

# **Barnardo's**

**Registered Charity 216250 and SC037605**

## **Annual Report and Accounts 2017**

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## **BARNARDO'S**

**YEAR ENDED 31 MARCH 2017**

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## Chair's Introduction

In March last year the Barnardo's Board of Trustees agreed a new long-term strategy which aims to make families stronger, childhoods safer and to create more positive futures for young people. Through this we plan to significantly increase the number of vulnerable children and young people we can reach. This first year has been a strong one and we are already helping more children, young people, parents and carers than ever. In terms of impact, Barnardo's work for its beneficiaries is described in our separate Impact Report. We are sure that we can build on this achievement and do even more in future.

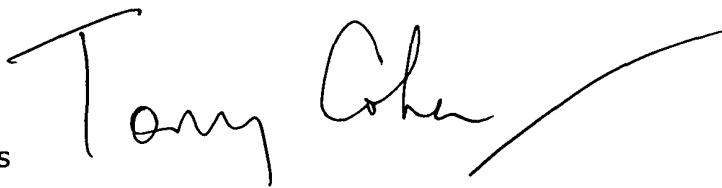
Financially we have strong reserves and the charity has continued to grow. Even so the current political and financial uncertainty has meant a challenging year for our fundraising and retail teams. Local authorities continue to be under great financial pressure and that affects what they can spend on children's services. Going forward this means we will need an even greater emphasis on efficiency, and our investment in digital technology in particular should help us in this. As many other organisations are doing we have also worked to make sure we have appropriate plans in place to meet our long term pension commitments at a time of unprecedentedly low interest rates.

Like my fellow trustees on our Board I regularly visit our services. We all see at first hand the extraordinary work done by Barnardo's staff and are always amazed and grateful for all they do, in increasingly difficult circumstances. I thank them, our CEO Javed Khan and his great executive team, and our volunteers, generous donors and supporters for all they do. Their contributions are utterly essential to the success of our work.

I'd also like to thank our dedicated Board of Trustees. They too are volunteers and have had an exceptionally busy year on the Board and its committees. This is the first year when some of our young beneficiaries helped us select our new board trustees: Jennifer Achiro, Zoe Harris and Dennis Hone. They are already making their mark on the work of the Board.

In December, Her Majesty The Queen announced that she was retiring as Patron of Barnardo's, a role she has held for over thirty years. Barnardo's is extremely grateful for all her time and patronage over these many years. It has been an extraordinary benefit to the charity and its children to have had such support. We are delighted that our President, HRH The Duchess of Cornwall, has graciously accepted the role of Patron.

Tony Cohen  
Chair of Trustees

A handwritten signature in black ink, reading 'Tony Cohen', followed by a long, sweeping horizontal stroke.

## Chief Executive's Introduction

This has been a defining year for Barnardo's. We marked our 150<sup>th</sup> birthday, and celebrated the extraordinary achievements of the past century and half. But it has also been a time of renewal, when we reaffirmed our commitment to children and young people, and took decisive steps to create a dynamic and responsive charity that can look forward with confidence to the decades ahead.

The highlight of our anniversary year was the Garden Party at Buckingham Palace, hosted by HRH The Duchess of Cornwall, our President, by kind permission of Her Majesty The Queen. Some 5,000 guests joined us to celebrate the remarkable achievements of the millions of people Barnardo's has supported during its history, and to thank our dedicated staff, volunteers and supporters for their hard work and commitment.

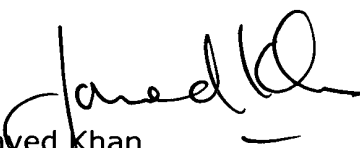
Amid the celebrations, our anniversary year was also a time to reflect on our purpose and our mission. Across the UK, the most vulnerable children and families look to us for support and guidance. It is a huge responsibility, but like Thomas Barnardo, our founder, we believe in children. Barnardo's is here, now and always, to nurture and protect children and to bring out the best in them no matter what they have been through.

We do this through the excellence of more than 1,000 services that we provide across the UK, reaching more than a quarter of a million children, young people, parents and carers. Last year we saw a 10% increase in service users and made significant progress towards our target of reaching 300,000. Many of our services are rated as 'Outstanding', reflecting the exceptional professionalism of our dedicated staff and volunteers who strive to achieve the very best for children. When I visit our services around the country, I come away with a deep sense of pride in the contribution that we make to helping children live safe and happy lives, and fulfil their potential.

Through the past year we have seen progress on the various Inquiries into historical child sexual abuse across the UK Nations. We have engaged and will continue to engage in an open and transparent manner, emphasising our commitment to support the survivors of such abuse.

The Chair of Trustees has rightly reflected on the enormously challenging financial and political climate that we operate in. Colleagues have worked extremely hard to both raise valuable funds and then to spend the money very wisely to have maximum impact on the lives of vulnerable children and young people. We can celebrate our skills in securing the confidence of commissioners and donors that has led to year on year growth, allowing us to reach more people. But we know that the years ahead will demand great discipline to maintain this journey, and fundamental to this will be our ability to drive down overhead costs so that our frontline services remain well supported but also competitive.

Through this determination to serve children and young people we will earn and retain the trust of the public. Their support, either as volunteers in our services and retail outlets or through the donations that make our work possible, means more to us than ever. It is up to each and every one of us at Barnardo's to show that we are worthy of that trust, and I believe that our record over the past 12 months is one that we can be proud of.



Javed Khan  
Chief Executive

## **Report of the Board of Trustees**

### **1. Objectives and Activities**

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

We are the largest children's charity in the UK. We run more than 1,000 services in local communities, have 679 shops, 8,270 employees and more than 20,000 volunteers who help support our vital work. Our services include reaching and helping children who have been sexually exploited, and young people in or leaving the care system; and supporting children's emotional health and wellbeing. We provide early intervention for children, parents and carers through our children's centres, and also support parents and their children through Barnardo's family support work, which takes many forms.

Last year we worked with more than 272,000 children, young people, parents and carers. This included 150,000 children and young people, and 116,000 parents and carers. We helped many more by campaigning to change policy and public opinion, drawing on our years of extensive research. We employ more than 6,000 staff on our frontline services throughout the UK.

To fund our work, Barnardo's relies on voluntary donations from the public, companies and trusts, together with the fees and grants we raise for providing services to local authorities and other funding partners. Our new ten-year corporate strategy, *Better outcomes for more children*, is centred on our core purpose, through prioritising activities that focus on building stronger families, safer childhoods and positive futures for young people. There is a strong demand for our services, and frontline service growth will be underpinned by developing the voluntary income base.

### **2. Strategic Report**

#### **Achievements and performance**

In 2016 we launched a new, 10-year corporate strategy, *Better outcomes for more children*. Its focus is on sustained interventions over a long-term period. By 2025 we want to be supporting 300,000 children and their families, 25 per cent more than in 2015. To achieve this, we made a commitment to three strategic aims. We now report on the progress we have made.

#### **1. Stronger Families**

- Early support: Our Children's Centres were used by more than 182,000 people last year, including 85,000 children/young people and 96,000 parents/carers. This is compared to 162,000 children and parents/carers who used our services in 2015/16.
- Family support: Barnardo's provided family support services to more than 30,000 children, young people, parents and carers, facing a range of difficulties, including children with a parent in prison, children with caring responsibilities, child bereavement and families with children on the edge of being taken into care.
- Emotional health and wellbeing: Barnardo's provided specialised mental health and emotional wellbeing support to 21,100 children, young people, parents and carers. This included 14,000 children supported through our school-based programmes, aimed to improve emotional health and wellbeing.

## **2. Safer Childhoods**

- **Child Sexual Exploitation:**
  - Our campaign action has helped to secure legislative commitment to introduce statutory age-appropriate sex and relationship education in schools, which will help give children the knowledge they need to stay safe on and offline.
  - Evidence from our CSE services was crucial in persuading the Government to place a duty on local authorities to strengthen taxi and private hire licensing, including training for drivers on how to spot the signs of abuse.
  - The Government has agreed to a national Independent Child Trafficking Advocates Service, using evidence from the successful pilot service provided by Barnardo's.
  - We supported 3,430 people through our Child Sexual Exploitation direct support services, compared to 2,486 in 2015/16.
- **Looked After Children:**
  - Barnardo's is the largest UK voluntary adoption agency, and the largest not-for-profit fostering agency (IFA). We focus primarily on children who are more difficult to place, including older children, sibling groups and children with disabilities.
  - In 2016/17 our adoption services placed 147 children with adoptive families, compared to 130 in 2015/16.
  - Barnardo's Fostering UK achieved 893 care placements in 2016/17, compared to 956 in the previous 12 months.
  - We are committed to working in partnership with local authorities to securing the best possible outcomes for children and young people in care.
  - Our foster carers reported levels of satisfaction well above the national average.

## **3. Positive futures for young people**

- **Care Leavers**
  - In partnership with St Basil, Barnardo's received funding from the Department for Communities and Local Government to develop a Supported Framework Accommodation for care leavers. We have used this framework to bring together our children's and housing services to focus on problems that care leavers' experience. We continue to support local authorities to implement this framework.
  - Barnardo's played a leading role in persuading the Government to provide additional support for apprenticeships for care leavers. Following a campaign, it was announced that under the Apprenticeship Levy employers taking on care leavers as apprentices up to the age of 25 would be paid the same amount they receive for 16- to 18- year olds.

We also made a commitment to transform the organisation to be in the best possible shape to achieve our ambition on behalf of children and families. This comprised three objectives:

1. **A digital organisation:** To make the best use of digital technology and communications in all aspects of our work to reach out to and support more vulnerable children. We are currently progressing through a number of transformation programmes and the Corporate Projects Board, which will commission projects across the whole of Barnardo's that use innovative digital solutions. Specific KPIs have also been developed for reach and income, which relate to being a digital organisation.

2. A diverse organisation: To reduce the number of “unknowns” across service users for ethnicity and disability. In 2016/17, we recorded 7.5 per cent unknowns for ethnicity and 9.6 per cent for disability. A quantifiable 2025 goal will be set during 2017/18.
3. A learning organisation: To make learning central to everything we do; capturing and sharing knowledge is key to our work. This is tracked using a staff survey question: “I have the right opportunities to learn and grow at work”. In 2014, there was a 57 per cent approval rating which rose to 62 per cent in a subsequent survey at the end of 2016/17. In addition, we have set a target for 90 per cent of all staff having a minimum of three days of learning (or equivalent for those working part-time) during 2017/18.

Our volunteers play a critical role in our work, and we will need their help more than ever over the next 10 years. Our strategy commits us to recruit more volunteers and strengthen the support we provide.

- We remain on course to increase the number of volunteers to 25,000 by 2025, having exceeded our annual target for volunteer numbers by 1,200, or six per cent.
- We received £25 million of volunteer contributions in kind in 2016/17.
- Four per cent of volunteers were from black, Asian and minority ethnic backgrounds in 2016/17.
- 26 per cent of volunteers were male in 2016/17.
- 23 per cent of volunteers were aged between 16-25 in 2016/17.

Our new strategy recognises that we must change the way we work with, and for, the people we support. 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: 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 per cent increase compared to 2015.
  - We are on track to achieve this target. Last year we worked with more than 272,000 children, young people, parents and carers. This is an increase of approximately 10 per cent.
2. Measure: The real impact of our work
  - In 2016/17, we published the 2<sup>nd</sup> *Barnardo's Impact Report*, which demonstrates and measures the overall impact that Barnardo's has. We will publish the 3<sup>rd</sup> *Barnardo's Impact Report* later this year.
  - We continue to produce a quarterly performance report, which measures the ongoing work of Barnardo's, and plan to introduce a number of improvements in 2017/18.
  - We will also continue to develop the Contract Performance Tool, which will be used to measure the effectiveness of Barnardo's work.
3. Influence: Building on our reputation
  - This was a critical year, with the Children and Social Work Bill in Westminster. Nine of our policy calls passed into law in 2016/17, in line with the previous year and achieving our target. This included recognition in law that it is the responsibility of personal advisers to proactively make contact with care leavers, and the introduction of statutory relationship and sex education in all schools in England.
  - In Scotland, the First Minister announced that the Scottish Government Mental Health Strategy will include plans to commission an audit of rejected referrals to CAMHS.
  - Brand awareness, which is critical to the work we do, was unchanged at 42 per cent. This was short of the 49 per cent target, in part because we deferred some purpose-

driven brand work. It compares to 40 per cent for NSPCC, 32 per cent for Save the Children and 28 per cent for Action for Children.

**4. Innovate: New ideas for support**

- In 2016/17, a new Digital team was given responsibility for 'transformation' within Barnardo's. The substantive work of the team will be to innovate through the identification, design and delivery of projects commissioned through the Corporate Projects Board.
- The data transformation programme and the service, retail and marketing pilots both began in 2016/17, with a strong focus on innovation.

**5. Income: Secure funding to deliver great work**

- In a challenging environment, we have taken steps towards changing the balance of our statutory funding income from 85 per cent: 15 per cent in 2015 to 80 per cent: 20 per cent in 2025.
- Total statutory income for the year was £172.6 million, on target but £1.9 million down from 2015/16. This is a creditable performance, in the light of continued cuts in local authority budgets.
- Statutory income in England was up £1.5 million over the previous year, while statutory income in Celtic Nations was maintained, despite a reduction of £1.5 million in income from the Families First service.
- Commercial services reported a 10.7 per cent fall in income over the previous year. Family Placement experienced a fall in the number of adoptions, while fostering rates came under pressure. Our Employment, Training and Skills services were subject to restructuring in the light of difficult trading conditions.
- Fundraising income held steady at £11.1 million, compared to £11.4 million in the previous year. Many teams, including Trusts, Philanthropy and Workplace Giving, have exceeded their budgeted income targets. Community had a difficult year, while Individual Giving reported lower-than-expected results over Christmas.
- Net retail income met our revised target of £11.4 million. We paused our shop opening programme to focus on core trading activity, in the light of difficult trading during the year, but we remain committed to our 10-year strategy for retail operations.

## **Key Performance Indicators (KPIs)**

To ensure the Corporate Strategy is on track Barnardo's has put in place a delivery plan which sets out at a high level how the charity will deliver the strategic aims of the corporate strategy and how it is facilitating that delivery through cultural change in the way it works and thinks. The delivery plan breaks down strategy into the short term (the next 3 years) and the longer term (the remaining 6 years of the strategy) and sets Key Performance Indicators (KPIs) to measure how Barnardo's is progressing against the targets and aspirations set out in the strategy. Named members of the Corporate Leadership Team have individual responsibility for achieving the KPIs.

Initial KPIs for the strategic aims were set for the first financial year of the project (2016/2017) as follows and as the table below shows they were all met or exceeded.



<b>Strategic Aim</b>	<b>10 Year Target/Aspiration</b>	<b>2016/17 KPI</b>	<b>2016/17 outturn</b>
Number of children and young people we work with	Number of C&YP we work with will increase by 25% (from 240,000 in 2015 to 300,000 in 2025.)	<b>250,000</b>	<b>272,300</b>
Improving the quality of the services we deliver	Better outcomes for more children.	<b>80%</b> of our contracts deliver on contractual outcomes	<b>90%</b>
Ensure that as income grows a minimum of 50% of our voluntary funds is invested in prevention	Amount of our voluntary funds invested in preventative work equates to 50% of total investment	<b>KPI = 50%</b> every year	<b>Q4: 16/17 50%</b>

## Financial Review

### Overall financial health

Throughout 2016/17, Barnardo's has worked hard to successfully secure new income to support its charitable activities and deliver its plans. The current public sector funding situation is challenging, and expected to remain so for the foreseeable future. However, the Board of Trustees believes that our ten-year Corporate Strategy (we are currently in Year Two), which focuses charitable expenditure on priority areas and on growing our voluntary income base, will ensure Barnardo's continues to expand its reach and use its resources effectively for all stakeholders.

### Results for 2016-17

Our total income and endowments increased again this year to £301.5 million (2016: £298.7 million) due to a step-up in our gross trading income and an increase in our income from sale of properties, as shown in the Statement of Financial Activities on page 24.

However, our net income available for charitable activities decreased from £226.9 million to £218.3 million, with a reduction of £1.9 million in income from fees and grants for delivering children's services, a £3.8 million reduction in legacy income and a £1 million reduction in net income from our trading operations. There were increases in income from fundraising (excluding legacies) of £1 million, and net income from property development of £500,000. Net income from investments also increased by £200,000 in the year, due mainly to the performance of the financial markets.

There was a reduction in expenditure on charitable activities, inclusive of governance costs, of £1.2 million to £212.6 million (2016: £213.8 million) and after pension finance costs of £5.4 million (2016: £5.5 million), our total charitable expenditure came to £218 million (2016: £219.4 million).

After including net gains on investments totalling £11.4 million (2016: losses of £3.1 million), the resulting net income for the year is £11.7 million (2016: £4.5 million).

## **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 disclosure requirements for these financial statements are governed by Financial Reporting Standard (FRS) 102 and approved by our auditors. The FRS 102 position at 31 March 2017 shows a deficit of £137.7 million (2016: £114.9 million). During the year, the increase in the fair value of the scheme assets, which came from the rise in the value of the scheme's holdings in government bonds and similar assets, was mitigated by the increase in projected liabilities resulting in an increase in the deficit of £22.8 million on this valuation basis. The increase in the liabilities is significantly driven by the current record low interest rates for corporate bonds which are used to calculate them. This is in common with the majority of final salary pension schemes in the UK that have deficits and have been affected by these unprecedentedly low rates. In their last report in 2016 the Pension Protection Fund (PPF) noted that some 80% of closed UK defined benefit schemes were underfunded.

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 2015, on the ongoing valuation basis for their last triennial valuation, the deficit disclosed was £182m and the funding level was 77%. 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. Pension contributions of £7.3 million are expected to be paid over the year to 31 March 2018 and £10.7 million per annum thereafter until the end of the recovery plan in 31 March 2037. 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 without drawing on reserves on an on-going basis. Supporting this is the implementation of an agreed investment strategy with the Pension 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 25.

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 Board of Trustees assesses the risks Barnardo's could be exposed to and the appropriate level of reserves that we should maintain. Last year's assessment of the target range of free reserves (funds that are freely available to be used for our general charitable purposes) was £39 million to £51 million. 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. In 2017/18, Trustees plan to review the reserves in the light of the much greater financial and economic uncertainties caused by Brexit and the current political uncertainty. They may opt to raise the range significantly to recognise the increase in risk to the charity.

The Balance Sheet shows unrestricted reserves (reserves that do not carry any restrictions on how they can be used) of £104.9 million (2016: £99.1 million). 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 against the target range, we also exclude the fixed asset fund of £41 million (2016: £41.7 million) because this cannot quickly be realised. We do include the working capital fund of £14.4 million (2016: £8.1 million) as no restrictions apply to this fund. After excluding the fixed assets fund, this leaves free reserves above the target at £63.8 million (2016: £57.4 million). If necessary Trustees will aim to bring reserves back within the range, once that is decided, over the next two to three years.

Our unrestricted reserves assessment also takes no account of the £35 million (2016: £30.6 million) 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 2017, our unrestricted investments held with Blackrock Investment Management Limited delivered a positive return of 22 per cent (2016: negative return of 0.5 per cent) and with Ruffer LLP 12.2 per cent, due to the strong performance in world investment markets. The investment objective is to outperform the weighted average of three tracker indexes over a rolling five-year period by 0.75 per cent. 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 2017. 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 2017 value. The unapplied return is the difference between the 2017 value and the market value of funds as at 31 March 2017. The annual change is included in the net gains or losses on investments. Further details can be seen in note 24 (a) and (b).

## **Commercial activities**

In total, the financial activities of Barnardo's subsidiaries generated net income of £5 million (2016: £4 million) during the year with all of the subsidiaries contributing to the surplus. 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 £1.2 million (2016: £907,000) 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 £10.9 million (2016: £13.1 million). The lower profitability is due to an increased staff cost base, as a result of the implementation of the living wage.

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 £2.8 million during the year (2016: £2.2 million), largely from the sale of properties built and sold on its site in Barkingside, Essex. All properties relating to the Barkingside Regeneration Project Phase 5 have now been sold and sales for the Barkingside Regeneration Project Phase 4 are currently forecast in the latter half of 2017-18.

Barnardo Events Limited raises sponsorship and runs special events to generate funds for Barnardo's. The company generated a profit of £375,000 during the year (2016: £175,000). The increased profitability in 2016-17 was due to an increase in 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 £614,000 during the year (2016: £661,000).

## Plans for 2017-18

In 2016/17, we established three priority areas where we will seek to deliver transformative change: Emotional health and wellbeing; Child sexual exploitation/abuse; and Children in and leaving care. In 2017/18, we will produce Core Priority Programmes in each of these areas and begin to implement them.

As mentioned previously, Barnardo's has put in place a delivery plan. For 2017/18 the KPIs for the key strategic aims of the corporate strategy are set out in the table below:

Strategic Aim	10 Year Target/Aspiration	2017/18 KPI
Number of children and young people we work with	Number of C&YP we work with will increase by 25% (from 240,000 in 2015 to 300,000 in 2025.)	<b>255,000</b>
Improving the quality of services we deliver	Better outcomes for more children.	<b>85%</b> of our contracts deliver on contractual outcomes
Ensure as income grows a minimum of 50% of voluntary funds is invested in prevention	Amount of voluntary funds is invested in preventative work equates to 50% of total investment	<b>KPI = 50%</b> every year

## Principal risks and uncertainties

The Board of Trustees has responsibility for ensuring that there are effective risk management and internal control systems in place to manage Barnardo's major risks and support the achievement of our strategic objectives.

This responsibility is discharged through an annual review of the effectiveness of Barnardo's risk management and internal control framework.

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 senior leadership and Trustee (Audit and Risk Committee) review.
- The Audit and Risk Committee approves the annual risk based internal audit 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, 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. All whistleblowing cases are subject to independent review, investigation and reporting to Trustees where required.

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

Risk	Risk Management
<p><b>Financial performance and sustainability</b></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. Risks undermining our ability to meet the needs of service users and to meet our strategic aim of supporting 300,000 children and their families by 2025.</p>	<ul style="list-style-type: none"> <li>• Annual budget setting process, including review and challenge from senior management, subject to Trustee approval.</li> <li>• Sensitivity analysis on income and expenditure streams and contingency planning.</li> <li>• Regular review and scrutiny of financial performance (short and medium term) by senior management and Trustees through the Finance Committee.</li> <li>• Delegated approvals process, ensuring Trustee review and scrutiny of material income and expenditure contracts and transactions.</li> <li>• Development of revised fundraising and retail strategies to meet changing consumer demands and behaviour.</li> </ul>
<p><b>Safeguarding children and young people</b></p> <p>Negligence in relation to safeguarding policy or practice results in or contributes to serious harm or injury to a child or vulnerable adult and damage to the organisation's reputation</p>	<ul style="list-style-type: none"> <li>• All employees and volunteers are required to sign the Barnardo's safeguarding code of conduct.</li> <li>• Barnardo's-wide safeguarding policy, available to all employees and volunteers.</li> <li>• Mandatory safeguarding e-learning for all employees and volunteers and safeguarding level 1 training for all employees working directly with children and young people.</li> <li>• Clear safeguarding reporting mechanisms, including</li> </ul>

	<p>safeguarding leads in all directorates and regions.</p> <ul style="list-style-type: none"> <li>• Clear escalation protocol to Head of Safeguarding, executive level Safeguarding lead and Audit and Risk Committee.</li> <li>• Independent review of safeguarding practices across Barnardo's, performed by safeguarding specialists.</li> </ul>
<p><b>Pension Liabilities</b></p> <p>Defined benefit pension scheme deficit increases due to actuarial valuations. Requirement of additional use of Barnardo's funds, impacting on our growth and investment plans, particularly in priority areas.</p>	<ul style="list-style-type: none"> <li>• Agreement of an affordable long-term recovery plan with the Scheme Trustees.</li> <li>• Ongoing monitoring and review (including annual desk-based valuations) of Scheme liabilities and reporting to Trustees.</li> <li>• Ongoing relationship with the Scheme Trustees.</li> <li>• Review and monitoring of the Scheme investment strategy and returns.</li> </ul>
<p><b>Information Security</b></p> <p>Serious data protection or security failure, including cyber attacks, resulting in legal and contractual issues, reputational damage and potential fines and loss of income.</p>	<ul style="list-style-type: none"> <li>• A corporate governance structure in place for Data Protection Act (DPA) monitoring and compliance.</li> <li>• DPA training as part of mandatory training/induction, with compliance monitored and reported quarterly.</li> <li>• Barnardo's ISO27001 information security standard established.</li> <li>• Routine external penetration testing of IT systems to identify any security weaknesses.</li> <li>• Regular review of external organisation cyber attacks and applying lessons learn to Barnardo's systems.</li> </ul>

### 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 2017/18 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 appear affordable and in line with the deficit reduction plan and should challenges arise there is adequate flexibility within the financial plans to flex the cost base and manage cash flows accordingly. Free reserves remain healthy and can also 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 2011. 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 meets every two months with occasional ad hoc meetings for exceptional business. The balance of trustees is kept under review with regard to diversity and geographical spread. 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 48.

The charity's governance is kept under review by the 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. 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.
- **Family Placement Scrutiny Committee** – Responsible for adoption and family placement work within Barnardo's. 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.
- **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; ensuring appropriate performance evaluation processes are in place; and through the Remuneration Sub-Committee advising the Board of Trustees on the charity's overall remuneration framework and the remuneration of senior staff.
- The three **Nation Committees** for Scotland, Northern Ireland and Wales were re-constituted in 2016/17 as **National Advisory Boards** (NABs) comprising 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. Barnardo's abides by the Code of Good Governance, which sets out the principles of board leadership for the voluntary and community sectors.

## Fundraising

Barnardo's uses a diverse range of fundraising activities to raise vital funds towards our mission of delivering better outcomes for more children. Our Board of Trustees and Corporate Leadership Team are deeply committed to building trust with our supporters, and in 2016 we established a regular working group, involving trustees and senior staff, to strengthen oversight and assurance for our fundraising programme. This group has responsibility for all aspects of quality assurance and compliance relating to fundraising. We are members of the new Fundraising Regulator and the Institute of Fundraising and we engage widely within the sector to support measures to increase public trust and support for 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 which do this 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 persons 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 2016 we received 587 complaints related to our fundraising activities. While this figure is below sector averages as a proportion of our activity, we are committed to studying any expression of dissatisfaction and identifying ways to improve. Our Supporter Relations team look into each and every case, and we do all we can to resolve complaints and



ensure supporters are happy with our work.

## **President**

In December 2016, in her 90<sup>th</sup> year and after over 30 years in post, our Patron, Her Majesty The Queen, handed down the Patronage to Her Royal Highness The Duchess of Cornwall. Her Majesty has been wonderfully supportive of Barnardo's, most recently attending the opening of Barnardo House, granting her permission for the use of Buckingham Palace for the anniversary garden party and providing the foreword for Barnardo's Multi Faith service at St Paul's Cathedral.

We are extremely grateful for Her Majesty's generous time and patronage, together with her dedication to the work of Barnardo's for over 30 years.

The Royal Family has given us tremendous support throughout our history, and there has been a royal Patron since 1902 and Royal Presidents from 1923. We are delighted that Her Royal Highness The Duchess of Cornwall, our President since 2007, has graciously accepted the role of our new Patron.

Her Royal Highness has given Barnardo's her invaluable support in a number of ways during our anniversary year. In April, she visited staff and service users at our Big Manchester service. One month later she hosted the Barnardo's Royal Garden Party in the grounds of Buckingham Palace, when staff, volunteers, service users and supporters from all across the world came together to celebrate.

Her Royal Highness continued to support other events, providing a personal foreword for the November Firecracker Fundraising Ball in Harrogate and signing the President's Certificates for exceptional effort, which were presented at the Staff and Volunteers award ceremony in December.

## **Board of Trustees**

A list of Trustees is shown on page 48.

## **Management**

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.

## **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 staff 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 staff a fair and appropriate salary informed by the local labour market, while always making sure we have the ability to do so.

Barnardo's is committed to eradicating gender pay inequality. We undertake biannual pay equality reviews and use our action plan to address pay imbalances. Before April 2018, we will publish our gender pay gap information and supporting policy statements on our corporate website and will continue to do so annually thereafter.

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.

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.

Barnardo's recognises a trade union, UNISON, for the purpose of negotiating the inflation linked annual pay review for all eligible staff. This excludes staff with inherited Terms and Conditions, such as TUPE, and the senior management team.

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 (a sub-committee of the Governance Committee) meets at least annually and comprises the Chair, Deputy Chair, Honorary Treasurer and two additional trustees. No members of the executive are members of the Committee. The Committee's main responsibilities are to consider the remuneration of the Chief Executive and members of the Corporate Leadership Team as well as to set the pay policy for all staff and agree the basis for any annual increases in pay.

The Committee then makes recommendations to the Board for approval. The Board and the Remuneration Committee operate within the powers and constitutional arrangements as set out in the Articles of Association and Committee terms of reference. When making recommendations, the Committee will draw on relevant internal and external information regarding staff remuneration.

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.

## **Auditors**

In accordance with section 487 of the Companies Act 2006, BDO LLP will be deemed to be re-appointed as auditors at the 2017 annual general meeting. Barnardo's abides by regulatory requirements and best practice principles regarding auditor independence and rotation.

## **Equal opportunities**

Equality, Diversity and Inclusion (EDI) principles are an intrinsic part of Barnardo's Basis and Values that can be found on our website. We are committed to being an inclusive organisation where diversity is welcomed and valued.

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

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

The vision for EDI at Barnardo's is to create an environment where diversity is valued and embraced, and which is free from discrimination, victimisation and harassment for the children and young people who use our services, staff and volunteers.

During 2016 we commissioned an independent review of our EDI work that has informed our EDI Action Plan 2017-19. We also made significant progress in improving the EDI data we hold on staff and volunteers; further work continues into 2017/18. We have established new governance arrangements to oversee delivery of the EDI Action Plan, and to track progress against the Plan's KPIs and supporting PIs. We have also reviewed staff engagement forums and are relaunching in a new format that supports greater inclusion and better alignment to corporate objectives.

## **Communicating with staff and volunteers**

Barnardo's has been making headlines. In a year when so many issues affecting children and young people were central to the national conversation, the voice of Barnardo's has been heard, loud and clear, across TV, print and social media. In our 150<sup>th</sup> anniversary year, everybody wanted to join the celebrations. Total news coverage was up by almost one-third and mentions of Javed Khan more than doubled. Our reach on Facebook exceeded 1.1 million, a threefold increase over the previous year. The number of tweets, retweets and mentions more than doubled, too.

Raising our profile and informing the public, our volunteers and our own employees, about our mission and our values have never been more important. That's why we embarked on robust engagement with the media across all platforms, with clear messages about our commitment to children and young people. Our news stories, commentaries and online postings brought to life the urgency of our campaigns, from fighting child poverty to raising awareness of FGM. Tweets by @JavedKhanCEO were seen almost 1.2 million times, the most popular being a tweet about a service visit with the boxer Amir Khan.

Internal communications are critical to engagement at Barnardo's, and our b-hive platform has become a focal point for sharing news and information, and taking part in discussions. The importance of engagement at times of change and uncertainty is encapsulated by the

most popular blog, Javed's reflections on the EU Referendum, which had the highest number of likes and positive comments. We are placing greater emphasis on film to tell our story internally, and Javed's New Year video message was visited 448 times.

## **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 the 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 2016-17. 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 per cent of our fleet vehicles are now sub 95g/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 now incorporates two environmental awareness weeks each year. During these weeks, 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 the ESOS is to identify opportunities to reduce energy consumption, emissions and costs accordingly.
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 3.2m 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

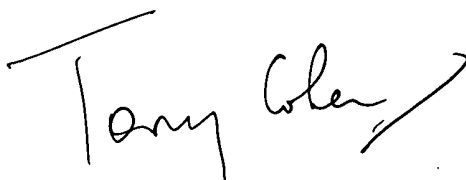
The Trustees would like to thank the many friends and supporters of Barnardo's for their donations and bequests. They would also like to thank the thousands of volunteers who give their time so generously.

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 43 to 47.

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

By order of the Board of Trustees  
Tony Cohen  
Chair of Trustees

20 July 2017

A handwritten signature in black ink, reading 'Tony Cohen' with a large, sweeping flourish at the end.

**Total income £301.5m**

**Fees and grants: £172.6m**

**172602**

**Donations, Gifts in Wills and other fundraising: £39.6**

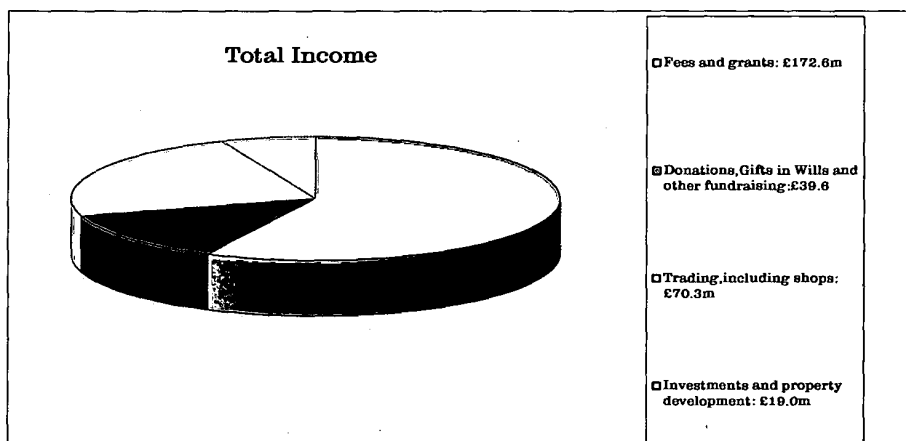
**39601**

**Trading, including shops: £70.3m**

**70310**

**Investments and property development: £19.0m**

**18971**



**Total expenditure £301.1m**

**Charitable activities: £212.6m**

**212599**

**Fundraising: £14.7m**

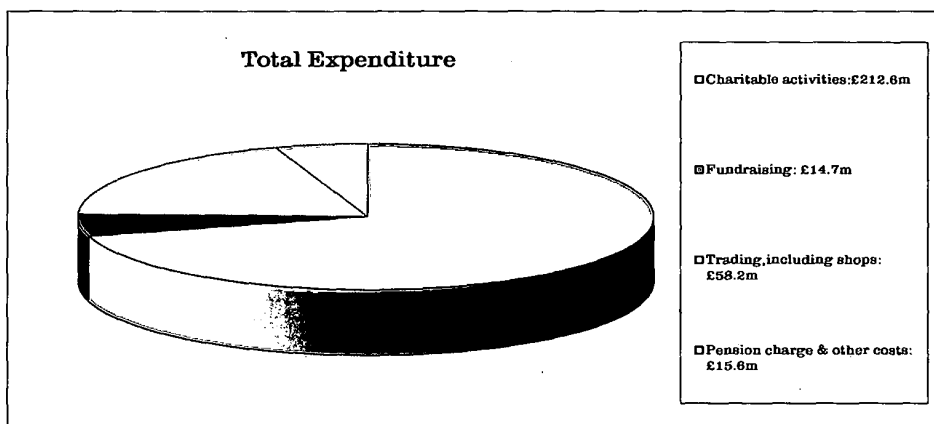
**14736**

**Trading, including shops: £58.2m**

**58206**

**Pension charge & other costs: £15.6m**

**15596**



## **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**

We have audited the financial statements of Barnardo's for the year ended 31 March 2017 which comprise the Consolidated Statement of Financial Activities (including the Consolidated Summary Income and Expenditure Account), the Consolidated and Parent Charitable Company Balance Sheets, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of trustees and auditor**

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

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

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

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2017 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### **Opinion on other matter prescribed by the Companies Act 2006**

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

Based on our knowledge and understanding of the charity and its environment obtained during the course of the audit we have identified no material misstatements in the strategic report and trustees' report.

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept by the parent charity, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records or returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Donald Bawtree (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Gatwick  
United Kingdom  
Date: 31 July 2017

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

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

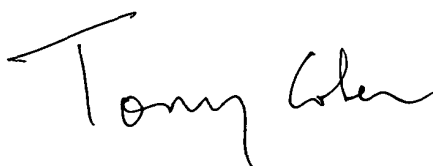
**Barnardo's**  
**Consolidated Statement of Financial Activities**  
**Year Ended 31 March 2017**

	Note	Unrestricted Funds £000	Restricted & endowment funds £000	Total 2017 £000	Total 2016 £000
<b>Income from charitable activities</b>	4		168,730	3,872	172,602
<b>Donations and legacies</b>	5	35,853		3,747	39,601
<b>Expenditure on raising funds</b>		(14,134)		(602)	(14,736)
<b>Net voluntary income</b>			21,719	3,145	24,864
<b>Other trading activities</b>					
<b>Trading income</b>	6	70,310			70,310
Less: Costs of goods sold and other costs	7	(58,206)			(58,206)
<b>Net income from trading</b>			12,105	-	12,105
<b>Income from development and sale of properties</b>	8	12,949			12,949
Less: Costs of developing and selling properties		(9,933)			(9,933)
<b>Net income from developing and selling properties</b>			3,017	-	3,017
<b>Income from investments</b>	9	1,888		808	2,695
Less: Investment management costs		(197)		(66)	(262)
<b>Net investments</b>			1,692	741	2,433
<b>Other Income</b>	10	3,327		-	3,327
<b>Total income and endowments</b>			293,058	8,428	301,486
Less: Cost of generating income			(82,469)	(668)	(83,138)
<b>Net incoming resources available for charitable expenditure</b>			210,588	7,760	218,348
<b>Expenditure on charitable activities</b>					
Service provision	7		192,661	7,603	200,264
Informing the public about our work			9,931	-	9,931
Childcare research and education			2,405	-	2,405
<b>Total Charitable Activities</b>			204,997	7,603	212,599
Other expenditure- pension finance charge	13		5,400	-	5,400
<b>Total charitable expenditure</b>			210,397	7,603	218,000
Net gains/(losses) on investments	15		7,160	4,201	11,361
<b>Net income</b>	14		7,351	4,358	11,709
Actuarial loss on defined benefit pension scheme	13		(24,400)	-	(24,400)
<b>Net movement in funds</b>			(17,049)	4,358	(12,691)
<b>Total funds brought forward</b>			(15,765)	30,609	14,844
<b>Total funds carried forward</b>	24		(32,814)	34,967	2,153
<b>Note:</b>					
Total income (including investment gains)			293,058	8,428	312,847
Total resources expended			285,707	4,071	301,136
Net income			7,351	4,358	11,709
<b>Total cost of generating funds (including investment, fundraising, trading and property development)</b>			82,469	668	83,137

All of the above results relate to continuing activities. The notes on pages 27 to 42 form part of these financial statements.

**Barnardo's**  
**Consolidated Statement of Financial Activities**  
**Year Ended 31 March 2017**

	Note	Group		Charity	
		2017	2016	2017	2016
		£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets	16	41,222	41,888	41,222	41,888
Investments	17	78,509	66,917	77,712	66,937
		<u>119,731</u>	<u>108,805</u>	<u>118,935</u>	<u>108,825</u>
<b>Current assets</b>					
Stocks and work in progress	18	8,950	8,512	-	-
Debtors	19	38,041	37,600	39,582	40,309
Current asset investments	20	8,018	7,187	8,018	7,187
Cash and cash equivalents	21	9,143	9,401	8,645	8,872
		<u>64,153</u>	<u>62,700</u>	<u>56,245</u>	<u>56,368</u>
<b>Creditors: Amounts falling due within one year</b>	22	<u>(44,031)</u>	<u>(41,762)</u>	<u>(34,062)</u>	<u>(33,040)</u>
<b>Net current assets</b>		<u>20,122</u>	<u>20,939</u>	<u>22,183</u>	<u>23,328</u>
<b>Net assets excluding pension liability</b>		<b>139,853</b>	<b>129,744</b>	<b>141,118</b>	<b>132,153</b>
Pension liability	13	<u>(137,700)</u>	<u>(114,900)</u>	<u>(137,700)</u>	<u>(114,900)</u>
<b>Net assets including pension liability</b>		<u><b>2,153</b></u>	<u><b>14,844</b></u>	<u><b>3,418</b></u>	<u><b>17,253</b></u>
<b>Fund balances</b>					
Restricted and endowment funds	24(a)&(b)	<u>34,967</u>	<u>30,609</u>	<u>34,967</u>	<u>30,609</u>
Fixed assets fund	24(c)&(d)	<u>41,049</u>	<u>41,714</u>	<u>41,049</u>	<u>41,714</u>
General reserve		<u>49,445</u>	<u>49,273</u>	<u>48,648</u>	<u>42,898</u>
Working capital fund		<u>14,392</u>	<u>8,147</u>	<u>16,453</u>	<u>16,931</u>
Unrestricted funds excluding pension liability		<u>104,887</u>	<u>99,135</u>	<u>106,151</u>	<u>101,543</u>
Pension liability	13	<u>(137,700)</u>	<u>(114,900)</u>	<u>(137,700)</u>	<u>(114,900)</u>
<b>Total unrestricted funds including pension reserve</b>		<u><b>(32,813)</b></u>	<u><b>(15,765)</b></u>	<u><b>(31,549)</b></u>	<u><b>(13,356)</b></u>
<b>Total funds</b>	24(c)	<u><b>2,153</b></u>	<u><b>14,844</b></u>	<u><b>3,418</b></u>	<u><b>17,253</b></u>



**Tony Cohen**  
Chair of Trustees  
20th July 2017



**Neil Braithwaite**  
Honorary Treasurer

The notes on pages 27 to 42 form part of these financial statements.

Company Number 61625

**Barnardo's**  
**Consolidated Statement of Financial Activities**  
**Year Ended 31 March 2017**

	Note	2017 £000	2016 £000
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	25	(4,386)	(2,408)
<b>Cash flows from investing activities:</b>			
Investment income and interest	9	2,695	2,497
Purchase of tangible fixed assets	16	(4,952)	(5,822)
Purchase of investments	17	(15,026)	(10,379)
Sale of tangible fixed assets		6,626	8,991
Sale of investments	17	15,611	10,039
<b>Net cash provided by investing activities</b>		<b>4,954</b>	<b>5,325</b>
<b>Cash flows from financing activities:</b>			
(Decrease)/Increase in long term borrowings		(2)	(3,026)
<b>Net cash provided by financing activities</b>		<b>(2)</b>	<b>(3,026)</b>
<b>Increase/(decrease) in cash and cash equivalents in the year</b>		<b>567</b>	<b>(109)</b>
<b>Cash and cash equivalents at the beginning of the year</b>			
Held as current asset investments		2,187	5,160
Held as cash deposits		9,401	6,536
<b>Cash and cash equivalents at the end of the year</b>		<b>11,588</b>	<b>11,696</b>
Held as current asset investments		3,011	2,187
Held as cash deposits		9,143	9,401
		<b>12,155</b>	<b>11,588</b>

**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	2017 £000	2016 £000
<b>Gross income</b>			
Gross income of continuing operations		215,573	211,839
Income of non-charitable trading subsidiaries	3	85,169	85,946
		<b>300,742</b>	<b>297,786</b>
<b>Gross expenditure</b>			
Total expenditure of continuing operations		220,205	208,817
Expenditure of non-charitable trading subsidiaries	3	80,549	81,964
		<b>300,754</b>	<b>290,781</b>
<b>Net income for the year before transfers and investment asset disposals</b>		<b>(13)</b>	<b>7,005</b>
<b>Realised gain on disposal of investment assets</b>	15	<b>2,132</b>	<b>721</b>
<b>Net income for the year</b>		<b>2,119</b>	<b>7,727</b>
<b>Reconciliation to statement of financial activities:</b>			
Net income for the year before investment asset disposals as above		(13)	7,005
Movement on restricted capital and endowment funds	24 (a)	360	562
<b>Net income</b>		<b>347</b>	<b>7,567</b>

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 £215.6 million and net expenditure of £2.8 million (2016: net income £3.7 million) has been dealt with in the accounts of the charity.

## **Notes to the accounts**

### **1. Accounting policies**

#### **Basis of preparation**

The accounts have been prepared in accordance with 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) (effective 1 January 2015) – (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.

#### **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:

- 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
  - 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.
- 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 2017. The trading results of the subsidiary undertakings as shown in note 3 are consolidated on a line-by-line basis within the consolidated statement of financial activities (SOFA). A separate SOFA for the charity is not presented as permitted by the SORP and the Companies Act 2006.

#### **Stocks and work in progress**

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

#### **Investments**

Investments, including those held as fixed assets and current assets, are stated in the balance sheet at their market value as at the balance sheet date. All movements in value arising from investment changes or revaluation ("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 23 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 generating voluntary funds are incurred in relation to staff members who are engaged in fundraising activities and the provision of fundraising activities on Barnardo's behalf.

iii) Costs of generating trading income represent expenditure incurred in the operation and management of the Barnardo's chain of shops and other activities undertaken by Barnardo'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 13. 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 incoming resources), 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

Funds that are expendable at the discretion of the Trustees in furtherance of the objects of the charity, consisting of three specific types:

**(1) Fixed assets fund**

This fund represents amounts invested in fixed assets for use by the charity.

**(2) General reserve**

This reserve represents funds set aside as part of the organisation's risk reduction strategy. Barnardo's has set a policy of retaining reserves at a level that will cover operating cash flow and protect Barnardo's against a significant setback in the stock and property markets to which the organisation may at any one time be exposed.

**(3) Working capital fund**

This fund represents net assets available to meet day-to-day operational commitments.

#### Pension reserve

In accordance with 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 25).

#### **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 2017. The unrestricted funds net liability position is as a result of the inclusion of an FRS 102 liability of £137.7m 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 2017-18 to 2019-20 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 2017**

**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:

<b>Subsidiary Undertaking</b>	<b>Company Reg No:</b>	<b>Principal Activities</b>
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

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

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

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

**3 Trading subsidiaries' results**

	<b>Barnardo Trading Limited £000</b>	<b>Barnardo Developments Limited £000</b>	<b>Barnardo Events Limited £000</b>	<b>Barnardo Services Limited £000</b>	<b>Total 2017 £000</b>	<b>Total 2016 £000</b>
Turnover	4,130	12,949	534	66,887	84,500	85,229
Cost of sales	(2,379)	(9,933)	-	(66,887)	(79,199)	(80,414)
Gross profit	1,751	3,016	534	-	5,301	4,815
Admin/other costs	(876)	(260)	(159)	(55)	(1,350)	(1,550)
Trading profit/(loss)	875	2,756	375	(55)	3,951	3,265
Other income	-	-	-	669	669	717
Net Income	875	2,756	375	614	4,620	3,982
Amount payable by qualifying charitable donation to Barnardo's	(875)	(2,756)	(375)	(614)	(4,620)	(3,982)
Retained profit for year	-	-	-	-	-	-
Retained profit brought forward	10	-	-	-	10	10
Retained profit carried forward and net assets	10	-	-	-	10	10

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

**4 Income from charitable activities**

	<b>2017 £000</b>	<b>2016 £000</b>
Family support & placement	82,925	84,249
Education	14,722	19,007
Disability support	10,726	11,531
Government grants	9,411	10,892
Other services	54,818	48,841
	<b>172,602</b>	<b>174,520</b>

The income from charitable activities is £172.6m (2016: £174.5m) of which £168.7m is unrestricted (2016:£170.1m) and £3.9m is restricted. (2016:£4.4m)

**Barnardo's**  
**Notes to the Accounts**  
**Year Ended 31 March 2017**

**5 Income from donations and legacies**

	2017 £000	2016 £000
Legacies	15,015	18,823
Donations and gifts from the general public	22,713	22,230
Donations from companies and trusts	1,873	1,357
	39,601	42,410

The income from donations and legacies is £39.6m (2016:£42.4m) of which £35.9m is unrestricted (2016:£37.2m) and £3.7m restricted (2016:£5.2m).

Legacies notified but not accrued at 31 March 2017 were £4.7m (2016: £3.4m).

**6 Other Trading Income**

Income from trading is £70.3m (2016:£64.0m). All income relates to unrestricted activities.

**7 Expenditure**

Trading expenditure of £55.3m (2016:£48.2m) represents the costs of operating our 713 retail shops. The remainder of £2.9m (2016:£2.7m) includes the expenditure of Barnardo Trading Limited on costs of goods sold and other costs.

£9.9m (2016:£7.1m) has been incurred developing and selling land surplus to the group's requirements.

Expenditure on service provision comprises direct costs of £188.0m (2016: £192.9m), grants made of £0.4m (2016: £0.4m) and support and training costs of £11.9m (2016: £11.4m). Of the total expenditure on service provision of £200.3m (2016:£204.7m), £192.7m was unrestricted (2016:£194.4m) and £7.6m restricted (2016:£10.3m)

Total resources expended include the allocation of support costs to the various expenditure categories set out in the SOFA. These support costs relate to the corporate functions of information technology, property and facilities management, human resources and finance in addition to the support costs incurred by communications and other centralised departments that are not otherwise directly allocated. Support costs have been allocated to activities on a basis consistent with the use of resources (e.g. time spent, number of staff, asset value).

Voluntary income in support of contracts is managed through Barnardo's.

	2017 £000	2016 £000
<b>8 Income from development and sale of properties</b>		
Turnover of Barnardo Developments Limited	12,949	9,582

Income relates to unrestricted activities

**9 Income from investments**

Listed investments - United Kingdom	2,460	2,350
Short term deposits	26	52
Rents and ground rents	208	95
	2,695	2,497

The income from investments was £2.7m (2016:£2.5m) of which £1.9m is unrestricted income (2016:£1.6m) and £0.8m is income from endowments (2016:£0.9m)

**10 Other Income**

Gain on disposal of non property fixed assets	211	233
Gain on disposal of properties	3,115	5,429
	3,327	5,662

Income relates to unrestricted activities

**11 Members**

Barnardo's is a company limited by guarantee having no share capital and in accordance with clause 6 of the Articles of Association every member is liable to contribute a sum of £1.05 in the event of the company being wound up. At 31 March 2017 there were 295 members (31 March 2016: 298).

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 £6,391 (2016: £12,798) and included travel, subsistence and other related costs.

The number of Trustees claiming expenses was 6 (2016:5).

Charities have to disclose where trustees or their related parties have made their donations to the charity with conditions attached. No such disclosable donations have been made to Barnardo's in the year to 31 March 2017.

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 £9,986 (2016:£7,791).

**Barnardo's**  
**Notes to the Accounts**  
**Year Ended 31 March 2017**

**12 Employees**

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
The average number of employees during the year was:		
Children's services	5,387	6,017
Fundraisers, shop managers, clerical staff and fundraising management	1,782	1,883
Central support services including business lines previously included under children services	1,030	370
	<hr/> 8,199	<hr/> 8,270

	<b>2017</b>	<b>2016</b>
The number of staff whose emoluments fell within each of the following bands was:		
£0 to £59,999	8,162	8,233
£60,000 to £69,999	13	9
£70,000 to £79,999	8	13
£80,000 to £89,999	6	5
£90,000 to £99,999	7	4
£100,000 to £109,999	1	3
£110,000 to £119,999	1	1
£120,000 to £129,999	1	2
£180,000 to £189,999	1	1
	<hr/> 8,199	<hr/> 8,270

Number of full time equivalent employees at year end	<hr/> 5,471	<hr/> 5,547
--	-------------	-------------

The highest paid employee is the chief executive.

	<b>£000</b>	<b>£000</b>
The aggregate emoluments to employees in the year were:		
Wages and salaries	144,267	142,934
Social security costs	11,578	11,237
Pension costs	11,279	11,035
Benefits in kind (as calculated for taxation purposes)	431	383
	<hr/> 167,555	<hr/> 165,589

Included in wages and salaries is an amount of £2.1m relating to redundancy, compromise and termination costs (2016: £1.5m) following the completion of children services contracts.

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

34 staff earning over £60,000 (2016: 32) receive benefits accruing under the Barnardo's Retirement Savings Plan.

Employer contributions to the pension funds of these 34 employees were a combined total of £140k during the year (2016: £138k).

The total employee benefits of the executive Corporate Leadership Team, as listed on page 48, was £762k in 2017 (2016: £752k).

**Barnardo's**  
**Notes to the Accounts**  
**Year Ended 31 March 2017**

**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 £6,338,000 (2016: £6,106,000).

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 2017, £7.0m 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 £7.3m are expected to be paid over the year to 31 March 2018 and £10.7m pa thereafter until the end of the current recovery plan in 31 March 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 2016 were updated to 31 March 2017 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	2017	2016
	per annum	per annum
Price inflation (RPI)	3.1%	2.8%
Discount rate	2.8%	3.6%
Pension increases (5% LPI)	3.0%	2.7%
Pension increases (2.5% LPI)	2.1%	2.0%
Further life expectancy of male aged 60 now	26 years	27 years
Further life expectancy of male aged 60 in 20 years	28 years	30 years
Further life expectancy of female aged 60 now	28 years	29 years
Further life expectancy of female aged 60 in 20 years	30 years	31 years

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

	2017	2016
	£m	£m
Fair value of assets	687.9	588.2
Present value of liabilities	(825.6)	(703.1)
Net liability/ (asset) recognised in the balance sheet	(137.7)	(114.9)

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

	2017	2016
	£ m	£ m
Employer's part of current service cost	0.0	0.0
Past service cost	0.0	0.0
Interest expense	4.1	3.8
Administrative expenses	1.3	1.7
Total expense	5.4	5.5

**Barnardo's**  
**Notes to the Accounts**  
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**13 Retirement Benefits (cont'd)**

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

	<b>2017</b>	<b>2016</b>
	<b>£m</b>	<b>£m</b>
Equities	42.1	32.1
Bonds	368.0	308.8
Diversified growth fund	172.1	174.2
Swap contracts	46.7	65.6
	4.6	-
Cash/other	54.4	7.5
	<u>687.9</u>	<u>588.2</u>

The Scheme's assets shown above at 31 March 2017 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:

	<b>2017</b>	<b>2016</b>
	<b>£m</b>	<b>£m</b>
Opening value of scheme liabilities	703.1	713.9
Past service cost	-	-
Interest cost	24.9	24.7
Actuarial loss/(gain)	122.2	(14.3)
Benefits paid	(24.6)	(21.2)
Closing value of scheme liabilities	<u>825.6</u>	<u>703.1</u>

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

	<b>2017</b>	<b>2016</b>
	<b>£m</b>	<b>£m</b>
Opening fair value of the scheme assets	588.2	604.4
Interest on plan assets	20.8	20.9
Actual return on plan assets less interest on plan assets	97.8	(20.5)
Contributions by the employer	7.0	6.3
Administrative expenses	(1.3)	(1.7)
Benefits paid	(24.6)	(21.2)
Closing fair value of scheme assets	<u>687.9</u>	<u>588.2</u>

The actual return on the scheme's assets over the year was a gain of £118.6m (2015/16: gain of £0.4m).

**14 Net income**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Net income is stated after charging:		
Depreciation of tangible fixed assets	5,132	4,733
Auditors' remuneration - statutory	71	79
- taxation	-	4
- other assurance services	9	8
Operating lease rentals	17,785	16,440

**15 Gains and losses on revaluation and on investment asset disposals**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Realised gains	2,132	721
Unrealised gains/(losses)	9,229	(3,820)
	<u>11,361</u>	<u>(3,099)</u>

Gains and losses on revaluation and on investment asset disposals is a £11.4m gain for the year (2016:£3.1m loss) of which £7.2m is unrestricted (2016:£1.9m) and £4.2m is restricted (2016:£1.2m).



**Barnardo's**  
**Notes to the Accounts**  
**Year Ended 31 March 2017**

16 Tangible assets	Properties	Equipment & vehicles	Total
	£000	£000	£000
<b>(a) Group and Charity:</b>			
<i>Cost</i>			
At beginning of year	83,017	21,281	104,298
Additions	2,072	2,880	4,952
Disposals	(1,971)	(2,517)	(4,487)
<b>At end of year</b>	<b>83,118</b>	<b>21,644</b>	<b>104,762</b>
<i>Depreciation</i>			
At beginning of year	44,779	17,631	62,410
Provided during year	2,425	2,707	5,132
On disposals	(1,554)	(2,449)	(4,002)
<b>At end of year</b>	<b>45,650</b>	<b>17,890</b>	<b>63,539</b>
<b>Net book value</b>			
At beginning of year	38,238	3,650	41,888
<b>At end of year</b>	<b>37,468</b>	<b>3,754</b>	<b>41,222</b>

	<b>Group &amp; Charity</b>	
	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>(b) Analysis of freehold and leasehold properties:</b>		
Freeholds	26,401	27,495
Long leaseholds (over 50 years)	2,389	2,487
Short leaseholds (50 years and under)	8,678	8,256
	<b>37,468</b>	<b>38,238</b>
<b>(c) Use of properties:</b>		
Service delivery	13,277	14,307
Other (including shops and offices)	24,191	23,931
	<b>37,468</b>	<b>38,238</b>

**Barnardo's**  
**Notes to the Accounts**  
**Year Ended 31 March 2017**

		<b>Group</b>	
		<b>2017</b>	<b>2016</b>
		<b>£000</b>	<b>£000</b>
<b>17</b>	<b>Investments</b>		
	Investments at market value	78,509	66,917
	Investments of the charity include £20,000 in Subsidiary undertakings (Note 2).		
	<i>Investments at market value:</i>		
	At beginning of year	66,917	69,675
	Additions	15,842	10,379
	Disposals	(15,611)	(10,039)
	Realised/unrealised gains/(losses)	11,361	(3,098)
	At end of year	78,509	66,917
	<i>Comprising:</i>		
	UK Equities	24,050	21,838
	UK Bonds	25,082	21,915
	International Pooled Funds	26,077	21,146
	Cash	1,012	364
	Other investments	2,288	1,654
		78,509	66,917
	Cost of Investments	62,428	60,551
	There were no investments in individual companies in excess of 5% of the total portfolio value.		
<b>18</b>	<b>Stocks and work in progress</b>		
	Finished goods	1,427	1,338
	Work in progress	7,523	7,175
		8,950	8,512

*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.*

<b>19</b>	<b>Debtors</b>	<b>Group</b>		<b>Charity</b>	
		<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	Trade debtors	487	157	80	42
	Statutory and related funders	21,359	20,092	12,651	13,409
	Taxation	2,994	3,996	2,994	3,597
	Other debtors	2,470	732	1,337	707
	Prepayments and accrued income	10,731	12,623	9,716	10,760
	Amounts due from subsidiaries	-	-	12,805	11,794
		38,041	37,600	39,582	40,309

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 2017**

<b>20</b>	<b>Current asset investments</b>	<b>Group</b>		<b>Charity</b>	
		<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	Interest bearing deposit accounts	8,018	7,187	8,018	7,187
<hr/>					
<b>21</b>	<b>Analysis of cash and cash equivalents</b>	<b>Group</b>		<b>Charity</b>	
		<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	Cash in hand	9,105	4,310	8,607	3,781
	Notice deposits (less than 3 months)	38	5,091	38	5,091
	<b>Total cash and cash equivalents</b>	<b>9,143</b>	<b>9,401</b>	<b>8,645</b>	<b>8,872</b>
<hr/>					
<b>22</b>	<b>Creditors - amounts falling due within one year</b>	<b>Group</b>		<b>Charity</b>	
		<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	Pension contributions	564	536	564	536
	Other taxes and social security costs	8,170	7,152	4,270	3,965
	Other creditors	6,460	5,706	5,854	5,702
	Accruals	12,724	11,526	12,090	10,865
	Trade creditors	4,205	5,778	4,126	5,778
	Deferred income	11,908	11,062	7,158	6,193
	Bank loans	-	2	-	-
		<b>44,031</b>	<b>41,762</b>	<b>34,062</b>	<b>33,040</b>
<hr/>					
Deferred income relates to fees and grants invoiced in advance from statutory and related funders. An amount of £6.2m (2016:£10.1m) was released from prior year.					
<b>23</b>	<b>Commitments</b>	<b>Group</b>		<b>Charity</b>	
		<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	<b>(a) Capital Expenditure</b>				
	Capital expenditure contracted	2,987	5,439	287	179
	Capital expenditure authorised but not contracted for	-	-	-	-
Capital expenditure commitment relates to the outstanding expenditure on the Barkingside Regeneration Project (Phase 4) development and committed expenditure relating to the new Euston office.					
	<b>(b) Land &amp; Other Buildings</b>	<b>Group &amp; Charity</b>			
		<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Total future minimum lease commitments under non-cancellable operating leases are as follows:					
Operating Leases which expire:					
	Within one year			757	433
	In the second to fifth years inclusive			17,141	17,504
	Over five years			68,484	62,618

**Barnardo's**  
**Notes to the Accounts**  
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**24 Fund balances**

**(a) Analysis of restricted & endowment funds**

	Restricted income funds 2017 £000	Restricted endowment funds 2017 £000	Total 2017 £000	Restricted income funds 2016 £000	Restricted endowment funds 2016 £000	Total 2016 £000
Incoming resources						
- Fundraising income	3,747	-	3,747	6,233	-	6,233
- Big Lottery Fund	3,873	-	3,873	3,336	-	3,336
- Net income from investments and other	-	743	743	-	873	873
	7,620	743	8,363	9,569	873	10,442
Resources expended						
- Child care and community work in the UK	7,221	-	7,221	9,918	-	9,918
- Cost of fundraising income	602	-	602	1,041	-	1,041
- Grants to young people in need	-	383	383	-	311	311
	7,823	383	8,206	10,959	311	11,270
<b>Net incoming/(outgoing) resources</b>	<b>(203)</b>	<b>360</b>	<b>157</b>	<b>(1,390)</b>	<b>562</b>	<b>(828)</b>
Gains and losses on revaluation and on investment asset disposals						
Unrealised (losses)/gains	642	-	642	(1,354)	-	(1,354)
Realised Gains	3,559	-	3,559	197	-	197
	4,201	-	4,201	(1,157)	-	(1,157)
<b>Net movement in funds</b>	<b>3,998</b>	<b>360</b>	<b>4,358</b>	<b>(2,547)</b>	<b>562</b>	<b>(1,985)</b>
<b>Fund balances brought forward</b>	<b>7,988</b>	<b>22,621</b>	<b>30,609</b>	<b>10,535</b>	<b>22,059</b>	<b>32,594</b>
<b>Fund balances carried forward</b>	<b>11,987</b>	<b>22,980</b>	<b>34,967</b>	<b>7,988</b>	<b>22,621</b>	<b>30,609</b>

All endowment funds are permanent endowments.

The restricted capital and endowment fund balances carried forward at 31 March 2017 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.

	<b>£000</b>
Value of assets representing the unapplied total return within endowment funds at 1 April 2016	2,716
Net increase in value during the year of the unapplied total return within endowment funds	3,247
Value of assets representing the unapplied total return within endowment funds at 31 March 2017	5,963

	2017 No.	2017 £000	2016 No.	2016 £000
<b>(b) Categorisation of restricted &amp; endowment funds</b>				
Fund balances				
- Educational purposes	3	2,997	3	2,620
- Project buildings	2	284	2	284
- Sea training	1	504	1	428
- General & other purposes	19	31,182	19	27,277
	25	34,967	25	30,609

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 (FRS102), as custodian Trustees, and with Charity Commission consent, these charities have been included as if they represent restricted funds of Barnardo's.

**Barnardo's**  
**Notes to the Accounts**  
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**24 Fund balances ( contd.)**

	Unrestricted £000 2017	Restricted & endowments £000 2017	Total £000 2017	Unrestricted £000 2016	Restricted & endowments £000 2016	Total £000 2016
<b>(c) Analysis of fund balances between group</b>						
net assets						
Fixed assets	41,049	174	41,222	41,714	174	41,887
Investments	49,445	29,064	78,509	41,834	25,083	66,917
Pension liability (note 13)	(137,700)	-	(137,700)	(114,900)	-	(114,900)
Net current assets	14,392	5,730	20,122	15,587	5,353	20,940
<b>Net assets</b>	<b>(32,814)</b>	<b>34,967</b>	<b>2,153</b>	<b>(15,765)</b>	<b>30,609</b>	<b>14,844</b>

	Unrestricted £000 2017	Restricted & endowments £000 2017	Total £000 2017	Unrestricted £000 2016	Restricted & endowments £000 2016	Total £000 2016
<b>(d) Analysis of fund balances between charity</b>						
net assets						
Fixed assets	41,049	174	41,222	41,714	174	41,888
Investments	48,649	29,064	77,712	41,834	25,083	66,917
Pension liability (note 13)	(137,700)	-	(137,700)	(114,900)	-	(114,900)
Net current assets	16,453	5,730	22,183	17,995	5,353	23,348
<b>Net assets</b>	<b>(31,549)</b>	<b>34,967</b>	<b>3,418</b>	<b>(13,356)</b>	<b>30,609</b>	<b>17,253</b>
Unrealised gains included in investments value	5,671	3,559	9,230	(2,466)	2,274	(193)

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

**25 Reconciliation of net income to net cash outflow from operating activities**

	2016 £000	2016 £000
Net income	11,709	4,467
Depreciation charge	5,132	4,733
Loss/(Gains) on investments	(11,361)	3,098
Profit on the sale of fixed assets	(6,132)	(7,933)
Net pension charges	(1,600)	(800)
(Increase) in debtors	(440)	(3,233)
Increase in creditors	2,271	876
(Increase)/Decrease in current asset investments	(831)	1,000
Investment income and interest	(2,695)	(2,497)
Increase in stock and work in progress	(438)	(2,119)
<b>Net cash used in operating activities</b>	<b>(4,386)</b>	<b>(2,408)</b>

**26 Related parties**

The following transactions took place between the Charity and its subsidiaries.

	2017 £000	2016 £000
The transfer under gift aid of the trading profits.		
Barnardo Services Limited	614	661
Barnardo Developments Limited	2,756	2,239
Barnardo Events Limited	375	175
Barnardo Trading Limited	1,205	907

Commission amounting to £0.7m was paid by the Charity to Barnardo Services Ltd (2016:£0.7m).

Payments made to the pension scheme by the Charity amounted to £6.3m (2016:£6.1m) of which £0.5m is outstanding as at 31 March 2017 (2016:£0.5m).

**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.

# **Gifts and grants received**

## **Funding from donations**

### **Corporate donations**

AF International, Aldi Stores Limited, Balfour Beatty plc, Bank of Ireland, BEKO plc, Bregal Investments LLP, Briggs Equipment UK, Build A Bear Workshop, Bullion Vault, Carillion plc, Citibank, Dunelm (Soft Furnishings) Ltd, Goldman Sachs, Greene & Co, Hallmark Cards, Hill Dickinson LLP, John Lewis Partnership, Land Securities Group PLC, Lotto Scotland Ltd, Network Rail, Next plc, Odgers Berndtson, Prestige Gifting Ltd, Promethean World plc, Renault, Robert W. Baird & Co, Santander UK plc, Screwfix Direct Ltd, Squire Patton Boggs, SurveyMonkey, Sweets for Life, Tesco Bank, The Travelers Companies, The Royal Bank of Scotland Group plc, Willis Towers Watson.

### **Charitable trusts, grants and foundations**

The Alice Ellen Cooper Dean Charitable Foundation: £10,000  
The Allan and Nesta Ferguson Charitable Settlement: £20,000  
The Atlantic Philanthropies: £269,000  
BBC Children in Need: £57,127  
Big Lottery Fund:  
    All Stars: £120,029  
    All Stars Shine £38,356  
    Barnardo's Building Better Opportunities: £136,390  
    BIG Manchester: £219,760  
    Breaking the Cycle: £257,364  
    Collective Impact project £2,740  
    Community Spaces: £60,956  
    Compass Aspire: £187,668  
    Eleri project: £91,100  
    Family Learning and Integration Hub: £134,792  
    Growing Up: £82,487  
    Highlands & Islands – Face2face: £14,859  
    Invisible Walls Accord: £149,655  
    Lancashire Building Better Opportunities: £59,381  
    London Hub and Spoke: £68,334  
    Nurturing Inverclyde: £114,000  
    Palmersville Training: £24,129  
    Parenting Matters: £2,500  
    Positive Destinations: £148,379

Project 84: £87,106  
 Realising Ambition Paths: £108,848  
 South Lakeland Families: £54,520  
 Spokes CSEFA Reaching Communities: £140,747  
 Talent Match – Bradford: £91,096  
 Talent Match – Lincolnshire: £37,437  
 Threads Connections: £117,370  
 U-turn £59,562  
 VAW – Advocacy Service – Dundee: £196,649  
 Barnardo's Weave: £117,270  
 Bill Brown's Charitable Settlement of 1989: £3,750  
 The Blagrave Trust: £91,300  
 Building and Civil Engineering Charitable Trust: £17,000  
 Choose Life Funding – Suicide Prevention: £2,167  
 City Bridge Trust: £67,000  
 Comic Relief: £43,144  
 David & Ruth Lewis Family Charitable Trust: £30,000  
 Early Years — the organisation for young children: £43,487  
 The Edith Murphy Foundation: £10,000  
 Elara Foundation: £5,000  
 Eveson Charitable Trust: £12,000  
 The Francis and Mollie Collins Trust: £7,333  
 The Gannochy Trust: £18,000  
 Garfield Weston Foundation: £250,000  
 The Gwyneth Forrester Trust: £40,000  
 Hemraj Goyal Foundation: £11,600  
 Ivy & Jane Charitable Trust Fund  
 The Sir John Fisher Foundation: £20,000  
 John James Bristol Foundation: £30,000  
 The Jones 1986 Charitable Trust: £10,000  
 Katherine Martin Charitable Trust: £135,000  
 KPMG Foundation: £558,837  
 Littlefield Foundation: £8,025  
 Lloyds TSB Foundation - East Ayrshire Families: £46,285  
 Lloyds TSB Foundation - £72,109  
 Lloyds TSB Foundation - Hopscotch: £71,163  
 Miss E A Pemberton-Barnes Will Trust: £22,981  
 R S MacDonald Charitable Trust: £10,000  
 The McLain 8 Strands Foundation Ltd: £25,000  
 The Patron's Fund: £2,000  
 People's Postcode Trust: £50,000  
 The Peter Harrison Foundation: £15,000  
 The Robertson Trust: £42,000  
 The Rothley Trust: £1,500

The Samworth Foundation: £35,000  
The Shanly Foundation: £10,000  
STV Charitable Trust – CHIP: £38,840  
Springboard: £14,234  
The Swire Family Charitable Trust: £10,000  
Tom Parrington's Will Trust - £50  
Trust for London: £67,350  
The Virgin Money Foundation: - £39,695  
William Belmer Rush Foundation - £17,866  
William Brake Charitable Trust: £5,000

## **Funding from statutory authorities**

### **Cymru/Wales**

South Wales Police: £201,138  
Welsh Government: £632,347

### **England**

#### **Department for Education**

FGM Centre: £848,544

#### **Home Office**

Child Trafficking Advocacy: £116,006  
Cedars: £1,192,018  
Centre of Expertise on Child Sexual Abuse: £958,856

#### **Wiltshire Council**

Short Breaks: £215,479  
Children's Centres, Calne & Corsham: £82,073

### **Northern Ireland**

Belfast Health and Social Care Trust: £2,207,096  
Department for the Economy European Social Fund: £366,730  
DE (Through HCSB): £804,866  
Department of Education: £23,284  
Department of Justice: £50,000  
Health and Social Care Board: £1,180,748  
Northern Ireland Housing Executive: £298,588  
Northern Ireland Prison Service: £109,288  
Office of the First Minister and Deputy First Minister: £7,745  
Public Health Agency: £824,511  
Southern Health and Social Care Trust: £1,122,420  
Victims and Survivors Service: £105,384  
Western Health and Social Care Trust: £188,687



## **Scotland**

Better Breaks: £28,756

### **Central Scottish Government**

ASD - Caern - BIBBS: £66,952

Cashback for Communities: £2,550

SG Here and Now: £63,800

White Flowers Alba: £959

HMP Edinburgh Visitors Centre: £55,450

Clackmannanshire Council - Youth Substance Service: £67,027

### **Falkirk Council**

Alcohol & Drug Partnership: £72,116

Axi Falkirk: £105,405

Cluaran: £345,297

Education & Family Support Services: £253,644

Oxgang Family support Service: £182,727

### **Highland Council**

Springboard: £374,505

Northern Lights: £732,553

Inverclyde Council - Inverclyde Family Support Team £164,763

Lothian Health Trust: £22,000

NHS Forth Valley Partners: £10,326

NHS Forth Valley – Stirling & Clacks Services: £73,250

Scottish Prison Service: £187,407

Shared Care Scotland - Creative Breaks: £2,761

Stirling & Clackmannanshire Alcohol & Drug Partnership: £35,424

## **Philanthropy Network**

### **Platinum Patron**

Moondance Foundation

### **Patron**

Philip S Gower Charitable Trust

### **Pioneer**

BlueBay Asset Management

Mr & Mrs Jonathan and Jane Clarke

The Waterloo Foundation

### **Friend**

Mr & Mrs Brian and Clare Linden

Mr Gerald Voisin

Mr & Mrs Giles and Caroline Wilkes

Ms Beverley Lacey & Mr David Banks - Lacey Advocates

Mr & Mrs Paul & Pam Bell

**Long-standing supporters, thanking:**

Lois Dunlop - in memory of

Mary Monckton– Chair of Appeals Advisory Board

Liz Singer – Former chair of the Appeals Advisory Board

**Pro Bono Support**

Barnardo's would like to thank the following firms and practitioners for their pro bono work over the course of the financial year

Andrew Short QC

Covington & Burling LLP

DLA Piper UK LLP

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Freshfields Bruckhaus Deringer

Hunton & Williams LLP

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Weil, Gotshal & Manges (London) LLP

## **Board of Trustees and officers**

### **Patron and President**

HRH The Duchess of Cornwall

### **Vice Presidents**

Dr David Barnardo, OBE

Mr John Bartle, CBE

Baroness Benjamin, OBE, DL

Mrs Susan Bernerd, MBE

Ms Cherie Booth QC (Honorary)

Mr David Cathie

Rev. Joel Edwards

Ms Rosemary Jones

Lord Loomba, CBE

Mr Bruce Oldfield, OBE

Mr Philip Taylor

### **Trustees** (year of first appointment)

Ms Jennifer Achiro (February 2017)

Mr John Bartlett (2014)

Mr Neil Braithwaite (2011) – Honorary Treasurer

Mr Hugh Burkitt (2009)

Ms Alexis Cleveland (2011)

Mr Tony Cohen (2011) – Chair

Lady Amanda Ellingworth (2009) Deputy Chair

Mr Stephen Goldman (2016)

Ms Zoe Harris (February 2017)

Mr Dennis Hone (February 2017)

Mr Darra Singh (2016)

Mr Colin Walsh (2014)

Ms Eleanor Williams (2008)

### **Chief Executive\***

Javed Khan

### **Corporate Director Strategy and Performance\***

Adam Pemberton

### **Corporate Director Children's Services (England)\***

Sam Monaghan

### **Corporate Director Children's Services (Celtic Nations)\***

Martin Crewe

### **Corporate Director Income and Innovation\***

Louise Parkes

### **Corporate Director Finance and Resources\***

Richard Moore (appointed January 2017)

### **Company Secretary**

Marie Livingstone

\*Member of Corporate Leadership Team

## **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