carried forward	13,225	24,183	37,408	11,327	23,522	34,849

All endowment funds are permanent endowments.

The restricted capital and endowment fund balances carried forward at 31 March 2019 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.

	£000
Value of assets representing the unapplied total return within endowment funds at 1 April 2018	4,996
Net increase in value during the year of the unapplied total return within endowment funds	728
Value of assets representing the unapplied total return within endowment funds at 31 March 2019	5,724

	2019	2019	2018	2018
	No.	£000	No.	£000
(b) Categorisation of restricted & endowment funds				
Fund balances				
- Educational purposes	3	3,192	2	2,998
- Project buildings	2	284	2	284
- Sea training	1	518	1	492
- General & other purposes	19	33,414	19	31,075
	25	37,408	24	34,849

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 Charities SORP (FRS 102), as custodian Trustees, and with Charity Commission consent, these charities have been included as if they represent restricted funds of Barnardo's.

	Unrestricted	Restricted & endowments	Total	Unrestricted	Restricted & endowments	Total
	£000	£000	£000	£000	£000	£000
	2019	2019	2019	2018	2018	2018
(c) Analysis of fund balances between group						
net assets						
Fixed assets	38,327	173	38,500	39,318	173	39,491
Investments	51,505	30,174	81,679	44,133	28,857	72,990
Pension liability (note 13)	(142,180)	-	(142,180)	(138,980)	-	(138,980)
Net current assets	16,967	7,061	24,028	22,718	5,819	28,537
Net assets	(35,381)	37,408	2,027	(32,811)	34,849	2,038

Barnardo's
Notes to the Accounts
Year Ended 31 March 2019

24 Fund balances (contd.)

	Unrestricted	Restricted &	Total	Unrestricted	Restricted &	Total
	£000	endowments	£000	£000	endowments	£000
	2019	2019	2019	2018	2018	2018
(d) Analysis of fund balances between charity						
net assets						
Fixed assets	38,296	173	38,470	39,318	173	39,491
Investments	50,751	30,175	80,924	43,238	28,858	72,097
Pension liability (note 13)	(142,180)	-	(142,180)	(138,980)	-	(138,980)
Net current assets	18,086	7,060	25,146	24,017	5,818	29,835
Net assets	(35,047)	37,408	2,361	(32,407)	34,849	2,442
Unrealised (losses)/gains included in investments value	(438)	309	(129)	(2,469)	(480)	(2,949)

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

25 Reconciliation of net income to net cash inflow from operating activities

	2019	2018
	£000	£000
Net income	3,089	4,465
Depreciation charge	5,532	5,238
(Gains)/Loss on investments	(2,957)	519
Profit on the sale of fixed assets	(2,857)	(3,430)
Net pension charges	100	(3,300)
(Increase)/decrease in debtors	(8,121)	1,455
Increase/(decrease) in creditors	8,488	(685)
Increase in current asset investments	(9)	(3,000)
Investment income and interest	(2,483)	(2,721)
Decrease in stock and work in progress	1,415	4,560
Net cash generated by operating activities	2,197	3,101

26 Related parties

	2019	2018
	£000	£000
The following amounts are due to/(from) the Charity and its subsidiaries		
Barnardo Services Limited	914	(254)
Barnardo Developments Limited	995	4,243
Barnardo Events Limited	71	82
Barnardo Trading Limited	2,527	1,328
Adoptionplus Limited	140	-

Commission amounting to £0.5m was paid by the Charity to Barnardo Services Ltd (2018: £0.6m).

Payments made to the pension scheme by the Charity amounted to £10.7m (2018: £6.4m) of which £0.9m is outstanding as at 31 March 2019 (2018: £nil).

27 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.

28 Acquisitions

Barnardo's have taken on Adoptionplus Limited on the 1 September 2018 for no consideration. Adoptionplus Limited provides adoption placement and specialist therapy services.

The assets and liabilities of Adoptionplus as at 1 September 2018 were:

	£000
Total assets	301
Total liabilities	(355)
Net liabilities	(54)

Net liabilities taken on have been accounted for within expenditure.

Gifts and grants received

Funding from donations

Corporate donations

ALDI, Build A Bear Workshop, Hallmark Cards, Network Rail, People's Postcode Lottery, Royal Mail Group, Saint Gobain UK and Ireland and Santander UK plc.

Charitable trusts, grants and foundations

Alice Ellen Cooper Dean Charitable Foundation	
BBC Children In Need – England	48,620
BBC Children In Need – Northern Ireland	26,000
BBC Children In Need – Scotland	30,564
BBC Children In Need – Wales	15,107
Big Lottery - Better Start Bradford	43,097
Big Lottery - Reaching Communities	167,839
Big Lottery - Stronger Families	226,420
Bill Brown's Charitable Settlement of 1989	3,750
Big Lottery Fund:	
Barnardo's Building Better Opportunities	264,459
Barnardo's Weave	129,609
Big Manchester	53,396
Big Manchester (C.B.O.)	86,945
Breaking the Cycle	84,193
BSF - Edinburgh	7,200
Compass Aspire	144,478
East Ayrshire Families - New Horizons	25,862
Family Learning & Integration Hub	153,818
Glasgow Together	44,854
Golau	83,332
Hub & Spoke	70,692
Invisible Walls Accord	341,070
Lancashire Building Better Opportunities	61,026
Outside In	8,260
Palmersville 2 Training	36,898
Polmont All Stars	31,587
Positive Destinations	161,330
Priory – Community Futures	57,644
Priory – Big Lottery	20,623
Project 84	240,390
Spokes	87,304
Talent Match – Bradford	2,440
Talent Match - Lincolnshire	28,810
The Base	25,116
The Hub – Talent Match	29,951
Threads Connections	127,666
U-Turn	121,157
VAW Advocacy Service Dundee	122,347
Building and Civil Engineering Charitable Trust	
CareTech Foundation	125,000

City Bridge Trust	
Comic Relief	
Co-op Foundation	9,914
Eveson Charitable Trust	
Forces in Mind Trust	51,783
J H Bartlett Charity Trust	
John James Bristol Foundation	
John Scott Trust	
Millennium Stadium Charitable Trust	
Miss EA Pemberton Barnes Will Trust	25,478
Miss RCR Angel Charitable Trust	
Pauline Meredith Charitable Trust	
People's Postcode Trust	17,826
R S Macdonald Charitable Trust	
Sandwell MBC Playscheme Award	3,000
Scottish Children's Lottery – Chance to Connect	
ScottishPower People Energy Trust	
Shanly Foundation	
The Grantham Yorke Trust	
The Jones 1986 Charitable Trust	
The Katherine Martin Charitable Trust	
The McLain 8 Strands Foundation Limited	
The Zochonis Charitable Trust	
The Tudor Trust	
Tom Parrington Trust	30
Trust for London	
Virgin Money Foundation	
West Mercia Police and Crime Commissioner John Campion	21,523
William Belmer Rush Foundation	
William Whyte Tait Charitable Trust	23,699

Funding from statutory authorities

Cymru/Wales

Home Office	729,599
Police and Crime Commission Gwent	100,000
South Wales Police	216,612
Welsh Government	618,326

England

Department for Education

National FGM Centre	542,023
Practice Improvement Fund - Early Permanence and Concurrency in Yorkshire & Humber	387,525
Practice Improvement Fund – Improving Access to VAA and ASA expertise and services in Yorkshire & Humber	159,913

Home Office

Centre of Expertise on Child Sexual Abuse	2,066,871
Right to Be	40,317

Northern Ireland

Belfast Health & Social Care Trust	979,492
DE (Through HSCB)	851,285
Department for the Economy - European Social Fund	96,958
Department of Education (DE)	28,618
Developing Healthy Communities	3,978
East Belfast Surestart	20,705
Health & Social Care Board (HSCB)	1,329,768
Northern Ireland Housing Executive	48,641
Northern Ireland Prison Service	138,307
Public Health Agency	857,277
Southern Health & Social Care Trust	1,194,917
Supporting People	216,836
The Executive Office	31,449
Victims & Survivors Service	124,344
Western Health & Social Care Trust	175,752

Scotland

Central Scottish Government

Care Experienced Employability Programme	835,074
Cashback for Communities	163,220

The Corra Foundation

Hopscotch Angus	59,163
BEIS/Tayside CSE/Safer Choices EIF	313,671
East Ayrshire Families	27,346
Forth Valley LAC	66,934
Fife – CAPSM	76,941

Falkirk Council

Falkirk Pathways	383,095
Axis Falkirk	116,905

Highland Council

Springboard	397,505
Northern Lights	527,688

Inverclyde Council

Thrive	90,174
Weave	90,000

Life Changes Trust

16+ Edinburgh	16,000
Springboard	3,341
Positive Destinations	44,626

NHS Forth Valley Partners

Stirling & Clackmannanshire – SNP	77,213
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North Ayrshire Council – The Corra Foundation

Choices	76,734
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Scottish Government

SG Here & Now	5,372
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White Flowers Alba	3,721
SHINE Ayrshire	22,500
Scottish Prison Service	
HMP Edinburgh Visitors Service	153,987
Hear and Now	94,861
Stirling & Clackmannanshire Council Alcohol & Drug Partnership	
Stirling & Clackmannanshire Service	103,788

Philanthropy Network

Trusts and Foundations

Ivy & Jane Charitable Trust
The Hemraj Goyal Foundation
William Brake Charitable Trust
Morrisons Foundation

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The Waterloo Foundation
Philip S Gower Charitable Trust

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Ms Beverley Lacey & Mr David Banks – Lacey Advocates
Mr & Mrs Paul & Pam Bell
Mr & Mrs Giles & Caroline Wilkes

Special Fundraising Acknowledgements

People's Postcode Lottery	
Barnardo's Helper Groups	195,050

A note from Philanthropy and Trusts:

Without the vital support of our partners, donors and patrons, it would not have been possible to transform the lives of over 300,000 children, young people and their families. Thanks to you, we continue to be the UK's leading charity supporting disadvantaged children and we will continue to champion their voices and rights.

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Interim

Contact details

Registered office

Barnardo's, Tanners Lane, Barkingside, Ilford, Essex IG6 1QG Tel: 020 8550 8822

Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA

Bankers

Barclays Bank plc, Level 28, 1 Churchill Place, London E14 5HP

Investment managers

BlackRock Investment Management (UK) 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

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