

Barnardo's

Registered Charity 216250 and SC037605

Annual Report and Accounts 2020

BARNARDO'S

YEAR ENDED 31 MARCH 2020

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1. Introduction

Chair's Introduction

During my first full year as Barnardo's Chair of Trustees, I am proud to say that the charity continued to perform well.

I am confident that the progress we have made with our ambitious 10 year Corporate Strategy has placed us in a strong position to meet the unique challenges of the Covid-19 pandemic.

A number of steps the charity had already taken, including embracing digital technology and strategic partnerships, helped us prepare for the new reality.

Throughout 2019-20 Barnardo's continued to focus on meeting the needs of vulnerable children, including our delivery of targeted support aimed at delivering transformative change in children's lives.

There continued to be prudent financial management during the year, meaning that we entered into the lockdown, and the unprecedented crisis, with a healthy level of reserves. This allowed our pandemic response to move swiftly from being reactive to being proactive, focussing on the needs of the children and their families now, and in the future. This is in line with our Corporate Strategy goal of improving the lives of UK children through the three strategic aims - stronger families, safer childhoods and positive futures. There is no doubt, however, that the sudden loss of income as a result of the closure of our shops, and the reduction in fundraising activities, will result in a considerable challenge over the coming years to ensure we can continue to provide vital services for vulnerable children. The Board fully supports the approach taken by our Chief Executive and his Executive team in addressing this.

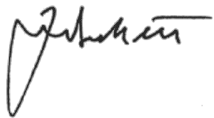
During the year we said farewell to two trustees, Amanda Ellingworth and Alexis Cleveland whom we thank for making a significant contribution to the development of Barnardo's during their tenure. We also welcomed three new Trustees, Neil Crockett, Penny Thompson and Raj Verma, whose appointment was confirmed at the AGM in 2019. Four further trustees, Anne-Cécile Berthier, Matt Davies, Briony Ladbury and Mark Waddington have been appointed since, with a further two appointments, Avis Darzins and Meredith Hunter being effective from December 2020 strengthening our depth of experience in areas such as digital, commissioning, human resources, fundraising, finance, retail and the health sector. Succession planning for the Board continues to ensure the Trustees have the skills required to continue the work of the Charity over the coming years.

The challenges presented by the pandemic have brought out the best in our colleagues, who are working to help vulnerable children and their families in their hour of need. This includes volunteers who have continued to support our services, such as by delivering food parcels and other emergency aid. The whole Board is extremely proud of their response to the crisis, and their enduring commitment to the charity's values.

As we move beyond the crisis, I am confident that we are in a strong position to adapt to meet the changing needs of vulnerable children and young people, and to navigate the uncertain external environment.

I'm delighted that in April this year The Barnardo's Foundation became operational, which is a new department of the charity that will help us ensure our funds are used strategically, where they can have the most impact, and providing a new level of transparency for donors and other stakeholders. It will be even more important in the coming months and years that we redouble our fundraising efforts, and think creatively about how we generate vital resources. I was also very pleased to see the launch of our corporate university, The BU, which will ensure that our people have the very best learning opportunities from across Barnardo's and beyond.

In challenging and uncertain times, Barnardo's role is more important than ever. At a time of increased pressure on statutory services, we will continue to play a vital role in supporting children and their families to stay safe and to achieve positive outcomes.

A handwritten signature in black ink, appearing to read 'John Bartlett', with a stylized, cursive script.

John Bartlett
Chair of Trustees

Chief Executive's Introduction

When we look back on 2019-20, it is hard to see past the seismic events that started to unfold just as the financial year came to an end. We know that the pandemic and necessary response has changed the world around us forever.

This report mostly reflects Barnardo's work before Covid-19. For the majority of the year, we were continuing to work face to face with many thousands of vulnerable children, young people and families, and to bring in vital income through our c. 700 retail stores. However, in several areas, our direction of travel set before the crisis, has become even more important in the following months - including embracing digital-first approaches to service delivery, and our focus on maximising the efficiency and effectiveness of our support functions.

Throughout this period the charity continued to thrive. In 2019-20 we worked with an estimated 360,000 children, young people, parents and carers¹, across more than 800 services², thanks to the amazing work of 7,822 fantastic paid colleagues. In 2019, a new digital management system was introduced for our volunteers, which shows we had around 14,000 volunteers a month³.

We have continued to invest our voluntary funds where they have the greatest impact - focusing on long-term, sustainable change for children and families - not sticking-plaster solutions. To this end, we finalised plans last year for The Barnardo's Foundation, which became operational in April 2020.

In February, I was delighted to welcome our Royal Patron, HRH The Duchess of Cornwall to North London, where she met children with experience of sexual abuse and exploitation, as well as the fantastic frontline workers who support them through our TIGER services.

We were also fortunate to have regular support from our President Natasha Kaplinsky OBE, who regularly met children, young people and frontline colleagues in services across the country, as well as speaking at fundraising events.

Despite the continued focus on Brexit and a General Election, we were able to raise awareness of the most serious challenges facing children and young people, including the crisis facing children's mental health. During this year, we continued to put children's voices and experience at the heart of everything we do, and to raise the public and media profile of vital issues.

We held The Barnardo's Annual Lecture in July 2019, delivered by Rt Hon Matt Hancock MP, Secretary of State for Health and Social Care and our Annual Reception at the autumn Party Conferences, addressed by Rt Hon Gavin Williamson MP, Secretary of State for Education.

Even before Coronavirus, the world was changing fast, which means Barnardo's has to change too so we can continue to transform children's lives and the system around them, for the better. To this end, in 2019-20 we made progress in implementing the refresh of our Corporate Strategy - establishing a new Children's Services Directorate focused on

¹ Based on the latest estimate. At the time of drafting not all the relevant data is available. Additionally, some 160,000 of these are in Essex, where the data does not allow us to delineate between those we support directly and those supported through Virgin Care.

² Careful work is still ongoing to assess how many services there were at the end of 19/20. The current estimate suggests 816 compared with 1037 reported in 2018-19. We believe the reduction is largely due to a) service closures not being recorded on the system before 2019/20, when there was a drive to make sure the system was fully up to date; and b) services including children's centres historically being recorded on the system as multiple services, where they are now recorded as just one service.

³ The system recorded 14,208 volunteers: 1,920 in Children's Services; 12,265 in Retail; 23 in Offices.

'Development and Innovation' and moving towards streamlining our business services functions.

We also made strides in our ambition to become a more digital, diverse and learning organisation. We embraced digital technology in all aspects of our work, a process which has been accelerated since the pandemic. We continued to make our recruitment systems more accessible and launched a new equality, diversity and inclusion campaign - no ifs, no buts, no excuses. Unusually amongst large organisations, we have now also achieved a gender-balanced Corporate Leadership Team.

I'm especially proud that we launched The BU - Barnardo's corporate university in September. This has already offered fantastic learning opportunities for our colleagues, which will be rolled out to volunteers and young people too.

Finally, in these extraordinary times, I am especially grateful for the wisdom, support and advice of all of our Trustees, superbly led by the Chair, John Bartlett, and for the tremendous leadership of my Executive team.

Although we are operating in a uniquely challenging environment, I am confident that we are coming from a position of strength. We know the world will not go backwards, so instead of preparing for 'recovery', we are working towards 'resurgence'. With the expertise of our colleagues and the commitment of our volunteers, with help from our partners and the generosity of the British public, I am confident we will continue to support vulnerable children and young people, as long as they need us.

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

Javed Khan
Chief Executive

2. Report of the Board of Trustees

Included in the report of the Board of Trustees is the Strategic Report and the Directors' Report.

Progress against our Corporate Strategy

Context

In our 2016-2025 Corporate Strategy, we set out our goal to achieve better outcomes for more children, building on our achievements over more than 150 years. We will do this by creating stronger families, safer childhoods and positive futures.

Beyond this we want to achieve long-term, meaningful change for vulnerable children. This means that wherever possible, we want to step in early and prevent challenges from occurring in the first place - tackling the causes as well as the symptoms.

Central to this ambition is working in partnership with national and local government, agencies and other charities, to change children's lives and the systems around them for the better.

Progress last year

Last year we helped improve the lives of 359,000 children and young people, parents and carers through more than 800 services, many commissioned by partners, thanks to the work of 7,822 colleagues. We operate c.700 retail shops, and we are able to draw on a highly motivated and dedicated army of around 14,000 volunteers who support our vital work. We supported:

- 81,200 people through one-to-one support
- 100,800 through Barnardo's children's centres and family hubs
- 45,100 through our school-based programmes
- 131,800 through our partnership with Essex County Council

For further detail please see our Impact Report.

In 2019/20 we continued to focus our work and the investment of our voluntary funds in services for children in and leaving care, those vulnerable to and affected by abuse and exploitation and those who need support with their mental health.

We have continued to do this directly through our services, and by influencing Government, local authorities and frontline workers so that the most vulnerable, the newly vulnerable and the 'hidden' vulnerable are recognised, heard and have their needs addressed. We have also used our voice in the media to raise awareness of urgent challenges facing vulnerable children, including knife crime, sexual exploitation, online harm, domestic abuse and mental health.

When the pandemic began in March 2020 we acted decisively, adapting our services to continue supporting vulnerable children; launching our Coronavirus Crisis Campaign to raise urgent funds; and speaking out in the media as a leading voice for the charity sector.

As a 'learning organisation', we will now seize on opportunities presented by the experience of the Covid-19 crisis to embrace new, innovative forms of delivery and to improve our efficiency and effectiveness, by embracing digital ways of working across every area of the charity.

Moving beyond the pandemic, we will continue to focus on growing our net fundraising and retail income, by broadening our supporter base and ensuring we pursue new commercial opportunities.

We are proud that we have helped so many vulnerable children and young people before and during the pandemic, and we will go on to help many more in the future.

Plans for future periods

During 2020-2023 Barnardo's will focus on bringing our annual expenditure in line with our income by focusing on our core activities. As a result of the financial challenge resulting from the impact of COVID-19, we will base this on three key objectives:

1. Focus our resources on our core mission - supporting vulnerable children and young people through our frontline services.
2. Generate as much net income as we can, to invest in our vital services.
3. Work with partners to improve the system surrounding vulnerable children and young people.

In effect this will involve cost reductions especially in our support functions, so we can maximise the funds available for the front line. This will make us a leaner, more efficient charity, but will ensure we remain focused on our core aim to achieve better outcomes for more children.

Corporate Strategy Refresh

In 2019, we published a 'Refresh' of our 10 Year Corporate Strategy, which focused on six key commitments. In light of Covid-19, these remain even more critical than ever, in order for us to achieve better outcomes for more children.

1. We will understand and build on the experiences of children and young people, using our scale, knowledge and expertise to drive systems change within governments, public services and society as a whole.
2. We will drive change that prevents harm and delivers long-term sustainable impact for children and young people, working with partners across agencies, communities and volunteers – including in the rapidly changing health and social care sector.
3. We will invest our voluntary funds in programmes that demonstrate impact and rise to the challenges and opportunities faced by vulnerable children and young people now, and in the future.
4. We will further grow our net fundraising and retail income, including broadening our supporter base and ensuring we pursue innovative opportunities.
5. We will increase our efficiency and effectiveness alongside our journey to become a genuinely digital, diverse and learning organisation.
6. We will engage, develop and retain our most precious resource – Barnardo's colleagues both paid and unpaid – in delivery of the charity's mission.

Digital, Diverse and Learning

The three 'enablers' in our Corporate Strategy remain absolutely central to Barnardo's work.

Digital

During this year we have developed our digital capability to drive innovation in children's services. This includes developing new products and services for vulnerable children and young people, working in collaboration with practitioners, commissioners, and other external partners, and giving young people themselves a central role in the design process.

We are also transforming our use of data, so that we can work more closely with NHS partners and allow us to share data effectively in a way that benefits children and young people.

At the same time we are in the process of a 'technology transformation', which is more vital than ever in the post-Covid-19 landscape, which will improve our 'virtual working' capability where it's needed, and reduce the administrative burden on our frontline colleagues.

Digital tools are also helping us work more collaboratively across the charity - sharing expertise so that we can learn from each other in 'real time'.

Diverse

Our commitment to Equality, Diversity and Inclusion (EDI) is at the heart of everything we do, and like many organisations we are on a journey.

We ran an internal communications campaign this year - 'no ifs, no buts, no excuses' to make clear that this is a clear expectation of all colleagues.

We have made good progress in increasing the proportion of service users whose ethnicity, disability status, or sexual orientation are known to us. As of the end of 2019-20, we had data on 94.7% of service users' ethnicity, 92.1% of service users' disability and 36% for sexual orientation.

All major decisions taken by the charity have to undergo an Equality Impact Assessment (EIA), to avoid the risk of inadvertent discrimination or disadvantage towards particular groups. In 2019-20, we undertook 47 EIA screenings and completed 3 full EIAs.

After an intentional drive to increase diversity at the most senior levels of the charity, our Corporate Leadership Team now consists of three women and two men, reporting to a BAME male CEO. In our wider Corporate Leadership Group, 43% are women and 17% are BAME.

Having been accredited as a Level 2 [Disability Confident Employer](#) in 2018, demonstrating our continued commitment to disability equality, we are currently working to achieve Level 3.

Learning

In October 2019 we launched Barnardo's corporate university, The BU. In addition to providing training and resources, The BU is driving a culture of learning in every part of the charity - for colleagues, volunteers and service users. We have 2,465 colleagues enrolled in The BU.

The BU also facilitates progression, including for female and minority colleagues, through programmes such as Emerging Leaders and Reciprocal Mentoring.

We are also fortunate to be working in partnership with external organisations such as Rolls Royce and the University of Salford, sharing expertise across sectors.

During Covid-19, The BU has allowed us to capture learning and adapt to the fast-changing environment, as well as supporting the mental health and wellbeing of our colleagues, in line with our commitment to being a 'trauma-responsive organisation'.

Working with volunteers

Volunteers play a crucial role in our work in our retail shops and frontline services.

In 2019/20 we had around 14,000 volunteers every month, giving us a total of 2,224,251 hours in donated time. In a satisfaction survey in 2019, 87% of volunteers said they received support and encouragement from colleagues and 85% said they felt they made a difference by volunteering with Barnardos.

Our volunteers benefit from learning new skills, gaining qualifications and gaining the confidence to move onto paid employment. Job-seeking volunteers regularly report that giving their time at a Barnardo's retail shop helps improve self-esteem, communication skills, team-working, problem-solving, organisational skills, and numeracy.

This year we launched a new pilot offering care leavers work experience opportunities in our stores. This is specially designed to help these vulnerable young people prepare for positive destinations.

During the Covid-19 pandemic around 25% of our children's services volunteers continued supporting us, including by delivering food, medicines and supporting the vulnerable. Volunteers also took part in vital fundraising activities.

Activities in Scotland

Barnardo's is registered with OSCR (Office of the Scottish Charity Regulator) and has a National Advisory Board to provide advice and guidance on all aspects of our activities in Scotland. Barnardo's provides more than 130 community based services throughout Scotland working with over 13,000 vulnerable children, young people, parents and carers.

Financial Review

Overall financial health

Before March 2020, when the likely impact of Covid-19 first became clear, 2019/20 was looking like another very successful year for the charity in financial terms. Although overall we still delivered well over the year, our trading income declined significantly in March with the reduction in footfall on the high street and with the closure of our retail stores on the 23rd of that month. Our income from legacies and fundraising were also affected in the last few weeks of the financial year.

Throughout the year we worked hard to generate income and to grow our voluntary income in particular, in order to support our charitable activities and in line with the priorities outlined in our Corporate Strategy.

Looking forward, the public sector funding environment is now expected to remain challenging for the foreseeable future, and there is significant uncertainty in the economic outlook, which is likely to affect our fundraising and retail income. Much of this will depend on

the trajectory of the pandemic and the shape of the economic recovery. Barnardo's will monitor the environment closely and will re-double its efforts to use resources in the most effective way possible for the benefit of beneficiaries and stakeholders.

Results for 2019-20

As a result of the impact of Covid-19, our total income and endowments reduced slightly this year to £296.5m (2019: £306.0m) as shown in the Statement of Financial Activities on page 30. The decrease includes £4.0m from a reduction in donations and legacies; £3.3m from reduced development and sale of properties; and £3.2m from reduced retail and other income. This was offset by a small increase in fees and grants for delivering children's services and a small increase in income from investments.

Overall, as a result, our net income available for charitable activities decreased from £226.8m in 2019 to £219.3m. Consequently, there was a small decrease in expenditure on charitable activities, inclusive of governance costs, of £2.2m to £214.6m (2019: £216.8m). After pension finance costs of £6.1m (2019: £9.9m), our total charitable expenditure came to £220.7m (2019: £226.7).

Allowing for net losses (largely Covid-19 related) on investments totalling £4.2m (2019: gain of £3.0m), the resulting net loss/deficit for the year was £5.6m (2019: surplus £3.1m).

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 stopped the further accrual of benefits to existing members in April 2013. The Financial Reporting Standard (FRS) 102 position at 31 March 2020 shows a deficit of £117.6m (2019: £142.2m). The reduced future growth in pension payments due to proposed changes in the calculation of the RPI rate have had a significant impact on the calculation of the defined benefit obligation this year.

The assumptions used for calculating these FRS102 pension disclosures are necessarily different from those used for the last triennial valuation, which is carried out separately by the Trustees of the Barnardo's Staff Pension Scheme. At 31 March 2018, on the ongoing valuation basis for their last triennial valuation, the deficit disclosed was £185m and the funding level was 78%. The difference between the last triennial actuarial valuation and the FRS 102 valuations demonstrates the volatility in calculating long term pension liabilities. Neither calculation is right or wrong. They are both snapshots of the situation at a particular moment in time and highly sensitive to changes in financial market factors. They also highlight the difference between the more conservative assumptions used for the triennial valuation and the 'best estimate' assumptions used for the FRS 102 calculations. The FRS valuation uses lower inflation and higher interest/discount rate assumptions and both of these lead to a lower calculation of pension liabilities.

It is the on-going 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 2018 triennial valuation.

In respect of the deficit in the Scheme, Barnardo's has agreed to pay £10.7m for 19 years from 1 April 2018. Barnardo's therefore expects to pay £10.7m to the Scheme during the accounting year beginning 1 April 2020. 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 see the pension scheme deficit as a long-term liability, where the payments required by the pension plan will need to be met from forecast future cash flows. Supporting this is the implementation of an agreed investment strategy with the Pension Scheme Trustees, allowing for a lower risk asset portfolio but one which still retains potential for growth.

Reserves and the position at the end of the year

Reserves are represented by the fund balances in the Balance Sheet on page 31.

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 Covid-19 crisis has been the perfect example of the need for reserves.

The Balance Sheet shows a net asset position of £16.4m after taking into account the pension liability and also shows unrestricted reserves (reserves that do not carry any restrictions on how they can be used) of £97.9m (2018: £106.8m). In carrying out our assessment of reserves, we look at reserves prior to taking pension liabilities into account, referred to as free reserves. In assessing our level of free reserves we also exclude the fixed asset fund of £34.5m (2019: £38.3m) because this cannot quickly be realised. We do, however, include the working capital fund of £14.3m (2019: £17.0m) as no restrictions apply to this fund. After excluding the fixed assets fund, this leaves free reserves at £63.5m (2019: £68.5m) as at the 31 March 2020.

The Board of Trustees assesses the risks Barnardo's could be exposed to and the appropriate level of reserves that we should maintain. A recent review of our free reserves (funds that are freely available to be used for our general charitable purposes), based on the financial position at 31 March 2020, set a target range of £44.3m to £59.1m. Significant financial uncertainties remain including those caused by Brexit, risks associated with our pension deficit and the economic outlook resulting from the Covid-19 crisis. At 31 March 2020 the level of free reserves was outside of the target range, however, it is expected to move back within range by the end of the next financial year. It is anticipated that the challenges arising from Covid-19 will place significant pressure on reserves as the new financial year progresses. However, the healthy reserves position going into the crisis will help to ensure Barnardo's remains a going concern.

Our unrestricted reserves assessment also takes no account of the £36.1m (2019: £37.4m) 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. Barnardo's is committed to ethical investments. The equities funds do not invest in arms manufacturers, companies who receive more than 10% of revenues from tobacco or pornography, or do not comply with World

Health Organisation guidelines on breast milk substitutes. In the year to 31 March 2020, our unrestricted investments held with Blackrock Investment Management (UK) Limited delivered a negative return of -5.0% (2019: positive return of 8.9%). The Blackrock investment performance is benchmarked against the weighted average of three tracker indexes over a rolling five-year period and our target is to outperform this benchmark by 0.75% per annum, we exceeded this benchmark by 1.08% for the year. Ruffer LLP delivered a return of 6.2% (2019: negative return of -1.5%). Ruffer's overall objective is firstly to preserve client's capital over rolling twelve month periods, and secondly to grow the portfolio at a higher rate (after fees) than could reasonably be expected from alternative of depositing the cash value of the Portfolio in a reputable United Kingdom bank. This benchmark was met for the year. The performance of our investment managers is monitored on a regular basis by our Finance Committee, through quarterly reporting and discussion directly with representatives.

In the light of the fluctuations caused by Covid-19, investment values have been volatile. Since 31 March the investments prices have increased by 7.9%. Barnardo's used this opportunity to withdraw £11.5m to improve the cash position. Including this reduction, the value of investments at 31 May was £71.8m. A further £3.5m was withdrawn in June 2020.

The restricted capital and endowment fund balances are carried forward on 31 March 2020. 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 2020 value. The unapplied return is the difference between the 2020 value and the market value of funds as at 31 March 2020. The annual change is included in the net gains or losses on investments. Further details can be seen in note 24 (a) and (b).

Funds held as custodian trustee on behalf of others

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

Commercial activities

In total, the financial activities of Barnardo's subsidiaries generated net income of £2.0m (2019: £2.1m) during the year. The net income from each subsidiary is gift aided to Barnardo's. The trading subsidiary companies' activities are summarised in note 3 to the accounts.

Barnardo Trading Limited generated a profit of £1.6m (2019: £1.7m) 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 £13.5m (2019: £15.8m). The decreased profitability is mostly due to Covid-19 reducing footfall in the last quarter and the eventual closure of our stores on 23rd March. Other minor factors include adverse weather in November, uncertainty around Brexit and increased staff costs.

Barnardo Developments Limited's principal activity is the development and sale of properties surplus to Barnardo's operational requirements. The company generated a loss of £299k during the year (2019: £23k profit). This reduction is due to much lower activity in 2020 and the write-down of an investment property carrying value.

Barnardo Events Limited raises sponsorship and runs special events to generate funds for Barnardo's. The company generated a profit of £360k during the year (2019: £150k).

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 £447k during the year (2019: £489k).

Adoptionplus Limited offers adoption placement and specialist therapy services. The company generated a loss of £50k for the year (2019: loss of £220k).

Principal risks and uncertainties

The principal uncertainty currently facing the organisation is the impact of the ongoing global Covid-19 outbreak. The trustees and executive team continue to monitor the outbreak, including UK Government advice, and acknowledge that the organisation faces a prolonged period of uncertainty. While the evolving nature of the situation means it is not possible to accurately quantify the financial impact, the organisation is in a good financial position to help manage this risk. Steps are being taken, on an ongoing basis, to minimise the impact on the charity's activities and the effect this may have on the organisation's supporters and beneficiaries. Infrastructure is in place to allow staff to work remotely and our key priority is to ensure, as far as possible, that our services are still available when needed.

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

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

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

- A risk escalation protocol is established, to identify risks at directorate and regional level and ensure that, where applicable, these are included in the 'Corporate Risk Register' which is subject to regular Corporate Leadership Team and Trustee (Audit and Risk Committee) review.
- The Audit and Risk Committee approves the annual risk-based internal audit and inspection plan and reviews regular audit reports on internal controls and risk management across the charity and its subsidiaries.
- A quarterly 'horizon-scanning' exercise is performed by the Corporate Leadership Team, with input from leaders across Barnardo's, to identify upcoming risks and

opportunities in the external environment that could have a material impact on our strategy. Owners are assigned to the changes considered most important, to ensure impact is monitored and the risks and opportunities for Barnardo's are appropriately managed.

- A framework of delegated authority is established, with detailed procedures setting out the governance and decision-making process for key corporate decisions.
- A whistleblowing policy is in place, which is communicated to and accessible by all Barnardo's employees and volunteers. During 2018/19, Barnardo's introduced an outsourced, independent whistleblowing hotline and web-based service designed to give employees and volunteers further confidence to raise any concerns they may have. All whistleblowing cases are subject to independent review, and investigation. Statistics and themes are reported to the Audit and Risk Committee at each meeting in summary, and annually in detail.

Barnardo's continues to review its risk management framework and the associated process and activities, and will seek opportunities to strengthen these including through refinement of its risk appetite framework and through assurance mapping. During 2019/20 we re-organised the reporting line of our Risk and Compliance team; they are now a part of our newly established Audit and Assurance team - which was formed by coming together with our audit, inspection and independent safeguarding teams. This will provide the foundation to continue the embedding of our Risk Management Policy and enable greater momentum.

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

Risk	Risk Management
<p>Financial performance and sustainability</p> <p>Significant reduction in statutory funding for children's services and/or reduction in income from fundraising and retail due to the economic conditions and competitor actions. This risks undermining the ability to meet the needs of service users and to achieve strategic objectives.</p>	<ul style="list-style-type: none"> • Since the outbreak of the Covid-19 crisis even greater attention has been applied to this risk with increased mitigations put in place, for example: <ul style="list-style-type: none"> ◦ Daily and weekly cash flow forecasting. ◦ Sensitivity analysis and stress-testing of short-to-medium term scenario plans. ◦ Additional levels of approval for payments, and expenditure. • Holding of a significant value of reserves and a regular review of these to ensure they remain within the target range set by the Finance Committee. • Annual budget setting process, including review and challenge from senior management and Trustees. • Sensitivity analysis on income and expenditure streams and contingency planning. • Regular review and scrutiny of financial performance (short and medium term) by senior management and Trustees through the Finance Committee. • Delegated approvals process, ensuring Trustee review and scrutiny of material income and expenditure contracts and transactions.
<p>Safeguarding children and</p>	<ul style="list-style-type: none"> • All employees and volunteers are required to sign the Barnardo's safeguarding code of conduct and

<p>young people</p> <p>Inadequate or ineffective safeguarding policy or practice resulting in, or contributing to, serious harm or injury to a child or a young person represents Barnardo's most critical risk. Barnardo's gives its full attention to every child and young person, and never turns away complex cases. By virtue of this strategy of working with some of the most vulnerable children and young people in society there are significant challenges to making them safer and that this increases the level of inherent risk.</p>	<p>mandatory safeguarding training for all employees and volunteers.</p> <ul style="list-style-type: none"> • Additional mandatory safeguarding training for all employees working directly with children and young people. • Barnardo's-wide safeguarding policy, available to all employees and volunteers. • Formal governance and reporting structures have been established including regular meetings of all Safeguarding Leads across all departments chaired by the Head of Corporate Safeguarding; Local Safeguarding Forums; and, regular meetings between the executive-level Safeguarding Lead, Head of Corporate Safeguarding and the Safeguarding Link Trustee. • Clear safeguarding reporting mechanisms, including Safeguarding Leads in all departments and regions. • Clear escalation protocol for all relevant incidents to the Head of Corporate Safeguarding, executive-level Safeguarding Lead and Audit and Risk Committee. • Reviews of serious cases and lessons learned implemented in a timely manner. • Regular independent reviews of safeguarding practices across Barnardo's, performed by safeguarding specialists, with any required improvements implemented in a timely manner.
<p>Pension Liabilities</p> <p>Defined benefit pension scheme deficit increases due to actuarial valuations. Requirement to make additional use of Barnardo's funds, adversely impacting on growth and investment plans.</p>	<ul style="list-style-type: none"> • Agreement of an affordable long-term recovery plan with the Scheme Trustees. • Ongoing monitoring and review (including annual desk-based valuations) of Scheme liabilities and reporting to Trustees. • Ongoing relationship with the Scheme Trustees. • Review and monitoring of the Scheme investment strategy and returns.
<p>Information Security and Data Protection</p> <p>Serious data protection or security failure, including cyber-attacks, resulting in legal and contractual issues, reputational damage and potential fines and loss of income.</p>	<ul style="list-style-type: none"> • Since the outbreak of the Covid-19 crisis our colleagues have had to adapt ways of working, and primarily work away from their normal locations and in different ways. We have provided guidance, and updates procedures to facilitate new ways of working to ensure that information stays secure. • Governance structures in place to manage data protection overseen by the Data Protection Officer (DPO). • Information governance and data protection policy framework established with policies available to all employees and volunteers. • Data protection included as part of mandatory training

	<p>and induction for all employees and volunteers, with compliance monitored and reported.</p> <ul style="list-style-type: none"> • Regular Data Protection Group meetings with Data Protection Managers from across Barnardo's, chaired by Barnardo's DPO, reviews key issues including data protection breaches and 'near misses' and reviews implementation of any resulting lessons learned. • We had 256 reported breaches but only one needed to be escalated to the ICO and that was closed without a need for further action. • Barnardo's Digital and Technology department has ISO27001 information security standard certification. • Routine external penetration testing of IT systems to identify any security weaknesses. • Regular review of external organisation cyber-attacks and applying lessons learned to Barnardo's systems.
<p>Change and innovation management</p> <p>As Barnardo's continues to build on its history of designing and implementing better ways to support children and young people it is investing in a number of change and innovation programmes. These bring opportunities but also a number of risks including those relating to maintaining existing service delivery and quality, management capacity, employee morale and non-realisation of benefits.</p>	<ul style="list-style-type: none"> • Formal governance structures have been established including a Corporate Programmes Board, chaired at executive-level, which oversees the progress of major projects. • Regular reporting to the Corporate Programmes Board from each of the relevant projects and onwards reporting to Trustees. • Appointment of a Director of Change Programme to oversee elements of the Change Programmes. • Individuals with relevant skills and expertise are assigned to relevant projects with this being subject to ongoing review. • Integration of Change Programmes into the wider charity budgeting process and ongoing monitoring of the financial position and progress of projects. • Regular communication and engagement with employees on the progress of the Change Programmes.

Going concern

The impact of the recent Covid-19 outbreak and its financial effect has meant that the Executive Team and Trustees have been regularly reviewing financial plans for the financial year to March 2021 and for the following two years to March 2023, to ensure Barnardo's can continue its business-critical activities and remain a going concern.

The Government's decisions on social distancing are not known and are out of our control but they are expected to significantly affect Barnardo's financial situation, causing an estimated £50m reduction in total income in 2020/21. This is across all areas, with much of the decrease due to the closure of shops on 23rd March. This has also affected legacies as we see falls in investments, property prices and a delay in the administration of wills. We also expect to see a reduction in fundraising income, through event delays and cancellations and a reduction in face to face fundraising. In addition, the value of Barnardo's investments has also fallen, with a loss of around £4.2m by the end of March 2020.

The Trustees have, therefore, decided to carry out a range of cost reductions to mitigate this impact. Some are as a result of the need for social distancing, where events have been postponed, but others result from a need to reduce costs and we are having to concentrate on business-critical activities. This includes the furlough of staff who are not involved in business-critical work, the removal of the 2020 pay award and some capital expenditure. This work is ongoing but could allow savings of around £4.4m in 2020. Processes have been put in place to manage cash flow on a weekly basis and review financial stability as matters progress.

Given the strength of the balance sheet and availability and liquidity of unrestricted investments, totalling £49.2m (at 31 March 2020), the trustees believe that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the charity's ability to continue as a going concern. The trustees, therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

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

- (i) To promote the care, safety and upbringing of children and young people by:
 - a) supporting and assisting those in need along with their families and carers;
 - b) promoting their health; and
 - c) advancing their education.
- (ii) The relief of those in need by reason of age, ill-health, disability, financial hardship or any other disadvantage.

The Board of Trustees, elected by the Members of Association at the Annual General Meeting, are the charity's trustees and the legal directors of the company. Members of the Board of Trustees serve a three-year term, after which they are eligible for re-election for a maximum of two further three-year terms in all but exceptional cases. New trustees are selected through an open recruitment process, which generally includes advertising in the national press and online, and a targeted recruitment search.

New appointees are given a personal induction programme tailored to their areas of expertise and governance obligations, and all trustees are provided with a range of training opportunities to help them meet their responsibilities. The Board of Trustees met six times for scheduled meetings in 2019/20 and holds occasional ad hoc meetings for exceptional business if necessary. The balance of trustees is kept under review with regard to skills, 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; and

- 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 are detailed on page 55.

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

The remit of the committees include:

- **Audit and Risk Committee:**
 - ensuring that Barnardo's has effective internal control and risk management systems and is operating within approved policies and the law; and
 - ensuring the integrity, balance and transparency of published financial information and related and supporting narrative information;
- **Children and Young People's Services Committee:**
 - ensuring that Barnardo's safeguards and meets the needs of children, young people, their families and carers, now and in the future, by delivering high performing, high quality services / solutions which achieve the best impact and outcomes.
- **Finance Committee:**
 - overseeing, monitoring and keeping under review the financial position of the charity and its subsidiaries to ensure long and short-term viability, having regard to the Charity's overall strategy and risk tolerance parameters.
- **Fundraising and Marketing Committee:**
 - overseeing Barnardo's fundraising, brand, and marketing strategy and the delivery plans to create sufficient voluntary funds to meet its needs today, and in the future; and
 - to oversee the production of Barnardo's Annual Impact Report.
- **Governance and Compliance Committee:**
 - reviewing the charity's governance arrangements, including the Policy Governance Framework, and to make appropriate recommendations to ensure that the charity's arrangements comply with Barnardo's governing documents and are consistent (as appropriate) with best practice as set out in the Charity Governance Code.
- **Remuneration and Nomination Committee:**
 - ensuring that nominations and appointments to the Board of Trustees and the remuneration of members of the Corporate Leadership Team and other employees are properly managed and are consistent with the achievement of the charity's strategic objectives and in accordance with Barnardo's Basis and Values.

The **National Advisory Boards** (NABs) for Scotland, Northern Ireland and Cymru/Wales typically comprise at least one trustee in addition to individuals with local knowledge and

experience. Barnardo's remains a single UK charity, but these NABs support the formation and delivery of Barnardo's UK Corporate Strategy in the relevant Nation within the framework set by the Board of Trustees.

Patron

Our Patron, Her Royal Highness, The Duchess of Cornwall, has continued to support Barnardo's in 2019/20. We are extremely proud of our continued connection to the Royal Family which dates from 1902.

This year Her Royal Highness met children and young people we support in London who have experienced sexual abuse and exploitation. The Duchess also spoke to colleagues who deliver these vital services.

Board of Trustees

A list of Trustees is shown on page 55.

Barnardo's activities extend across all four UK nations: England, Scotland, Northern Ireland and Cymru/Wales and is managed in five regions covering, Central, Cymru & South West, London, North, South-East and Scotland & Northern Ireland. Responsibility for operational activities is allocated to five directorates: Business Services, Children's Services (Development and Innovation), Children's Services (Operations), Income and Influence, People and Culture.

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

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

Remuneration Policy

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

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

Barnardo's complies fully with statutory Gender Pay reporting requirements and our 2018 Gender Pay Report is available in full from our corporate website. Our 2019 report shows our Median Gender Pay Gap, at 2.3%, is significantly below the all sector median of 17.10%. Whilst this compares favourably to ONS data, we are not complacent and we continue to work to a clear action plan to influence our Gender Pay statistics. The key factor underpinning these statistics will be continuing to improve the representation of women at the highest levels of responsibility, further developing the range of talent management initiatives we

currently have on offer, and working proactively with the newly established Women's Network to identify further areas for development.

Our approach to reward reflects the importance of both financial and non-financial recognition, including the ethos, culture and other intangible elements of what makes us a great organisation to work for. Barnardo's has a single UK wide trade union recognition agreement with UNISON. As in previous years our Single Annual Pay Award system was negotiated with UNISON. The proposed pay award for staff for 2019/20 was targeted towards colleagues at the bottom to mid-point in our pay bands to support progression through the bands. Colleagues from the mid-point to top of the pay band received a lower award. We were also able to increase our lowest pay bands to match the voluntary living wage rates. Our pay rates are informed primarily by charity sector data. We recognise that charity pay is often lower compared to similar roles in the public or private sector. Nevertheless, in the spirit of fighting 'in work' poverty and child poverty, we aim to pay a decent wage to all, especially those at the bottom of our pay ranges.

In accordance with the Statement of Recommended Practice we:

- Disclose all payments to trustees (no trustees are paid) and expenses reimbursed (detailed in note 11 to the accounts).
- Disclose the number of colleagues 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 colleagues.

The Nomination and Remuneration Committee meets four times annually and comprises the Chair, Deputy Chair, Honorary Treasurer and up to three additional trustees. No members of the executive are members of the Committee. The Committee's main responsibilities are set out on page 17.

Colleague 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 colleague pension scheme.

In light of the Covid-19 situation and its impact on our finances, the difficult decision was reached to not implement a Single Annual Pay Award to our colleagues in 2020.

Public Benefit

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

We have demonstrated how Barnardo's delivers its principal charitable objective — to promote the care, safety and upbringing of children and young people — in the *Strategic*

Report, which forms part of this report and sets out Barnardo's objectives and achievements during 2019-20. 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.

Sustainability Report

Summary of Performance

Barnardo's key sustainability performance indicators are shown below. 2019/20 is Barnardo's base year for streamlined energy and carbon reporting.

Energy Consumption	Consumption (kWh)	Tonnes CO ₂ e
Gas	10,850,141	1,994
Electricity	17,541,327	4,484
Transport	10,338,933	2,484
Total	38,730,401	8,962

Barnardo's total emissions for during the financial year was 8,962 tonnes of CO₂e. This amounts to an intensity ratio of 1.1395 tonnes CO₂e per employee based on an average of 7,865 employees in the reporting period.

Notes

- When calculating total energy consumption, verifiable data has been used where available. Where this data has not been available, average figures for the UK have been used.
- DEFRA Conversion Factors 2019 have been used to convert electricity and gas consumption in kWh to tonnes CO₂e.
- DEFRA Conversion Factors 2019 have also been used to convert transport fuel consumption in mileage/litres to tonnes CO₂e and then to kWh.

Carbon Reduction Measures

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 procure 'Green' electricity produced from sustainable, renewable energy sources, resulting in lower carbon emissions.*
2. *Some 97% of our fleet vehicles are now sub 100g/km models to ensure minimal impact to the environment.*
3. The Barnardo's Big Switch-Off (BBSO) energy campaign aims to help reduce energy consumption and raise awareness of energy usage throughout Barnardo's. The BBSO incorporates an environmental awareness week each year, this took place in November 2019. During this week, our environmental ambassadors and senior leaders raise awareness to encourage good practice at an individual level. The ambassadors are responsible for

championing and promoting environmental awareness within their local regions and nations at all times such as promoting the use of conference calls rather than travelling to meetings.

4. Barnardo's ensures where possible that water and Smart electricity meters are installed in all premises to help reduce consumption and costs.

5. We are promoting recycling within our larger sites, supported by our environmental ambassadors, to reduce the amount of waste being sent to landfill.

6. Barnardo's is fully compliant with the Energy Savings Opportunity Scheme (ESOS). The aim of ESOS is to identify opportunities to reduce energy consumption, emissions and costs accordingly. Barnardo's submitted its ESOS phase II notification in December 2019.

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 3.5m 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.

Acting in accordance with Section 172 of the Companies Act 2006 ('Duty to promote the success of a company')

Barnardo's Trustees consider that they have complied with their duties in regard to Section 172 of the Companies Act 2006 by promoting the charity's success in achieving its charitable purpose: to achieve its charitable purpose: to improve the lives of vulnerable children.

Specifically, Trustees, working closely with the Corporate Leadership Team, have supported the charity to enact its ambitious 10 year Corporate Strategy 2016-2016 and the Corporate Strategy Refresh published in 2019 (both detailed above).

Long-term consequences of decisions

Key decisions were taken during the year to support the achievement of the Corporate Strategy namely:

- i. The launch of "The BU" – Barnardo's corporate university in October 2019, which is central in our ambition to become a 'learning organisation', and helping develop the skills and culture the charity needs to thrive in years to come.
- ii. The establishment of a new, semi-independent function within the charity, the "Barnardo's Foundation" (which became operational in April 2020), to drive the

strategic use of voluntary funds, to ensure we can better demonstrate our impact and to increase transparency for donors and funders.

- iii. The approval of the Medium Term Budget Strategy (MTBS) 2020-2023 to enable the additional revenue and capital expenditure required to fund the ambitions of the Corporate Strategy and Refresh, including The BU and the Barnardo's Foundation. Two of the key objectives of the MTBS is to maximise expenditure on charitable activities and the move from a combined capital and revenue budgeted deficit in 2020-2021 followed by a balanced budget in 2021-2022 and a surplus thereafter.

The onset of the Coronavirus pandemic, and the uncertainty it has introduced since the decisions above were taken, is being managed by the Trustees and the executive team so that the impact on the charity's activities is minimised.

This year, we also developed a new Risk Management Framework which assists trustees, principally the Audit and Risk Committee, to exercise their accountability for the risks facing the charity. Additionally we have reviewed and strengthened our approach to crisis management.

Interests of employees

Trustees as well as the Corporate Leadership Team have been actively involved in decisions affecting employees, such as the 2019/20 Single Annual Pay Award. The Board of Trustees annually reviews the Gender Pay Gap data and signs off the Gender Pay Gap Action Plan. Our 2019 report shows our Median Gender Pay Gap at 2.3%, which is significantly below the all sector median of 17.10%. However, we are not complacent and we continue to work to a clear action plan to drive improvement.

Business relationship with suppliers, customers and others; and reputation for high standards of business conduct.

During the year Trustees and the Corporate Leadership Team have overseen relationships with our key suppliers to ensure a positive and effective relationship is fostered through our procurement process. This includes ongoing due diligence and regular benchmarking of services. We exercise a similar approach in managing our relationships with our customers based on transparency while being focused on delivery in line with our mutual values.

Fundraising

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

The Fundraising and Marketing Committee, a sub-committee of the full Board, involving trustees and senior colleagues, meets regularly with the aim of strengthening oversight and assurance of our fundraising programmes and ensuring compliance and best practice in these areas.

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

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

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

Over the course of this financial year we received 147 total fundraising complaints. The majority of complaints (102) received related to door to door activity, approximately 0.65% of all sign ups, or 0.06% of households visited. Door to Door fundraising played a large part (15,685) in the recruitment of 24,006 new Regular Giving supporters through direct dialogue channels.

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

Impact on the community and the environment

Trustees and the Corporate Leadership Team are committed to acting in accordance with our Environmental Policy and to identifying and seeking to minimise negative environmental impact. Barnardo's is fully compliant with the Energy Savings Opportunity Scheme (ESOS). We have an established network of Environment Ambassadors and have recently created a Steering Group to include representatives from across the charity. Our Environmental Awareness Week in November built on the work of the annual Barnardo's Big Switch Off highlighting the importance of the environment, sustainability and reducing our carbon footprint. Since 2014 all our new shops have been fitted out with LED lighting, all electricity purchased and consumed by Barnardo's is supplied from sources accredited by Ofgem as renewable, and 97% of our fleet vehicles are now sub 100g/km models to ensure minimal impact to the environment. Barnardo's sustainability performance is detailed below.

Acting fairly between members

Barnardo's is committed to ensuring all colleagues are treated fairly. To help achieve this, last year we introduced a new set of leadership traits - Collegiate, Learning, Adaptable, Inclusive and Trustworthy. We have also embedded clear expectations for everyone in relation to equality, diversity and inclusion (as outlined above).

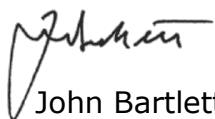
Acknowledgements

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

Barnardo's has also benefited with help from companies, legal firms, organisations, local authorities and individuals in the form of gifts in kind, free loans of property, preferential rent and part-relief from rates. Particular gifts and grants and pro-bono support are acknowledged in accordance with their terms on pages 51 to 54.

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

By order of the Board of Trustees



John Bartlett
Chair of Trustees

1 October 2020

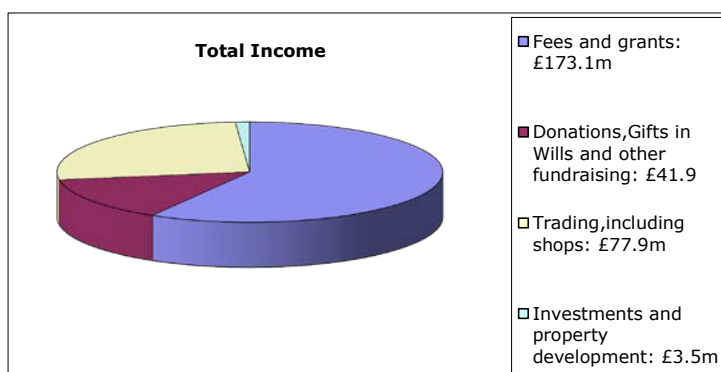
Income and Expenditure Pie Charts

year ended

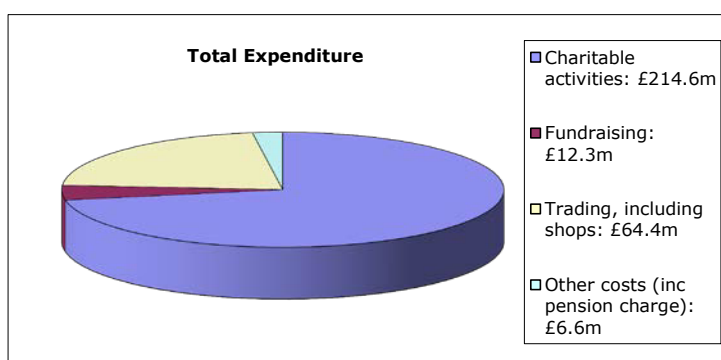
2019/20

The final version of the Annual Report and Accounts will be prepared by the Communications department and will include these two pie charts showing total income and expenditure in the Financial Results section of the Trustees Report.

Total income £296.4m	£'000
Fees and grants: £173.1m	173,088
Donations, Gifts in Wills and other fundraising: £41.9	41,877
Trading, including shops: £77.9m	77,924
Investments and property development: £3.5m	3,559



Total expenditure £297.9m	£'000
Charitable activities: £214.6m	214,599
Fundraising: £12.3m	12,327
Trading, including shops: £64.4m	64,393
Other costs (inc pension charge): £6.6m	6,551



The figures above exclude net losses/gains on investments

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

The Trustees' are responsible for preparing the Annual Report which incorporates the Strategic Report and the financial statements in accordance with the Companies Act 2006 and for being satisfied that the financial statements give a true and fair view. The Trustees are also responsible for preparing the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping adequate accounting records that show and explain the charity's transactions, disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Trustees confirm that, so far as they are aware, there is no relevant audit information of which the charity's auditor is 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 auditor is aware of that information.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF BARNARDO'S

Opinion

We have audited the financial statements of Barnardo's ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 March 2020 which comprise the consolidated statement of financial activities, the consolidated and charity balance sheet, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 March 2020 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006, as amended in 2010.

Basis for opinion

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

Conclusions related to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or

the Parent Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Use of our report

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

BDO LLP

Fiona Condron (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick, UK
Date 15 October 2020

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 2020

	Note	Unrestricted funds £000	Restricted & endowment funds £000	Total 2020 £000	Total 2019 £000
Income from:					
Charitable activities	4	169,449	3,639	173,088	172,763
Donations and legacies	5	36,292	5,585	41,877	45,878
Other trading activities	6	77,924	-	77,924	78,369
Development and sale of properties	8	35	-	35	3,364
Investments	9	1,692	1,045	2,737	2,483
Other	10	787	-	787	3,104
Total Income		286,179	10,269	296,448	305,961
Expenditure on:					
Raising donations and legacies		11,637	690	12,327	13,258
Other trading activities	7	64,393	-	64,393	62,580
Costs of developing and selling properties		59	-	59	3,038
Investment management costs		325	67	392	287
Raising Funds		76,414	757	77,171	79,163
Net income available for charitable expenditure		209,765	9,512	219,277	226,798
Expenditure on:					
Service provision	7	195,982	8,680	204,662	205,997
Informing the public about our work		7,855	-	7,855	8,534
Childcare research and education		2,082	-	2,082	2,235
Total Charitable Activities		205,919	8,680	214,599	216,766
Other - pension finance charge	13	6,100	-	6,100	9,900
Total expenditure		212,019	8,680	220,699	226,666
Net (losses)/gains on investments	15	(2,018)	(2,174)	(4,192)	2,957
Net (expenditure)/income	14	(4,272)	(1,342)	(5,614)	3,089
Other recognised losses:					
Actuarial gain/(loss) on defined benefit pension scheme	13	20,000	-	20,000	(3,100)
Net movement in funds		15,728	(1,342)	14,386	(11)
Total funds brought forward		(35,381)	37,408	2,027	2,038
Total funds carried forward	24	(19,653)	36,066	16,413	2,027

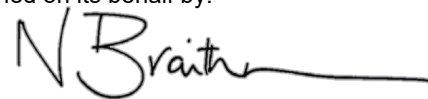
All of the above results relate to continuing activities. The notes on pages 33 to 50 form part of these financial statements.

Barnardo's
Balance Sheet
Year Ended 31 March 2020

	Note	Group		Charity	
		2020	2019	2020	2019
		£000	£000	£000	£000
Fixed Assets					
Tangible assets	16	34,632	38,500	34,614	38,470
Investments	17	77,210	81,680	76,615	80,924
		111,842	120,180	111,229	119,394
Current Assets					
Stocks and work in progress	18	2,908	2,975	-	-
Debtors	19	38,635	44,707	35,477	40,744
Current asset investments	20	11,030	11,027	11,030	11,027
Bank and cash	21	16,751	17,151	16,088	16,415
		69,324	75,860	62,595	68,186
Creditors: Amounts falling due within one year	22	(47,173)	(51,833)	(39,143)	(43,039)
Net current assets		22,151	24,027	23,452	25,147
Net assets excluding pension reserve		133,993	144,207	134,681	144,541
Pension reserve	13	(117,580)	(142,180)	(117,580)	(142,180)
Net assets including pension reserve		16,413	2,027	17,101	2,361
Fund balances					
Restricted and endowment funds	24(a) &(b)	36,066	37,408	36,066	37,408
Fixed assets fund	24(c)	34,458	38,327	34,440	38,296
General reserve	&(d)	41,015	37,935	40,419	37,181
Revaluation reserve		8,206	13,569	8,206	13,569
Working capital fund		14,248	16,968	15,550	18,087
Unrestricted funds excluding pension reserve		97,927	106,799	98,615	107,133
Pension reserve	13	(117,580)	(142,180)	(117,580)	(142,180)
Total unrestricted funds including pension reserve		(19,653)	(35,381)	(18,965)	(35,047)
Total funds	24(c)	16,413	2,027	17,101	2,361

Approved and authorised for issue by the Board on 1 October 2020 and signed on its behalf by:


John Bartlett
Chair of Trustees


Neil Braithwaite
Honorary Treasurer

1 October 2020

The notes on pages 33 to 50 form part of these financial statements.

Company Number 61625

In accordance with the provisions of the Companies Act 2006, a separate income and expenditure account dealing with the results of the charity only has not been presented. Gross income of the charity of £238.2 million and net expenditure of £3.1 million (2019: net income £0.4 million) has been dealt with in the accounts of the charity.

Barnardo's
Consolidated Statement of Cash Flows
Year Ended 31 March 2020

	Note	2020		2019	
		£000	£000	£000	£000
Cash flows from operating activities:					
Net cash (used)/generated from operating activities	25		(1,814)		2,197
Cash flows from investing activities:					
Investment income and interest	9	2,737		2,483	
Purchase of tangible fixed assets	16	(2,073)		(4,931)	
Purchase of investments	17	(12,741)		(39,358)	
Sale of tangible fixed assets		475		3,255	
Sale of investments	17	13,019		33,625	
Net cash provided/(used) by investing activities			1,417		(4,926)
Decrease in cash and cash equivalents in the year			(397)		(2,729)
Cash and cash equivalents at the beginning of the year					
Held as current asset investments		11,027		11,018	
Held as bank and cash		17,151		19,889	
			28,178		30,907
Cash and cash equivalents at the end of the year					
Held as current asset investments		11,030		11,027	
Held as bank and cash		16,751		17,151	
			27,781		28,178

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 net gains and losses on investments are not recognised.

	Note	2020	2019
		£000	£000
Gross income			
Gross income of continuing operations		238,137	241,295
Income of non-charitable trading subsidiaries	3	57,333	63,704
		295,470	304,999
Gross expenditure			
Total expenditure of continuing operations		242,380	243,964
Expenditure of non-charitable trading subsidiaries	3	55,152	61,564
		297,532	305,528
Net expenditure for the year before transfers and Investment asset disposals		(2,062)	(529)
Realised gain on disposal of investment assets	15	942	3,086
Net (expenditure)/ income for the year		(1,120)	2,557
Reconciliation to statement of financial activities:			
Net expenditure for the year before investment asset disposal above		(2,062)	(529)
Movement on restricted capital and endowment funds	24 (a)	639	661
Net (expenditure)/income		(1,423)	132

Notes to the accounts

1. Accounting policies

Basis of preparation

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

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

Going concern

The impact of the recent Covid-19 outbreak and its financial effect has meant that the Executive Team and Trustees have been regularly reviewing financial plans for the financial year to March 2021 and for the following two years to March 2023, to ensure Barnardo's can continue its business-critical activities and remain a going concern.

The Government's decisions on social distancing are not known and are out of our control but they are expected to significantly affect Barnardo's financial situation, causing an estimated £50m reduction in total income in 2020/21. This is across all areas, with much of the decrease due to the closure of shops on 23rd March. This has also affected legacies as we see falls in investments, property prices and a delay in the administration of wills. We also expect to see a reduction in fundraising income, through event delays and cancellations and a reduction in face to face fundraising. In addition, the value of Barnardo's investments has also fallen, with a loss of around £4.2m by the end of March 2020.

The Trustees have, therefore, decided to carry out a range of cost reductions to mitigate this impact. Some are as a result of the need for social distancing, where events have been postponed, but others result from a need to reduce costs and we are having to concentrate on business-critical activities. This includes the furlough of staff who are not involved in business-critical work, the removal of the 2020 pay award and some capital expenditure. This work is ongoing but could allow savings of around £4.4m in 2020. Processes have been put in place to manage cash flow on a weekly basis and review financial stability as matters progress.

Given the strength of the balance sheet and availability and liquidity of unrestricted investments, totalling £49.2m (at 31 March 2020), the trustees believe that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the charity's ability to continue as a going concern. The trustees, therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

Critical accounting estimates and judgements

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

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

Parent charity disclosure exemptions

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

- (i) The statement of financial activities and cash flow of the charity have not been presented, as disclosure has been provided in respect of the group as a whole; and
- (ii) No disclosure has been given for the aggregate remuneration of the key management personnel of the parent charity as their remuneration is included in the totals for the group as a whole.

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 2020. Subsidiaries are consolidated from the date when control passes. The trading results of the subsidiary undertakings as shown in note 3 are consolidated on a line-by-line basis within the consolidated statement of financial activities (SOFA). Intercompany transaction and balances between group companies are therefore eliminated in full. 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 in subsidiaries are held at cost. Investments and those held as fixed assets and current assets, are stated at their market value as at the balance sheet

date. All movements in value arising from investment changes or revaluation ("unrealised gains") are recognised in the SOFA. Realised gains or losses on investments are calculated as the difference between the disposal proceeds and the carrying value.

Fixed Assets

Fixed assets are stated in the balance sheet at their cost 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 four per cent per annum on their cost or value. Short-leasehold properties are amortised over the period of the lease. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Previously, freehold properties were treated as single assets and depreciated over 50 years. During the year, component accounting was adopted to be in line with the accounting standards and major components of an item property, plant and equipment that have significantly different useful economic lives are depreciated separately. This has resulted in depreciation of £735k in 2019/20 for mechanical, electrical and plumbing works at Head Office, £551k of which relates to prior periods. The prior year figures have not been restated as the adjustment is not material. Mechanical, electrical and plumbing is a new category with an expected useful life of 25 years.

ii) Impairment reviews are conducted when events and changes in circumstances indicate that an impairment may have occurred. If any asset is found to have a carrying value materially higher than its recoverable amount, it is written down accordingly.

iii) Equipment and vehicles 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, grants for service provision, statutory and related funding are recognised where there is evidence of entitlement, receipt is probable and its amount can be measured reliably.

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 recognised as income when the charity has control over the item or received the service, any conditions associated with the donation has been met, the receipt of economic benefit from the use by the Charity is probable and that economic benefit can be measured reliably. 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 there is evidence of entitlement, receipt is probable and its amount can be measured reliably. Grants where entitlement is not conditional on the delivery of a specific performance by the charity are recognised when the charity becomes unconditionally entitled to the grant.

v) Income raised through the operation of shops and related trading activity under the charity's management is taken into account at the point at which ownership of the goods transfers to the customers. Stocks of unsold donated goods are not valued for balance sheet purposes as it is not considered practical to estimate the fair value due to the high volume of low value inventory and the absence of management information systems.

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

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

viii) Where fee or performance-related grant income is invoiced or received that relates to subsequent periods or when other conditions have not yet been met, the income is treated as deferred income in note 22 to the accounts.

Expenditure

i) All expenditure is accounted for on an accruals basis and irrecoverable VAT is included in the relevant cost category. Some costs incurred centrally are allocated to expenditure categories listed below on the basis of their use of corporate functions. Such allocations of support costs are made on a basis consistent with the use of resources. Further details regarding support costs are disclosed in note 7.

ii) Costs of raising voluntary funds are incurred in relation to staff members who are engaged in fundraising activities and the provision of fundraising activities on Barnardo's behalf.

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

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

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

vi) Grants made include those that Barnardo's makes to other organisations and grants to young people through Barnardo's trust funds. Grant expenditure is recognised once the offer is communicated to the recipient.

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

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

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

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

Pension costs

For defined benefit schemes, in accordance with FRS 102 section 28, the SOFA includes:

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

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

For defined contribution pension schemes, pension costs in respect of the defined contribution scheme are charged to the SOFA for the period in which they are payable.

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/receivable under operating leases are charged/received on a straight-line basis over the term of the lease.

Corporation tax

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

Fund accounting

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

Restricted income funds

Donations or legacies received, or income arising from such, which are earmarked by the donor for specific purposes. Such purposes are

	within the overall aims of the organisation.
Restricted capital and endowment funds	Funds given to the charity where the income may be used for the charity's purposes. In accordance with the Order signed by the Charity Commission in 2003, the charity may convert a proportion of the capital gain on monies held by way of endowment into income as long as the current indexed value of the original endowment is maintained.
Unrestricted funds	<p>Funds that are expendable at the discretion of the Trustees in furtherance of the objects of the charity, consisting of three specific types:</p> <p>(1) Fixed assets fund This fund represents amounts invested in fixed assets for use by the charity.</p> <p>(2) General reserve This reserve represents funds held in an investment portfolio and investment properties.</p> <p>(3) Working capital fund This fund represents net assets available to meet day-to-day operational commitments.</p>
Pension reserve	In accordance with FRS 102, the liability attributable to the Barnardo Staff Pension Scheme is shown as a reduction of total funds. No designation of funds to meet future pension commitments at the balance sheet date is in place as the organisation anticipates meeting such commitments through future cash flows, a situation that is subject to regular review in conjunction with actuarial valuations and related professional advice.
Subordinate charities	Included in restricted and endowment funds are assets held on behalf of trusts that are constituted as separately registered charities. These have purposes that are consistent with the objects of Barnardo's and are under common control. As such, their results have been included in the consolidated statements presented.

The SORP lays down that restricted income funds should be separately disclosed in the SOFA. However, in the case of Barnardo's the value of such funds is not significant. The disclosure is therefore made by way of note (note 24).

Barnardo's
Notes to the Accounts
Year Ended 31 March 2020

2 Subsidiaries

Adoptionplus Limited is wholly owned by the Charity and Barnardo's owns the whole of the issued capital amounting to £20,000 (20,000 ordinary shares of £1 each) of Barnardo Holdings Limited which in turn owns the whole of the issued capital of the following subsidiaries:

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

Subsidiary Undertaking	Company Reg No:	Principal Activities
Adoptionplus Limited	6900397	Adoption agency

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

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

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

3 Trading subsidiaries' results

	Barnardo Trading Limited £000	Barnardo Developments Limited £000	Barnardo Events Limited £000	Barnardo Services Limited £000	Adoptionplus Limited £000	Total 2020 £000	Total 2019 £000
Turnover	5,822	35	510	49,385	1,087	56,839	63,169
Cost of sales	(3,309)	(59)	-	(49,385)	(654)	(53,407)	(59,477)
Gross profit	2,513	(24)	510	-	433	3,432	3,692
Impairment	-	(160)	-	-	-	(160)	(139)
Admin/other costs	(950)	(115)	(150)	(47)	(483)	(1,745)	(1,948)
Trading profit/(loss)	1,563	(299)	360	(47)	(50)	1,527	1,605
Other income	-	-	-	494	-	494	535
Taxation	-	-	-	-	-	-	9
Net Income	1,563	(299)	360	447	(50)	2,021	2,149
Amount payable by qualifying charitable donation to Barnardo's	(1,563)	-	(360)	(447)	-	(2,370)	(2,369)
Retained loss for year	-	(299)	-	-	(50)	(349)	(220)
Retained profit/(loss) brought forward	10	-	-	-	(220)	(210)	10
Retained profit/(loss) carried forward and net assets	10	(299)	-	-	(270)	(559)	(210)

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

4 Income from charitable activities

	2020 £000	2019 £000
Family support & placement	78,483	78,361
Education	14,992	15,971
Disability support	8,129	8,694
Government grants	10,194	6,677
Other services	61,290	63,060
	173,088	172,763

Income from charitable activities is £173.1m (2019: £172.8m) of which £169.4m is unrestricted (2019: £168.4m) and £3.6m is restricted (2019: £4.3m).

Barnardo's
Notes to the Accounts
Year Ended 31 March 2020

5 Income from donations and legacies

	2020	2019
	£000	£000
Legacies	18,030	22,452
Donations and gifts from the general public	22,485	22,018
Donations from companies and trusts	1,362	1,408
	<hr/> 41,877	<hr/> 45,878

The income from donations and legacies is £41.9m (2019: £45.9m) of which £36.3m is unrestricted (2019: £40.7m) and £5.6m restricted (2019: £5.2m). Legacies notified but not accrued at 31 March 2020 were £5.7m (2019: £7.2m).

6 Other Trading Income

Income from trading is £77.9m (2019: £78.4m). All income relates to unrestricted activities.

7 Expenditure

Total other trading activities expenditure of £64.4m (2019: £62.6m) includes £60.1m (2019: £58.7m) representing the costs of operating our 705 retail shops and £4.3m (2019: £3.9m) for expenditure of Barnardo Trading Limited on costs of goods sold and other costs. £0.1m (2019: £3.0m) has been incurred developing and selling land surplus to the group's requirements.

Of the total expenditure on service provision of £204.7m (2019: £206.0m), £196.0m was unrestricted (2019: £197.3m) and £8.7m restricted (2019: £8.6m). Expenditure on service provision comprises direct costs of £195.0m (2019: £195.3m), grants made of £0.3m (2019: £0.3m) and support and training costs of £9.4m (2019: £10.3m).

Total expenditure related to raising funds and charitable activities, £291.8m (2019: £295.9m) includes the allocation of support costs to the various expenditure categories set out in the SOFA. These support costs of £31.3m (2019: £33.1m) 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).

Of the £31.3m in support costs, £22.1m (2019: £23.6m) has been allocated to service provision, £4.8m (2019: £5.0m) to raising donations and legacies, £2.2m (2019: £2.2m) to other trading activities and £2.2m (2019: £2.3m) were for governance costs.

	2020	2019
	£000	£000
8 Income from development and sale of properties		
Turnover of Barnardo Developments Limited	35	3,364
Income relates to unrestricted activities.		
	<hr/> 2020	<hr/> 2019
	£000	£000
9 Income from investments		
Listed investments - United Kingdom	2,392	2,184
Short term deposits	99	97
Rents and ground rents	221	150
Other interest	25	52
	<hr/> 2,737	<hr/> 2,483

The income from investments was £2.7m (2019: £2.5m) of which £1.7m is unrestricted income (2019: £1.5m) and £1.0m is income from endowments (2019: £1.0m).

	2020	2019
	£000	£000
10 Other Income		
Gain on disposal of non property fixed assets	249	195
Gain on disposal of properties	169	2,529
Other	369	380
	<hr/> 787	<hr/> 3,104

Income relates to unrestricted activities.

11 Members & Trustees

Barnardo's is a company limited by guarantee having no share capital and in accordance with clause 6 of the Articles of Association every member is liable to contribute a sum of £1.05 in the event of the company being wound up. At 31 March 2020 there were 186 members (31 March 2019: 265).

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 £5,796 (2019: £16,108) and included travel, subsistence and other related costs. The number of Trustees claiming expenses was 8 (2019: 8).

Charities have to disclose where trustees or their related parties have made their donations to charity with conditions attached. No such disclosable donations have been made to Barnardo's in the year to 31 March 2020 (2019: £nil). The charity purchased insurance for Trustees and officers of the company during the year to indemnify them against possible liabilities incurred by them in relation to their duties. The cost of this insurance was £5,174 (2019: £4,775).

Barnardo's
Notes to the Accounts
Year Ended 31 March 2020

12 Employees

	2020	2019
	No.	No.
The average number of employees during the year was:		
Children's services	4,891	4,967
Fundraisers, shop managers, clerical staff and fundraising management	2,053	2,007
Central support services	921	914
	<hr/> 7,865	<hr/> 7,888

	2020	2019
The number of staff whose emoluments fell within each of the following bands was:		
£0 to £59,999	7,809	7,827
£60,000 to £69,999	23	23
£70,000 to £79,999	9	15
£80,000 to £89,999	11	11
£90,000 to £99,999	4	4
£100,000 to £109,999	3	3
£110,000 to £119,999	1	1
£120,000 to £129,999	2	2
£130,000 to £139,999	-	1
£160,000 to £169,999	2	-
£180,000 to £189,999	-	1
£200,000 to £209,999	1	-
	<hr/> 7,865	<hr/> 7,888

Number of full time equivalent employees at the year end.	5,550	5,467
	<hr/>	<hr/>

The highest paid employee is the chief executive.

	£000	£000
The aggregate emoluments to employees in the year were:		
Wages and salaries	148,428	147,369
Social security costs	11,867	11,625
Pension costs	11,590	11,145
Benefits in kind (as calculated for taxation purposes)	510	512
	<hr/> 172,395	<hr/> 170,651

Included in wages and salaries is an amount of £0.5m relating to redundancy, compromise and termination costs (2019: £4.1m) following the completion of children services contracts and the implementation of the Technology transformation project (2019).

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

54 staff earning over £60,000 (2019: 53) receive benefits accruing under the Barnardo's Retirement Savings Plan. Employer contributions to the pension funds of these 54 employees were a combined total of £384k during the year (2019: £208k).

The total employee benefits of the executive Corporate Leadership Team, as listed on page 55, was £818k in 2020 (2019: £792k).

Barnardo's
Notes to the Accounts
Year Ended 31 March 2020

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 £6.5m (2019: £6.3m).

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 2020, £10.7m of deficit contributions were paid into the scheme. On the current plan (agreed following the actuarial valuation as at 31 March 2018), deficit contributions of £10.7m per annum are expected to be paid each year for 19 years from 1 April 2018.

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 2018 were updated to 31 March 2020 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	2020 per annum	2019 per annum
RPI inflation	2.3%	3.2%
CPI inflation	1.5%	2.2%
Discount rate	2.4%	2.5%
Revaluation of deferred pensions (non-GMP)	2.3%	3.2%
Pension increases:		
Pre 88 GMP	nil	nil
Post 88 GMP	1.5%	1.9%
Pre 97 XS	2.3%	3.1%
Post 97 pension	1.8%	2.2%
Life Expectancies (in years)		
For a male aged 60 in 2020	85.9	85.5
For a female aged 60 in 2020	88.4	87.9
At age 60 for a male aged 40 in 2020	86.7	86.0
At age 60 for a female aged 40 in 2020	89.1	88.3

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

	2020 £m	2019 £m
Fair value of assets	681.3	702.3
Present value of liabilities	(798.8)	(844.4)
Net liability recognised in the balance sheet	<u>(117.5)</u>	<u>(142.1)</u>

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

Barnardo's
Notes to the Accounts
Year Ended 31 March 2020

13 Retirement Benefits (cont'd)

Sensitivity Analysis

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

Assumption	Change in Assumption	Impact on liabilities
Discount rate	+/- 0.1%	+/- £12.6m (1.6%)
RPI Inflation	+/- 0.1%	+/- £10.3m (1.3%)
Assumed life expectancy	+/- 1 year	+/- £26.5m (3.3%)

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

	2020	2019
	£m	£m
Employer's part of current service cost	0.0	0.0
Past service cost	0.0	4.1
Interest expense	3.5	3.7
Administrative expenses	2.6	2.1
Total expense	6.1	9.9

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

	2020	2019
	£m	£m
Equities	(5.2)	71.3
Bonds	271.6	254.7
Diversified growth fund	118.6	86.9
Swap contracts	219.5	269.2
Private credit	20.2	14.2
Cash/other	56.6	6.0
	681.3	702.3

The Scheme's assets shown above at 31 March 2020 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. The scheme holds £35.3m in equities, and also holds an equity-related derivative contract valued at -£40.5m at 31 March 2020. Therefore, the overall equity holding is showing as -£5.2m. The main reason for the large change in equities since the figures disclosed in 2019 is a significant swing in the value of the equity-related derivative contract, which had a positive value in the prior year. The swap contracts shown are in respect of liability driven investment funds designed to protect against movements in long term interest rates and inflation.

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

	2020	2019
	£m	£m
Opening value of scheme liabilities	844.4	823.5
Past service cost	-	4.1
Interest cost	21.1	21.9
Actuarial (gain)/loss	(41.6)	20.3
Benefits paid	(25.1)	(25.4)
Closing value of scheme liabilities	798.8	844.4

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

	2020	2019
	£m	£m
Opening fair value of the scheme assets	702.3	684.6
Interest on plan assets	17.6	18.2
Actual return on plan assets less interest on plan assets	(21.6)	17.2
Contributions by the employer	10.7	9.8
Administrative expenses	(2.6)	(2.1)
Benefits paid	(25.1)	(25.4)
Closing fair value of scheme assets	681.3	702.3

The actual return on the scheme's assets over the year was a loss of £4.0m (2018/19: gain of £35.4m).

Barnardo's
Notes to the Accounts
Year Ended 31 March 2020

14 Net (expenditure)/income

	2020	2019
	£000	£000
Net (expenditure)/income is stated after charging:		
Depreciation of tangible fixed assets	5,615	5,532
Auditors' remuneration - statutory	79	81
Operating lease rentals	18,238	18,271
Operating lease income	(35)	(35)

15 Gains and losses on revaluation and on investment asset disposals

	2020	2019
	£000	£000
Realised gains	942	3,086
Unrealised losses	(5,134)	(129)
	(4,192)	2,957

Gains and losses on revaluation and on investment asset disposals is a £3.0m gain for the year (2019: £3.0m loss) of which £1.7m is unrestricted (2019: £1.7m loss) and £1.3m is restricted (2019: £1.3m loss).

16 Tangible assets

	Properties	Equipment & vehicles	Total
	£000	£000	£000
(a) Group and Charity:			
<i>Cost</i>			
At beginning of year	82,325	23,980	106,305
Additions	795	1,278	2,073
Disposals	(2,432)	(1,442)	(3,874)
At end of year	80,688	23,816	104,504
<i>Depreciation</i>			
At beginning of year	48,233	19,573	67,806
Provided during year	3,081	2,532	5,613
On disposals	(2,168)	(1,379)	(3,547)
At end of year	49,146	20,726	69,872
Net book value			
At beginning of year	34,092	4,408	38,500
At end of year	31,542	3,090	34,632

	Group & Charity	
	2020	2019
	£000	£000
(b) Analysis of freehold and leasehold properties:		
Freeholds	23,120	24,349
Long leaseholds (over 50 years)	2,262	2,337
Short leaseholds (50 years and under)	6,160	7,406
	31,542	34,092
(c) Use of properties:		
Service delivery	11,962	12,552
Other (including shops and offices)	19,580	21,540
	31,542	34,092

Barnardo's
Notes to the Accounts
Year Ended 31 March 2020

	Group	
	2020	2019
	£000	£000
17 Investments		
Investments at market value	77,210	81,680
Investments at market value:		
At beginning of year	81,680	72,990
Additions	12,741	39,358
Disposals	(13,019)	(33,625)
Realised/unrealised (losses)/gains	(4,192)	2,957
At end of year	77,210	81,680
Comprising:		
UK Equities	24,529	25,730
UK Bonds	25,296	25,644
International Pooled Funds	24,020	26,523
Cash	639	1,734
Other investments	2,726	2,049
	77,210	81,680
Cost of Investments	69,004	68,111

There were no investments in individual companies in excess of 5% of the total portfolio value.

Investments of the charity include £20,000 in Subsidiary undertakings (Note 2).

	2020	2019
	£000	£000
18 Stocks and work in progress		
Finished goods	1,936	2,003
Work in progress	972	972
	2,908	2,975

Work in progress represents building developments held by Barnardo Developments Limited at the year end. No stocks or work in progress were held by the charity. The value of stock recognised within the Statement of Financial Activities during the year ended 31 March 2020 was £3.4m (2019: £6.0m).

	Group		Charity	
	2020	2019	2020	2019
	£000	£000	£000	£000
19 Debtors				
Trade debtors	349	197	-	-
Statutory and related funders	21,052	23,342	16,665	16,188
Taxation	1,976	2,713	1,976	2,713
Other debtors	706	1,021	649	937
Prepayments and accrued income	14,551	17,434	13,500	16,212
Amounts due from subsidiaries	-	-	2,687	4,694
	38,634	44,707	35,477	40,744

Amounts due from subsidiaries represent:

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

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

Barnardo's
Notes to the Accounts
Year Ended 31 March 2020

20 Current asset investments

	Group		Charity	
	2020 £000	2019 £000	2020 £000	2019 £000
Interest bearing deposit accounts	11,030	11,027	11,030	11,027

21 Analysis of bank and cash

	Group		Charity	
	2020 £000	2019 £000	2020 £000	2019 £000
Cash in hand	16,713	17,113	16,050	16,376
Notice deposits (less than 3 months)	38	38	38	38
Total bank and cash	16,751	17,151	16,088	16,415

22 Creditors - amounts falling due within one year

	Group		Charity	
	2020 £000	2019 £000	2020 £000	2019 £000
Pension contributions	892	892	892	892
Other taxes and social security costs	7,905	7,835	5,293	5,099
Other creditors	9,218	10,334	8,451	10,074
Accruals	11,938	16,798	11,872	15,769
Trade creditors	4,572	4,424	4,571	3,620
Deferred income	12,648	11,550	8,064	7,585
	47,173	51,833	39,143	43,039

Deferred income relates to fees and grants invoiced in advance from statutory and related funders. An amount of £8.5m (2019: £8.6m) was released from prior year.

23 Commitments

(a) Capital Expenditure

There are no capital commitments.

(b) Land & Other Buildings

Total future minimum lease commitments under non-cancellable operating leases are as follows:

Operating leases payable which expire:

	Group	
	2020 £000	2019 £000
Within one year	1,367	691
In the second to fifth years inclusive	19,669	17,460
Over five years	50,469	60,484

Operating leases receivable which expire:

	Group	
	2020 £000	2019 £000
Within one year	35	35
In the second to fifth years inclusive	27	62

Barnardo's
Notes to the Accounts
Year Ended 31 March 2020

24 Fund balances

(a) Analysis of restricted & endowment funds

	Restricted income funds 2020 £000	Endowment funds 2020 £000	Total 2020 £000	Restricted income funds 2019 £000	Endowment funds 2019 £000	Total 2019 £000
Income						
- Fundraising income	7,211	-	7,211	6,768	-	6,768
- Big Lottery Fund	2,013	-	2,013	2,720	-	2,720
- Net income from investments and other	-	977	977	-	962	962
	9,224	977	10,201	9,488	962	10,450
Expenditure						
- Child care and community work in the UK	8,341	-	8,341	8,293	-	8,293
- Cost of fundraising income	690	-	690	605	-	605
- Grants to young people in need	-	338	338	-	301	301
	9,031	338	9,369	8,898	301	9,199
Net income	193	639	832	590	661	1,251
Gains and losses on revaluation and on investment asset disposals						
Unrealised losses/(gains)	(2,575)	-	(2,575)	309	-	309
Realised gains	401	-	401	999	-	999
	(2,174)	-	(2,174)	1,308	-	1,308
Net movement in funds	(1,981)	639	(1,342)	1,898	661	2,558
Fund balances brought forward	13,225	24,183	37,408	11,327	23,522	34,849
Fund balances carried forward	11,244	24,822	36,066	13,225	24,183	37,408

All endowment funds are permanent endowments.

The restricted capital and endowment fund balances carried forward at 31 March 2020 include endowment funds for which Barnardo's has received an Order signed by the Charity Commission enabling the unapplied total return to be transferred to unrestricted funds.

	£000
Value of assets representing the unapplied total return within endowment funds at 1 April 2019	5,724
Net decrease in value during the year of the unapplied total return within endowment funds	(2,798)
Value of assets representing the unapplied total return within endowment funds at 31 March 2020	2,926

(b) Categorisation of restricted & endowment funds

	2020 No.	2020 £000	2019 No.	2019 £000
Fund balances				
- Educational purposes	3	3,005	3	3,192
- Project buildings	2	284	2	284
- Sea training	1	485	1	518
- General & other purposes	19	32,292	19	33,414
	25	36,066	25	37,408

Included in the restricted and endowment funds are two charities that are independently registered with the Charity Commission, along with a number of constituent charities, also registered with the Charity Commission. The independent charities are ACW Edwards (registration number 247678) whose objects are for the income to be distributed to recognised local or national charities that the trustees shall in their absolute discretion select, and GA Joyce (registration number 272973) whose objects are such charitable purposes as the trustees shall in their absolute discretion determine. Funds are held separately from Barnardo's. The objects are closely aligned to Barnardo's so in accordance with the Charities SORP (FRS 102), as custodian Trustees, and with Charity Commission consent, these charities have been included as if they represent restricted funds of Barnardo's.

	Unrestricted £000 2020	Restricted & endowments £000 2020	Total £000 2020	Unrestricted £000 2019	Restricted & endowments £000 2019	Total £000 2019
(c) Analysis of fund balances between group						
net assets						
Fixed assets	34,459	173	34,632	38,327	173	38,500
Investments	49,220	27,990	77,210	51,505	30,174	81,679
Pension liability (note 13)	(117,580)	-	(117,580)	(142,180)	-	(142,180)
Net current assets	14,248	7,903	22,151	16,967	7,061	24,028
Net assets	(19,653)	36,066	16,413	(35,381)	37,408	2,027

Barnardo's
Notes to the Accounts
Year Ended 31 March 2020

24 Fund balances (contd.)

	Unrestricted £000 2020	Restricted & endowments £000 2020	Total £000 2020	Unrestricted £000 2019	Restricted & endowments £000 2019	Total £000 2019
(d) Analysis of fund balances between charity						
net assets						
Fixed assets	34,440	173	34,613	38,296	173	38,469
Investments	48,625	27,991	76,616	50,751	30,175	80,926
Pension liability (note 13)	(117,580)	-	(117,580)	(142,180)	-	(142,180)
Net current assets	15,550	7,902	23,452	18,086	7,060	25,146
Net assets	(18,965)	36,066	17,101	(35,048)	37,408	2,361
Unrealised (losses)/gains included in investments value	(2,559)	(2,575)	(5,134)	(438)	309	(129)

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

The amount of revaluation reserve included within the general reserve is £8.2m (2019: £13.6m).

25 Reconciliation of net (expenditure)/income to net cash inflow from operating activities

	2020 £000	2019 £000
Net (expenditure)/income	(5,614)	3,089
Depreciation charge	5,613	5,532
Loss/(gains) on investments	4,192	(2,957)
Profit on the sale of fixed assets	(145)	(2,857)
Net pension charges	(4,600)	100
Decrease/(increase) in debtors	6,073	(8,121)
(Decrease)/increase in creditors	(4,659)	8,488
Increase in current asset investments	(3)	(9)
Investment income and interest	(2,737)	(2,483)
Decrease in stock and work in progress	66	1,415
Net cash (used)/generated by operating activities	(1,814)	2,197

26 Analysis of changes in net debt

	At start of year £000	Cash flows £000	At end of year £000
Bank and cash	17,151	(400)	16,751
Current asset investments	11,027	3	11,030
Total	28,178	(397)	27,781

27 Related parties

The following amounts are due to/(from) the Charity and its subsidiaries

	Income 2020 £000	Expenditure 2020 £000	Debtor/ (creditor) 2020 £000	Income 2019 £000	Expenditure 2019 £000	Debtor/ (creditor) 2019 £000
Barnardo Services Limited	447	(36)	(1,583)	489	(35)	914
Barnardo Developments Limited	-	(84)	1,461	23	(91)	995
Barnardo Events Limited	360	(19)	75	150	(36)	71
Barnardo Trading Limited	1,563	(64)	2,397	1,707	(63)	2,527
Adoptionplus Limited	-	-	285	-	-	140

Commission amounting to £0.5m was paid by the Charity to Barnardo Services Ltd (2019: £0.5m).

Payments made to the pension scheme by the Charity amounted to £10.7m (2019: £10.7m) of which £0.9m is outstanding as at 31 March 2020 (2019: £0.9m).

28 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 charity is remote and consequently no provision has been included in the accounts.

Gifts and grants received

Funding from donations

Corporate Partnerships

Avenue Diagnostic Centre Ltd, Goldman Sachs, Google, Groupon, Hollywood Bowl Group, IKEA, Intercontinental Hotels Group (IHG), Nickelodeon, Rontec Roadside Retail Ltd, Saint-Gobain Building Distribution Ltd, YouthBuild Ventures UK.

Charitable Trusts, Grants & Foundations

Big Lottery Fund	230,912
Building & Civic Engineering Charitable Trust	20,422
UPS	31,800

Funding From Statutory Authorities

England

Department for Education	515,869
Home Office	1,588,978

Scotland

Central Scottish Government	1,202,015
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Northern Ireland

Belfast Health & Social Care Trust	864,499
Sport England	80,232

Northern Ireland

Belfast Health & Social Care Trust	652,861
Victims & Survivors Service	151,063
Department of Education (DE)	7,805
Health & Social Care Board (HSCB)	2,602,204
DE (Through HSCB)	812,127
Northern Ireland Housing Executive	38,780
Supporting People	216,836
The Executive Office	23,861
Public Health Agency	884,857
Southern Health & Social Care Trust	1,287,396
Western Health & Social Care Trust	182,471
Northern Ireland Prison Service	143,394
East Belfast Surestart	21,245

Cymru

Big Lottery Fund	262,776
Welsh Government	618,518
South Wales Police	216,995
Home Office Fund	1,502,777
Police and Crime Commission Gwent	179,735
Police and Crime Commission South Wales	50,000
Spirit Of Music 2012	22,915

Philanthropy Network

Trusts & Foundations

The Hemraj Goyal Foundation
William Brake Charitable Trust
Morrison's Foundation

Pioneer

Mr & Mrs Jonathan & Jane Clarke

Friend

Mr & Mrs Brian & Clare Linden

A note from Philanthropy and Trusts

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

Trusts and Foundations

29th May 1961 Charity
Adfal Trust
Alan Edward Higgs Charity
Allan and Nesta Ferguson Charitable Trust
B&CE Charitable Trust
Barbour Foundation
BBC Children in Need
Bill Brown's Charitable Settlement of 1989
CareTech Foundation
Constance Travis Trust
Co-operative Charitable Foundation
D C Worley's Charitable Trust
D L M Charitable Trust
Forces In Mind Trust
Foundation Scotland
G J W Turner Trust
Gannochy Trust
Grace Trust
Hasluck Charitable Trust
Hull and East Riding Charitable Trust
Jenour Foundation
JMCMRJ Sorrell Foundation
John James Bristol Foundation
John Scott Trust
Joseph and Lillian Sully Foundation
June Stevens Foundation
Katherine Martin Charitable Trust
Leach Family Trust
Mary Homfray Charitable Trust
McLain Foundation Limited
Miss B C Johnson Charitable Settlement
Miss RCR Angel Charitable Trust
Moondance Foundation
Northwood Charitable Trust
P F Charitable Trust

Peacock Charitable Trust
 People's Postcode Lottery
 Pilkington Charities Fund
 Rayne Foundation
 Sandra Charitable Trust
 Sir James Reckitt Charity
 Sir John Fisher Foundation
 Sudborough Foundation
 Thomas & Jean Smith Charitable Trust
 Thomas C Maconochie Trust
 Tudor Trust
 UPS Foundation
 Wellcome Trust
 William Whyte Tait Charitable Trust
 Zochonis Charitable Trust

Philanthropy Network

Patron

Philip S Gower Charitable Trust
 The Waterloo Foundation

Pioneer

Mr & Mrs Jonathan Clarke

Benefactor

Mr & Mrs Brian Linden

Friend

Mr Gerald Voisin
 Ms Beverley Lacey & Mr David Banks – Lacey Advocates
 Mr & Mrs Paul & Pam Bell
 Hemraj Goyal Foundation
 Mr & Mrs Giles & Caroline Wilkes

Champion Premier

The William Brake Charitable Trust
 Dr Claire Anne Gilligan

Premier

The Ivy & Jane Charitable Trust

Miss Emily Ann Pemberton-Barnes	30,969.00
William Belmer Rush Foundation	24,594.00

Public Fundraising

Your View at the Forth Bridge committee	137,775
Barnardo's Helper Groups	148,946
Reading Professionals Fundraising Group	25,000
Cumberland Building Society	18,813

Patron

HRH The Duchess of Cornwall

President

Natasha Kaplinsky, OBE

Vice Presidents

Surinder Arora
Dr David Barnardo, OBE
Mr John Bartle, CBE
Baroness Benjamin, OBE, DL
Mrs Susan Bernerd, MBE
Ms Cherie Booth QC (Honorary)
Mr David Cathie
William Chalmers
Rev. Joel Edwards
Ms Rosemary Jones
Salman Ahmed
Lord Loomba, CBE
Mr Bruce Oldfield, OBE
Mr Philip Taylor

Chief Executive*

Javed Khan

**Corporate Director Children's Services
(Development and Innovation)***

Michelle Lee-Izu

**Corporate Director Children's Services
(Operations)***

Lynn Perry

* Member of Corporate Leadership Team

Trustees (year of first appointment)

John Bartlett (2014) – Chair of Trustees
Anne-Cécile Berthier (with effect 09/2020)
Neil Braithwaite (2011) – Honorary Treasurer
Neil Crockett (2019)
Avis Darzins (with effect 12/2020)
Matt Davies (with effect 09/2020)
Zoe Harris (2017)
Dennis Hone (2017) - Senior Independent Trustee
Meredith Hunter (with effect 12/2020)
Briony Ladbury (2019)
Moni Mannings (2017) - Deputy Chair
Darra Singh (2016)
Penny Thompson (2019)
Rajinder Verma (2019)
Mark Waddington (2019)

Corporate Director of Business Services*

Richard Moore

Corporate Director Income and Influence*

Roy Clark

Corporate Director People & Culture*

Caroline Fraser

Company Secretary

David Cunningham

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 London LLP, 10 Queen Street Place, London EC4R 1BE