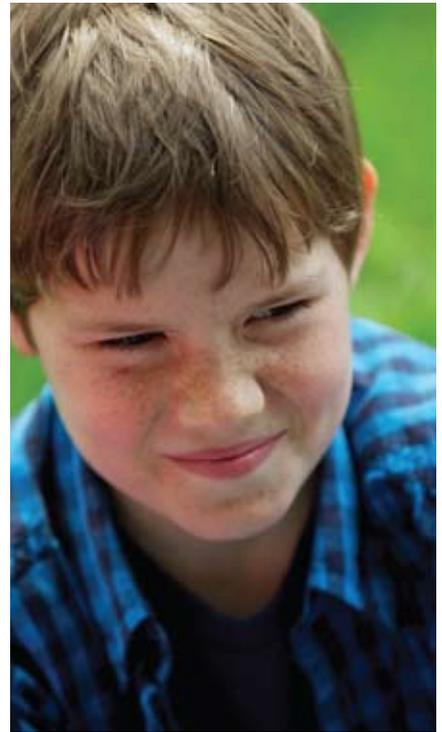

BARNARDOS

Director's Report and
Financial Statements 2011

AN OPPORTUNITY
FOR CHANGE:
**PUTTING CHILDREN
AT THE CENTRE**


Barnardos



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SECTION 1 – REFERENCE AND ADMINISTRATIVE

1.1 Reference Details

Name	Barnardos – Republic of Ireland Limited
Registered Office	4 Christchurch Square Dublin 8
Company Registration No.	141526
Charity No.	CHY6015

Barnardos – Republic of Ireland Limited is authorised to use the name Barnardos under licence from Barnardos United Kingdom.

1.2 Board Members

Current Members

Alan Wyley	Appointed Chairperson 7 July 2011
Tony Crooks	
Sheila Greene	
Deirdre Kiely	
Jim Mountjoy	Appointed Treasurer 7 July 2011
John Lonergan	
Gerry Murphy	Appointed 8 December 2011
Leonie Lunny	Appointed 7 July 2011
Alan Crosbie	Appointed 7 July 2011

Resigned

Harry Slowey	Chairperson 7 July 2011
Deirdre Mortell	8 December 2011

Company Secretary

Dianne O'Kelly

1.3 Executive Management Team

Chief Executive	Fergus Finlay
Director of Children's Services	Suzanne Connolly
Director of Finance	Dianne O'Kelly
Director of Internal Services	Jacki Conway
Director of Fundraising and Marketing	Ruth Guy
Director of Advocacy and Central Services	Norah Gibbons

1.4 Other Relevant Company Information

Principal Bankers	Allied Irish Bank 7/12 Dame Street Dublin 2
Principal Solicitors	Beauchamps Solicitors Riverside Two Sir John Rogerson's Quay Dublin 2
Auditor	KPMG Chartered Accountants 1 Stokes Place St Stephen's Green Dublin 2
Insurance Brokers	Willis Risk Services (Ireland) Limited Grand Mill Quay Barrow Street Dublin 4

The members of the Board hereby present their report and the financial statements for the year ended 31 December 2011.

These documents are prepared in accordance with the Companies Acts, 1963 to 2009 and, voluntarily in the absence of statutory reporting standards for charities in Ireland, in accordance with international best practice (Statement of Recommended Practice (SORP) (revised 2005)) as recommended by the Charity Commission for England and Wales. This Directors' Report contains the information required to be provided in the Trustee's Annual Report under the SORP guidelines.

SECTION 2 – STRUCTURE, GOVERNANCE AND MANAGEMENT

Barnardo's - Republic of Ireland Limited ('Barnardos') is an Irish company incorporated under the Companies Acts, 1963 to 2009, on 1 April 1989. It is a company limited by guarantee and does not have a share capital. It is governed by a memorandum and articles of association, which were last amended at the Extraordinary General Meeting (EGM) on 6 December 2007.

The members of the Board, who are Directors of the charity for the purposes of the Companies Acts, are formally elected at the Annual General Meeting (AGM). Directors are invited to visit our services to get to know our work better.

2.1 Barnardos' Board, Officers and Management

Barnardos is governed by members of the Board who are elected for three-year terms, which are renewable. The Directors, who are non-executive, represent a diverse range of relevant expertise. The Board meets at least five times each year and has responsibility for all the business of the organisation.

The Board is supported by a Board committee structure which deals effectively with specific aspects of the business of the company. Board committees that are in place are the Best Practice Advisory committee, Audit committee, Finance and Property committee and Nominations committee. The Board members do not receive any remuneration in respect of their services to the charity. Expenses are reimbursed where claimed.

The Board delegates the day-to-day management of Barnardos to an executive management team, which comprises the Chief Executive, a senior management team and other management groupings, as set out in Section 1.3.

2.2 Internal Control and Risk Management

Barnardos Board has overall responsibility for the systems of internal control for the charity. These controls aim to safeguard Barnardos' assets and to maintain the integrity of operating and accounting procedures. These procedures are clearly documented in organisational policies covering all aspects of Barnardos from risk in relation to the work we do with children and families to our finances. The Board delegates authority to a number of Board sub committees and through the Chief Executive, to the rest of the organisation.

The Board considers the management of risk in the organisation as a key corporate governance priority. An annual process to identify and manage the top risks for Barnardos is in place and is reviewed regularly. An annual internal audit plan is in place to monitor implementation of control.

Barnardos prepares annual and multi annual budgets. Annual budgets are approved by the Board. A budget revision process is undertaken at least three times during the financial year. Both the Board and management are provided with regular financial reports which compare actual results against budget and budget revisions.

Barnardos' policy is that all prospective staff and volunteers, including the Board and the Board sub-committees, are subject to Garda vetting. We apply Child Protection policies, which are based on Children First (national guidelines for the protection and welfare of children), and best practice recruitment policies and procedures. We continue to advocate externally for improvements in, and the expansion of, rigorous child protection procedures in the interests of child protection.

SECTION 3 – OBJECTIVES AND ACTIVITIES

3.1 Objectives

The main objectives of Barnardos are:

- To provide support for children, young people and families in need;
- To promote and provide assistance towards the education of children and young people in social or economic disadvantage; and
- To provide services for and promote and advance the welfare of children, young people and their families whose lives have been affected by economic, social or other disadvantage or loss.

The objectives were updated at an EGM on 6 December 2007.

The vision and mission statements of the organisation are:

Barnardos' Vision

Barnardos' Vision is an Ireland where childhood is valued and all children and young people are cherished equally.

Barnardos' Mission

Barnardos' Mission is to challenge and support families, communities, society and government to make Ireland the best place in the world to be a child, focusing specifically on children and young people whose well-being is under threat.

3.2 Principal Activities

Established in Ireland in 1962 and becoming wholly independent in 1989, Barnardos is one of Ireland's largest charities. We provide a range of services to children, young people and their parents. We advocate on their behalf for change to government policy and legislation which will positively impact on their lives. Our Family Support and Early Years services are situated in the heart of local communities. We also offer specialist services to children such as a Bereavement Counselling Service for Children, a Guardian Ad Litem Service (GAL), a Post-Adoption Service and a Tracing Service (Origins) for adults who were residents of former industrial schools in Ireland.

Our key concerns are that the children with whom we work and on whose behalf we advocate receive effective services that deliver positive outcomes in relation to their emotional well-being and their learning and development, and that we respond effectively to any concerns about their safety and well-being which come to our attention in the course of our work. Barnardos aims to ensure that all of our services are delivered to the highest standard, informed by up to date research, both local and international, and we regularly audit and monitor our work.

During 2011 our direct services worked with over 6,300 (2010: 5,927) children and their parents. More than 5,300 children and parents accessed family support projects, while the GAL service worked with 545 children and young people. Approximately 400 children and their parents used the bereavement counselling service.

Over 1,000 training sessions were provided by the Barnardos Training and Resource Service (BTRS) during 2011 and the service dealt with over 5,200 enquiries (2010: 5,124) from childcare professionals, parents and students. There were over 21,500 visits to our library website in 2011. The Post-Adoption Services dealt with over 400 enquiries, of which 133 were inter-country adoption queries (2010: 233). A total of 389 enquiries (2010: 360) were dealt with through our Bereavement Counselling phone lines and another 1,230 enquiries (2010: 1,113) were handled through our Origins service.

Barnardos' work is supported through a combination of statutory and voluntary funding. A substantial portion of the costs of family support services is funded by a variety of statutory sources, mainly the Health Service Executive and a number of government departments.

In addition to its statutory funding, Barnardos has invested in the provision of services for which no statutory income is currently available, and in management and professional supports which are, in the Board's view, critical to the achievement of effective and enduring outcomes for the children and families using our services. These investments are made possible through a diverse range of fundraising activities which, for the year ended 31 December 2011, included direct mail campaigns, legacies, donations from companies and individuals, trusts and foundations, the operation of charity shops, fundraising events and through the support of philanthropic partners.

SECTION 4 – BARNARDOS' ACHIEVEMENTS AND PERFORMANCE IN 2011

Our achievements and performance in 2011 can be considered under a number of areas of activity:

- Direct Services to Children and Families (section 4.1);
- Advocacy (section 4.2);
- Fundraising (section 4.3); and
- Supporting Services (section 4.4).

These activities are guided by annual implementation plans under our 'Strategic Plan'. Performance is reported to the Board at each Board meeting and is measured in a number of ways including tracking against service level agreements and the use of the balanced scorecard.

4.1 Direct Services to Children and Families

Barnardos works with children from birth to age 18 years and their families living in disadvantaged communities. We support children and young people to achieve their developmental potential despite the adverse circumstances in which they live, and the fact that the children and families with whom we work experience complex and often inter-related difficulties in a range of areas.

- Their living circumstances are often poor and in areas deprived of social and community amenities, lack of transport facilities or employment opportunities.
- Their family and social relationships have been damaged as a result of poor or insecure attachments, poor parenting capacity, family conflict, domestic abuse or anti-social behaviour.
- Their behaviour and social participation may be impaired as a result of poor peer relationships, the presence of negative social networks or the lack of opportunity to meaningfully engage with community networks.
- Their physical and psychological health is often affected by addiction, loss and bereavement, ill-health or poor living conditions.
- Their learning and development opportunities may be limited as a result of lack of opportunity, poor previous experiences of learning and education, or literacy and numeracy difficulties.
- And their sense of identity and self-esteem have been damaged by poor family and social relationships and no sense of history or connection to their family or community.

Service Portfolio

Some of the key achievements in 2011 include:

- The **Wizards of Words** (WOW) programme (a volunteer led literacy improvement programme) continued to be delivered in 5 schools in Dublin and 4 schools in Limerick. During the academic year 2010-2011, volunteers (94) contributed over 2,000 teaching hours to participating children (106) and schools.
- The **Friendship Group** programme (a peer relationship and social skills programme) is now well integrated into our standard practice and is currently being implemented in 17 Barnardos projects. In October 2011, Pennsylvania State University (PSU) provided 4 days training to 108 staff from across the 17 sites. We have begun working with PSU on the development of a train the trainer's programme. We have also developed a promotional DVD. It is being used to help people outside of Barnardos understand what the programme is, how it works and its potential benefits for the children who attend.

4.1 Direct Services to Children and Families (continued)

- The **Tús Maith** programme (an early years programme for children aged 3-5 years, the focus of which is improved school readiness) continues to be delivered in 8 Barnardos' sites nationally. The Tús Maith coach continues to provide support and training to all staff implementing the programme, but at a less intensive level as the programme becomes embedded into our service delivery. During 2011, work progressed on the development of two programme manuals – an implementation manual and a curriculum manual.
- Significant progress has been made on the design of **Partnership with Parents (PWP)**, our intensive parent support programme for parents with complex needs who have children aged 0-18 years. During 2011 we trialled aspects of the programme in 8 locations and obtained important feedback from staff and parents which influenced and developed the programme further. The full programme will be ready for piloting in early 2012. Dr. Crispin Day, Guys Hospital, London continues to provide expert advice on the design and development of the service.
- **Growing Up Strong Together (GUST)** is our service for individual work with children. We completed a review of the evidence in the area of resilience in February 2011. This will help us to define the level of need to which the GUST programme is best placed to respond. These, coupled with our review of the work that we currently provide to children across the organisation, provides a useful basis for the design of our GUST service which will commence in 2012.
- During 2011 a literature review was undertaken in relation to **Transition to Secondary School** programmes to inform the development of our transition work with young people.
- **Roots of Empathy** is an evidenced based programme that reduces levels of aggression among school children while raising social / emotional competence and increasing empathy. During 2011 Barnardos piloted the Roots of Empathy programme in 5 schools in Finglas and 5 schools in Athlone, and also took on responsibility for delivery of the programme in two schools in Tallaght which had previously run the programme. Plans are in place to roll the programme out to a further 20 sites in late 2012.
- **Amplifying Voices (AV)** is Barnardos' new initiative aimed at strengthening the voice of children and young people on issues affecting them. The aim of the AV project is to test, develop and demonstrate models of effective rights-based participation leading to better outcomes for children and young people. Throughout 2011 the project framework was developed and 3 pilot site communities were identified (Tallaght, Finglas & Blanchardstown). Three Children's Rights and Participation Officers were recruited towards the end of 2011 and will take up post in early 2012.
- During 2011, as part of our strategic planning process, we identified that we wanted to promote and support the implementation of a **community hub model** which would transform the way in which children's services are provided and delivered in Ireland. The philosophy of the community hub model is that children aged 0-18 years and their families should have access to a range of services to meet their needs within a reasonable distance from where they live. Towards the end of 2011 we began work on a discussion document which will inform the design of Barnardos Community Hub Model.
- The **Rialto Family Centre** transferred to the management of Barnardos with effect from 1 January 2011.

4.1 Direct Services to Children and Families (continued)

Barnardos' services were delivered in the following locations during 2011:

Dublin North Region

- TESO, Church Road, Mulhuddart
- Barry Close, Finglas
- Church Road, Mulhuddart
- Buckingham Street, Dublin 1
- Mulhuddart/Corduff, Corduff, Dublin 15
- Finglas Teen Parents Support Programme, Finglas

Dublin West

- Teen Parents, Newlands Cross
- YAP, Bawnlea Green, Tallaght
- Millbrook, Tallaght
- Special Needs, Jobstown
- Lorien Rivendell, Fettercairn
- Deerpark, Tallaght
- MacUlliam, Tallaght
- Rialto

Dublin South Region

- Tivoli Terrace South, Dun Laoghaire
- Loughlinstown Drive, Loughlinstown
- Patrick Street, Drugs Project, Dun Laoghaire
- Bray Drugs Project
- Cherry Orchard, Ballyfermot
- Labre Park, Ballyfermot
- Wizards of Words, Dublin

Midlands and North East

- Athlone, County Westmeath
- Mullingar, County Westmeath
- Tullamore and Edenderry, County Offaly
- Family Welfare Conference, Drogheda, Navan and Cavan

South East Region

- Ballybeg, County Waterford
- Clonmel, County Tipperary
- Carrick on Suir, County Tipperary
- Dungarvan, County Waterford
- Gorey, County Wexford
- Waterford Student Mothers, Waterford City
- Waterford Family Welfare Conference
- Tullow Road, County Carlow

Southern Region

- Mahon, Cork
- Knocknaheeny, Cork
- Islandgate, Limerick
- Moyross, Limerick
- Southside, Limerick
- Thurles, County Tipperary
- Wizards of Words, Limerick

4.1 Direct Services to Children and Families (continued)

Developing the Quality of Barnardos' Services

Barnardos' strategy aims to ensure that all of our services are needs-led and result in measurable outcomes for children and families. We remain committed to investing in the design, development and evaluation of new services, and to ensuring quality through auditing and monitoring of our practice. During 2011, we continued to develop our service portfolio.

During 2011 the following were undertaken as part of Barnardos' ongoing commitment to developing the quality of its services:

- Barnardos developed an audit template to measure its current practice against the Agenda for Children's Services. This audit consisted of two parts. The first was a general audit, which involved the completion of a standardised self-audit tool by all services that work with children. This part of the audit was completed in June 2011.

The second was a detailed audit, which took place in September / October 2011. During this part of the audit, six services and one senior management group participated in a facilitated reflection of their application of the Agenda. The six services also completed a portfolio to evidence the quality of practice discussed in the facilitated discussion.

The quality of practice identified in the audit was high with Barnardos systems (e.g. Barnardos assessment framework and Barnardos active case management system) supporting the implementation and evidencing of needs led and outcomes focused practice in line with the standards outlined in the Agenda.

- During 2011 we reviewed the implementation of recommendations made following the Active Case Management Audit in 2010, and also reviewed our Child Protection Policy.
- We commenced work on the development of a Parent's Participation Policy.
- We continued to provide training aimed at enhancing the practice of staff and managers, e.g. Supervision, Child Protection, Assessment, Positive Behaviour Management, Shared Language Training, Case Management, Engaging Families and Gathering Information.

Our Best Practice Advisory Committee continued to be an important resource and support to us in the development and evaluation of our services.

Research and Evaluation

Barnardos research and evaluation programme is shaped by the information needs of the organisation taken from two perspectives:

- Understanding the needs and circumstances of children and their families in Ireland, particularly those children and their families whose well-being is under threat.
- Delivering quality services to children and their families and demonstrating that these services achieve the outcomes that are intended.

Barnardos is committed to delivering high quality and methodologically robust research studies and service evaluations. We do this using both internal and external resources. Work to date in this area includes the following:

4.1 Direct Services to Children and Families (continued)

Wizards of Words (WOW)

The Child and Family Research Centre (CFRC) at NUI Galway has been commissioned to evaluate Barnardos' WOW programme. The evaluation commenced in 2008 and will be completed in 2012. The evaluation has two phases:

Phase 1: process evaluation and pilot of outcome measures, 2008-2009

Phase 2: outcomes evaluation using randomised control trial, 2009-2012

Tús Maith

The Centre for Social and Educational Research at the Dublin Institute of Technology in partnership with the Geary Institute at UCD has been commissioned by Barnardos to evaluate Tús Maith, the early year's service. The evaluation which will measure the impact of the programme on the participating children's language and literacy development, social and emotional well-being and physical development, began in August 2011. The evaluation will be completed by September 2014.

4.2 Advocacy

Barnardos continued to be a leader in advocacy for children in Ireland. The key areas of focus in 2011 included:

General Election 2011:

Barnardos launched the Stand for Children campaign in February 2011. It aimed to influence candidates to make children a priority in Election 2011, following the policy recommendations set out in our Children's Manifesto. We developed a Facebook app (with Twitter) to drive the campaign, allowing users to send an email to their local candidates asking them to make a commitment to Barnardos' four priority election issues. The campaign generated 1,500 emails sent from the app which was supported by Facebook ads and a viral video (1,178 viewings in one week). The Facebook following increased from 5,457 to 11,147 over the campaign lifetime.

Barnardos received responses from all four main political parties who outlined their commitment to the key tasks set out in the Children's Manifesto. The campaign success was apparent in the Programme for Government published following the establishment of the new Government. A number of key Barnardos' policies were included in the Programme. The key win for Barnardos was the establishment of a Minister for Children in the Cabinet for the first time in Irish history.

Other Barnardos priorities in the Programme were the reform of the child welfare and protection system, the Referendum on Children's Rights, the maintenance of social welfare rates and reversal of the cut to the National Minimum Wage. Also, the piloting of holistic, early intervention programmes for children living in disadvantage and the establishment of a National Literacy Strategy.

Child Welfare and Protection: Community Hubs

A comprehensive discussion paper was developed outlining the rationale, benefits and proposed model for community hubs. This is based on the Barnardos' Blueprint and the Programme for Government commitment for local area based hubs. The paper was expanded to incorporate the proposed Child and Family Support Agency. It connects the policy developments taking place following the General Election and appointment of a Minister for Children and Youth Affairs.

4.2 Advocacy (continued)

The paper, titled 'Reorganising Child and Family Support Services' aims to promote the need for holistic national framework and service development. It encompasses continuum of care across all levels of need and connects services working across poverty, disadvantage and child welfare and protection.

As policy at the national level developed, Barnardos' discussion paper became a key tool for influencing Government. This was in both the remit that should be housed in the Department of Children and Youth Affairs (i.e. Family Support Agency) and the development of the proposed Child and Family Support Agency. It links the development of a community hubs model with strategic work across child welfare and protection and child poverty.

Meetings were held with key stakeholders including Minister for Children Frances Fitzgerald, Minister for Social Protection Joan Burton and HSE National Director for Children and Family Services, Gordon Jeyes. These were to promote the community hubs model with respect to reform of the child welfare and protection system. The Director of Advocacy's appointment to the Department of Children's Task Force on the Child and Family Support Agency indicates Barnardos' credibility and solid reputation regarding the reform of services for children and family. It places Barnardos in a strong position to further promote the community hubs model at the highest level of Government.

Child Poverty: Barnardos Knows

The Barnardos Knows campaign ran from October to December 2011. The aim was to influence the Government ahead of Budget 2012 to maintain funding for social protection, education and health services for children. It was also to promote Barnardos' community hubs model for reforming child welfare and protection services. The campaign also aimed to develop Barnardos' reputation as a leading online campaigning agency, building on the ongoing development of Barnardos' social media sites and the increasing levels of public engagement on those platforms.

In October, Barnardos Knows established an online petition on Barnardos' website. It was promoted through Facebook and Twitter, utilising Barnardos' ambassadors Paul O'Connell and Keith Earls and all relevant current affairs stories to link the campaign to ongoing advocacy work ahead of the Budget. There was also significant support from Twitter users with large followings such as Conor Pope, Tom Dunne, Paul O'Connell, Ray D'Arcy, Ian Dempsey, and Dave Moore (98FM). Barnardos' Facebook following increased by 3,993 over the campaign lifetime.

The Barnardos Knows petition achieved 11,000 signatures, the largest public support or engagement Barnardos has ever achieved for an advocacy campaign. The success was compounded by the development of a solid evidence base through the publication of Barnardos' Children's Budget 2012. The report outlined the need for reform of services for children, particularly through the community hubs model and the re-focusing of resources on prevention and early intervention services.

The Children's Budget also set out Barnardos' recommendations for protection of incomes and services affecting children living in disadvantage across the social welfare, education, health, child protection, housing and community sectors. In one of the toughest Budgets of the recession, Barnardos (with others) achieved considerable wins in the maintenance of basic social welfare rates and the protection of the Child Benefit payment for first and second children in a family.

Barnardos' calls for a national School Book Rental Scheme and other measures to reduce the cost of education for parents have been heeded by the Minister for Education and the Minister for Social Protection, with discussion for reform of the current systems of support underway at the political level.

4.2 Advocacy (continued)

Overall, Barnardos Knows campaign succeeded in cementing Barnardos' standing as a leading voice on child poverty in Ireland. The level of public engagement significantly increased the public's perception of the organisation as a champion for children and families struggling in the recession. It also confirmed Barnardos' reputation at the political level, confirming the organisation's standing as a credible voice representing the views of those affected by the recession.

Educational Disadvantage: School Costs Survey 2011

The annual Back to School Costs (online) Survey 2011 in July had over 500 participants, doubling the participation of parents on 2010. The promotion of the survey was via Facebook and Twitter as well as traditional channels such as Activelink. The Survey was highly effective in progressing key asks to reduce the parental costs for children's education and to ensure that all children have access to the tools they need to get the best from their education. Crucially, the survey generated huge media attention on the topic and pressured Government to take action on a number of points.

Barnardos met with Minister Ruairi Quinn who subsequently met with national school book publishers and succeeded in agreeing a four year stay on changes to editions to help parents manage the cost of school books in the recession. Importantly, the Minister is also looking at the development of a compulsory National School Book Rental Scheme and has asked Barnardos to put forward further suggestions regarding reforms of school supports for parents and children.

Separated Children

Barnardos ran the highly successful seminar, Separated Children in Foster Care – Ensuring Equity of Care in September 2011. Keynote speakers were Minister for Children, Frances Fitzgerald and the Ombudsman for Children, Emily Logan. This included presentations from Barnardos UK's Foster Care Service for Separated Children, the HSE, a former separated child and an academic undertaking research on separated children in foster care on behalf of Barnardos.

The purpose of the seminar was to explore the experiences of separated children in the care system and to highlight the outstanding policy and practice issues that continue to impact on their lives. It was highly successful in integrating care and separated children's issues and, significantly, was attended by the HSE National Director for Children and Family Services and representatives of key foster care providers.

Submissions

Barnardos continued to build on its reputation as thought leader across the sector through ongoing action across a broad spectrum of issues. We made the following submissions to various statutory and political bodies over the year:

1. National Literacy Strategy, January 2011
2. Universal Periodic Review on Ireland's human rights performance, March 2011
3. Crisis Pregnancy Programme Strategic Plan, April 2011
4. Review of Alternative Care, April 2011
5. Equality Authority Strategic Plan, April 2011
6. National Council for Curriculum Assessment, May 2011
7. White Paper on Crime, June 2011
8. Comprehensive Review of Expenditure, August 2011
9. Input into Amnesty International Accountability Project, August 2011

4.2 Advocacy (continued)

10. Submission into reform of Mental Capacity Law, August 2011
11. Courts Service Statement of Strategy, August 2011
12. National Vetting Bureau Bill, August 2011
13. Advisory Group on Tax and Social Welfare, September 2011
14. Your Health is Your Wealth – public health policy framework questionnaire, September 2011
15. Review of Mental Health Act 2001, September 2011
16. Criminal Justice (Withholding Information on Crimes against Children and Vulnerable Adults) Bill 2011, September 2011
17. Submission by National Heart Alliance and endorsed by Barnardos into Children's Commercial Communications Code, September 2011
18. Ireland's third periodic report to the United Nations Committee on Economic, Social and Cultural Rights, October 2011

4.3 Fundraising

Donations and Fundraising Campaigns

In 2011 the Fundraising environment became even more challenging. In a very tough economic environment, the whole sector saw a decline in voluntary and statutory income early on and the competition for funds in the market place was acute.

The strategy of investing in the growth of the individual donor database over the last few years stood Barnardos in good stead in 2011 with donors responding to our appeals for vital extra support during the year. In 2011 we continued to invest in building our database of individual donors in order to protect our income in the coming years.

Fundraising activities for the year generated €5.2m (2010: €4.8m): Unrestricted Trusts, Legacies & Donations income generated €0.1m (2010: €0.4m): and Restricted Trusts & Donations income was €1.4m (2010: €2.1m). Fundraising income of €6.7m (2010: €7.3m) in the year.

We recruited over 6,500 new individual donors who committed to give a regular donation to support Barnardos work. Events and Campaigns grew significantly in terms of the number of people taking part in events for Barnardos - however the average amount raised continued to fall in 2011 thus impacting income. The growth in community fundraising that we saw beginning in 2009/2010 continued into 2011, which can be directly attributed to our increased supporter database, profile and awareness. In a year where corporate support for the sector tightened considerably due to the economic downturn, Barnardos corporate income grew, the result of many strong partnerships that have been fostered over the years.

A number of new events and partnerships were launched in 2011 most notably amongst them the 2FM Dress Up for Barnardos. This saw us partnering with the national station for a month long campaign in October which raised over €100,000 in its first year. The campaign will continue in 2012 and onwards.

Awareness and understanding of Barnardos increased significantly in 2011 driven by our fundraising, communications and advocacy work. In the ICEM (Irish Charity Engagement Monitor) survey November 2011 Barnardos ranked as the fourth best known charity in Ireland in Spontaneous Awareness, making it the second best known Irish (domestic) charity. This is coming from a base where spontaneous awareness was less than 2% in 2005.

4.3 Fundraising (continued)

Shops

Barnardos shops performed exceptionally well and overachieved against target, delivering sales of €1.12 million (2010: €1.05million). In addition to increased sales, costs were managed very tightly and, as a result, net contribution exceeded target by a factor of 3. This was an incredible result in a year that saw the retail sector as a whole continuing to struggle.

One of the main challenges was the continued move by the mainstream retailers to heavily discount merchandise and deliver almost year round sales. This has increased the competition on the high street and made new goods more accessible to all, at a lower cost. We have also seen a fall off in Brand New donations as retailers and manufacturers hold on to stock in an attempt to drive more income.

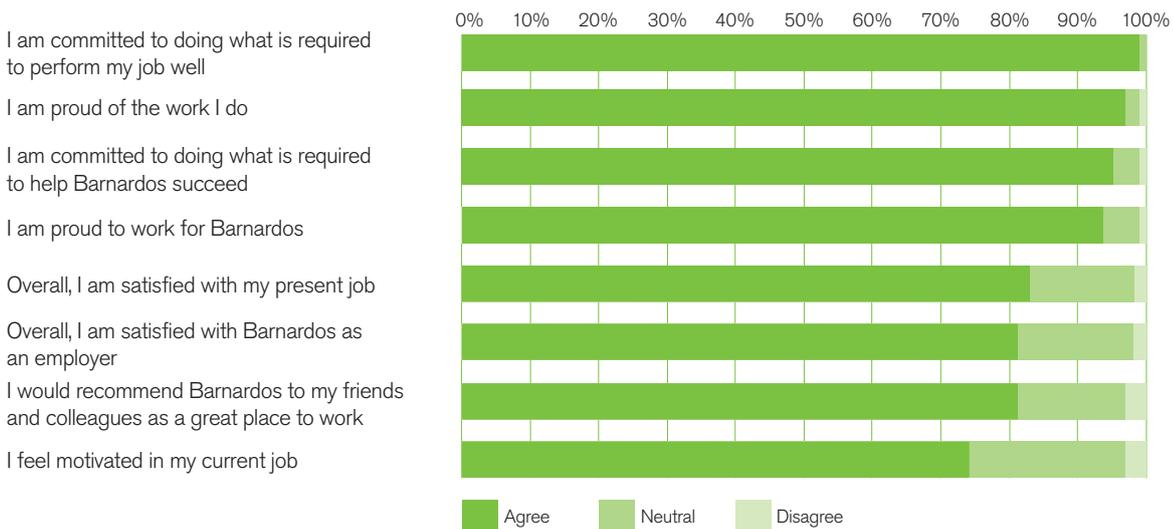
4.4 Supporting Services

Our People

Barnardos sets high employment standards, working to maintain professional service delivery from appropriately qualified and trained staff across the organisation. Our HR team plays a key role supporting best practice standards and in ensuring a healthy and safe environment. At the 2011 year end our total staff headcount was 433 (2010: 410). Our commitment to training continued in 2011 with the provision of 113 courses (2010: 88) with an average of 2.5 training days per staff member (2010:2 days).

Our Employee Engagement Survey which measures: Advocacy for; Commitment to; Pride in; and Satisfaction with Barnardos was run in November 2011 with an excellent 68% participation rate. We retained an engagement level significantly ahead of European benchmarks (69% engagement versus 29% European average) with significant strengths in three categories: Service Focus; Vision, Mission and Strategy; and My Job.

Particularly high scores were reported in relation to employee commitment to the work that Barnardos does and the collegiate environment. However, increasing stress levels and concerns about decreasing resources to do the job were also reported. These findings reflect the increasingly tough funding environment we are experiencing with difficulties in both statutory and voluntary funding being reflected in resourcing.



4.4 Supporting Services (continued)

Our Volunteers

Our volunteers are integral to our work in transforming children's lives. In 2011 we benefited from the involvement of 285 volunteers (2010:230), contributing an amazing 27,500 hours, helping us in a variety of different ways.

Over the course of 2011, 116 people were recruited to new and existing projects and programmes across the organisation. Roles include administrative support, retail, afterschool groups, pre school activity programmes, drop in service, childcare support etc.

Barnardos volunteers play a key part in the delivery of literacy programmes (Wizard of Words), access programmes (Contact Centres) and helping out all across our services. In addition, they fundraise, provide office support, training and a variety of professional expertise to help us achieve better outcomes for children. Without their dedication and generosity, we could not do the work we do.

Communications

Numerous events and campaigns across the organisation kept Barnardos in the media throughout 2011. Barnardos continued to be the first organisation that many media called when looking for a comment or response and our vocal and credible spokespeople ensured that Barnardos' voice continued to grow. Both Fergus Finlay (Chief Executive) and Norah Gibbons (Director of Advocacy and Central Services) regularly commented on difficult issues relating to children during the year.

The 'Change a Child's Life' fundraising campaign which used Barnardos' own staff to tell the story of the work they do continued in 2011 with two new versions of the ad aired. The 'Change a Child's Life' campaign added great momentum to the ongoing work across the organisation to grow Barnardos' profile and awareness through advocacy, fundraising and communications.

In terms of media coverage, 2011 was another great year for Barnardos. The combined campaigning activities of the Advocacy, Communications and Fundraising teams saw Barnardos reach the highest level of awareness ever, placing us as number four in spontaneous awareness and the sector leader in the area of children's charities.

A slight drop in volume of print coverage was experienced in 2011 when compared to the outstanding performance in 2010. This can be partly attributed to a reduction in the number of circulated titles available in the Irish market and in particular the loss of some Sunday titles. It also reflects the growth in Barnardos use of online platforms for campaigning. The Advocacy campaign Parents Know which ran in October was run on an online platform and secured a phenomenal 11,000 + signatures on the petition to Government to protect children in the Budget.

Overall 2011 was another phenomenal year for Barnardos when we reached the highest levels of Brand awareness and understanding we have ever had.

More information on the services and achievements of the charity are included in the Annual Review. Further copies are available from National and Regional Offices or can be downloaded from our website: www.barnardos.ie.

SECTION 5 – FINANCIAL REVIEW

5.1 Results for the year

The financial results for the year ended 31 December 2011 are shown in the Statement of Financial Activities and Income and Expenditure Account on page 24.

These results show a net deficit of €1,506,000 (2010: net deficit €1,641,000, including exceptional loss relating to a property impairment of €1,780,000).

5.2 Income Generation

Barnardos raised total income of €24.0m in the year ended 31 December 2011 (2010: €24.0m). Income may be analysed by source as follows:

	2011	2010
Statutory	66%	64%
Donations	23%	22%
Shops	5%	4%
Trusts, Foundations & Legacies	5%	9%
Other	1%	1%
	100%	100%

5.3 Resources Expended

Total resources expended by the organisation, amounted to €25.5m (2010: €23.9m, excluding the property impairment loss of €1.8m). Of the organisation's expenditure, when pension movements and the costs of running the shops are excluded, 86% (€20.9m) was spent on direct charitable activities, 13% on the cost of generating funds and 1% on governance. In 2011 Barnardos invested in fundraising in order to increase its capacity to raise voluntary income to support the organisation through the difficult years ahead in terms of funding. This investment was essential to protect the voluntary income streams for the coming years. As a result, expenditure on generating funds temporarily increased from 9% of total expenditure in 2010 to 13% in 2011. Support costs allocated to direct charitable activities are detailed in Note 6 to the financial statements in line with requirements under the SORP.

The Board would like to acknowledge the many positive funding relationships it enjoys with the Health Service Executive, Government Departments and agencies, with philanthropies, notably Atlantic Philanthropies and One Foundation, companies, trusts and foundations, individual donors and its many supporters amongst the public at large. The Board would also like to acknowledge the many individuals and companies that have offered their expertise on a pro bono basis.

5.4 Reserve Policy

In accordance with recommended best practice, each charity should have a reserve policy. This policy is concerned with how much 'free' (or unallocated) reserves a charity retains.

This excludes the following:

- Restricted funds
- Designated funds
- Income funds that could only be realised by disposing of fixed assets held for charity use.

The Board has the responsibility for establishing an appropriate reserve policy. Having reviewed the reserves of the charity, a policy of retaining sufficient reserves to ensure the continuity of operations and to absorb periodic setbacks, while committing the maximum amount available for the provision of services to children and families in Ireland was adopted by the Board in 2008.

This policy means that the free reserves should be approximately:

- a. one month of statutory income projected for the coming year (with the exception of Guardian ad Litem); and
- b. two months of Guardian ad Litem income projected for the coming year; and
- c. three months of non-statutory income projected for the coming year. This includes income from trusts and foundations.

In 2012 this equates to approximately €3.8m in free reserves. The free reserves are €3.8m at 31 December 2011.

The level and adequacy of the reserves are reviewed annually by the Audit committee, which reports directly to the Board. Care is taken to consider changing funding structures and activity growth strategies. The policy was reviewed in 2007 to take account of an increasing dependence on fundraising activities and the associated risk.

5.5 Investment Policy

It is the policy of the Board that all funds not immediately required for operational purposes should be invested in fixed term interest bearing deposits, maintained with financial institutions.

SECTION 6 – CHALLENGES AND FUTURE PRIORITIES

2011 was a year of change – not all of it for the better. Continuing economic uncertainty, high job losses, income cuts and further reductions in social spending – these all formed part of the backdrop against which Barnardos seeks to provide a range of services to children and families living in disadvantaged, often stressed and sometimes dangerous communities. A good summary for the year would be to describe it as a year in which demand for our services grew considerably, while our capacity to respond was put under immense pressure.

Barnardos' services are funded in part by the HSE and a range of other statutory bodies. In all cases 2011 saw cuts in the investment made by the State in such services, as the Exchequer continued to struggle with a cash crisis caused by a massive and sharp reduction in tax revenue. We have consistently argued that it is a short-sighted and counterproductive policy to decline to invest in services that are preventative in nature, as the longer term economic and social costs associated with such things as early school leaving are massive.

At the same time as state investment has been cut, the fundraising climate within which we operate has become increasingly challenging. People who are facing extraordinary uncertainty in their own lives, and massive income pressures, are much less able to give to charity on a consistent basis.

The result of this pincer movement – cuts in state investment allied to a harsher fundraising climate – has meant that we have struggled to maintain services. Indeed it is likely that we would have had to turn children away this year, were it not for the willingness of people who work in Barnardos to accept a series of pay sacrifices – and to maintain a high quality of service in the process. As the year progressed however it became more and more clear that there would be no easing of this pressure in the short to medium term.

At the same time, however, there are signs of change. The election of a new Government, and the appointment of a Cabinet level Minister for Children, was a welcome development. So too was the decision to radically restructure services at a national level through the establishment of a new Child and Family Support Agency. A public debate began – informed in some measure by the scandals of the past, but also by the advocacy work of organisations like ours – about the need for a referendum on the rights of children. It is clear that there is good reason to believe that the people of Ireland, for whom children do really matter, would be very supportive of such a move.

In summary, 2011 was a year of struggle and challenge for Barnardos, with no sign of early easing. We continued to provide services of a high quality, aimed at addressing real need. We worked together to maintain a high reputation and profile, and we fought always to influence public policy towards the ambitious but achievable goal of making Ireland the best place in the world to be a child.

2012 will be every bit as challenging. Our objectives for the year include the holding of the referendum on children's rights, and a deepening of the dialogue with those responsible for the development of the new Agency around ways to deliver better services for children and families. At an organisation level we are deeply conscious of the need to protect our capacity to continue to provide high quality services in cost effective ways, and we know that will involve hard decisions and shared sacrifice.

SECTION 7 – PRINCIPAL RISKS AND UNCERTAINTIES

Barnardos has the appropriate risk management policies in place and there is a risk management plan to support them. The Barnardos Executive Management Team is responsible for the preparation of the risk management process and internal audit plan for approval by the Board.

The top risks are reviewed on an ongoing basis and our current top risks are as follows:

1. Abuse of children in our services
2. Poor quality of service delivery
3. Business continuity
Loss of key personnel/IT related/Health and safety
4. Monitoring income and expense
Funding problems/Monitoring/Cash fraud/Theft/Systems
5. Loss of public credibility
6. Losing touch with stakeholders
Parents and children/Funders/Staff/Board
7. Failure to comply with law, regulations or to meet responsibilities

SECTION 8 – STATEMENT OF THE RESPONSIBILITIES OF MEMBERS OF THE BOARD IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the financial statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland.

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

The Directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 2009. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for preparing a Directors' report that complies with the requirements of the Companies Acts, 1963 to 2009.

The Finance committee meets five times a year. It is chaired by a Board member and two other members who are not Directors. Its function is to keep under review the adequacy, scope and effectiveness of accounting and internal control systems of all financial activities carried out by Barnardos. The Finance committee reports to the Board.

Statement of the responsibilities of members of the Board in respect of the financial statements (continued)

The Audit committee meets a minimum of twice a year. It is chaired by a Board member and includes two other members. Its functions include the review of the annual statutory financial statements of Barnardos before submission to the Board, review and approval of the internal audit plan based on the risk identification process and the reporting on its implementation to the Board.

SECTION 9 – BOOKS OF ACCOUNT

The Directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to books of account by employing personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account of the Company are maintained at Christchurch Square, Dublin 8.

SECTION 10 – AUDITOR

KPMG, Chartered Accountants have expressed their willingness to remain in office and, in accordance with Section 160 (2) of The Companies Act, 1963, the auditor, KPMG, Chartered Accountants will continue in office.

On behalf of the Board



Jim Mountjoy
Honorary Treasurer



Alan Wyley
Chairperson

19 April 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARNARDOS – REPUBLIC OF IRELAND LIMITED

We have audited the financial statements of Barnardo's – Republic of Ireland Limited for the year ended 31 December 2011 which comprises the statement of financial activities and income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Directors are responsible for the preparation of the financial statements in accordance with applicable Irish law and Accounting Standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) as set out in the statement of the responsibilities of members of the board in respect of the financial statements as set out on page 20.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts, 1963 to 2009 and the Statement of Recommended Practice 2005. We also report to you our opinion as to: whether proper books of account have been kept by the company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding Directors' remuneration and other transactions is not disclosed and, where practicable, include such information in our report.

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

Independent auditor's report to the members of Barnardo's – Republic of Ireland Limited (continued)

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of affairs of the company as at 31 December 2011 and of its net deficit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Acts, 1963 to 2009.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion the information given in the Directors' Report is consistent with the financial statements.



Tom McEvoy

for and on behalf of

KPMG

Chartered Accountants, Statutory Audit Firm

1 Stokes Place

St. Stephen's Green

Dublin 2

19 April 2012

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL ACTIVITIES AND INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 €000 Unrestricted Funds	2011 €000 Restricted Funds	2011 €000 Total Funds	2010 €000 Total Funds
Incoming resources					
<i>Incoming resources from generating funds</i>					
– Voluntary income	1	5,336	1,478	6,814	7,463
– Income from trading activities	2	1,126	-	1,126	1,052
Incoming resources for charitable activities	3	-	15,783	15,783	15,268
Investment income	4	198	-	198	232
Other incoming resources	9	31	-	31	-
Total incoming resources		6,691	17,261	23,952	24,015
Resources expended					
<i>Cost of generating funds</i>					
– cost of generating voluntary income	5	3,346	-	3,346	2,108
– cost of trading activities	2	1,005	-	1,005	1,088
Charitable activities	6a	238	20,694	20,932	20,425
Governance costs	6b	175	-	175	255
Other resources expended	9	-	-	-	1,780
Total resources expended		4,764	20,694	25,458	25,656
Net incoming/(outgoing) resources before transfers		1,927	(3,433)	(1,506)	(1,641)
Transfers between funds	15	(2,125)	2,125	-	-
Net outgoing resources before other recognised gains and losses		(198)	(1,308)	(1,506)	(1,641)

€1,506k (2010: €139k surplus) of the above results are derived from continuing activities. In 2010 €1,780k is derived from non continuing operations, relating to a property value written down. The deficit for the year for Companies Act purposes was €1,506k (2010: €1,641k deficit).

On behalf of the Board



Jim Mountjoy
Honorary Treasurer



Alan Wyley
Chairperson

19 April 2012

FINANCIAL STATEMENTS (CONTINUED)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011	2010
		€000	€000
Net outgoing resources for the year		(1,506)	(1,641)
Actuarial loss on defined benefit pension scheme	18	(382)	(226)
Total recognised gains and losses for the year		(1,888)	1,867

RECONCILIATION OF MOVEMENT IN RESERVES

	Note	2011	2010
		€000	€000
Net outgoing resources for the year		(1,506)	(1,641)
Actuarial loss on defined benefit pension scheme	18	(382)	(226)
Total recognised gains and losses for the year		(1,888)	(1,867)
Reserves at the beginning of the year		8,895	10,762
Reserves at the end of the year	15	7,007	8,895

FINANCIAL STATEMENTS (CONTINUED)

BALANCE SHEET AT 31 DECEMBER 2011

<i>Note</i>	2011 €000	2010 €000
Fixed assets		
Tangible assets	10 2,743	3,168
Term deposits	11 1,352	1,311
	4,095	4,479
Current assets		
Debtors	12 1,555	951
Short term deposits	11 3,401	5,600
Cash at bank	940	1,397
Total current assets	5,896	7,948
Current liabilities		
Creditors: amounts falling due within one year	13 (2,864)	(3,318)
Net current assets	3,032	4,630
Total assets less current liabilities		
Provision for liabilities	14 (110)	(186)
Net assets before pension liability	7,017	8,923
Defined benefit pension scheme liability	18 (10)	(28)
Net assets	7,007	8,895
Represented by		
Unrestricted fund	15 6,409	6,989
Restricted income fund	15 598	1,906
Total funds	7,007	8,895

On behalf of the Board



Jim Mountjoy
Honorary Treasurer



Alan Wyley
Chairperson

19 April 2012

FINANCIAL STATEMENTS (CONTINUED)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

	<i>Note</i>	2011 €000	2010 €000
Net cash outflow from operations	16	(3,005)	(202)
Returns on investment and servicing of finance			
Interest received	4	198	232
Investing activities			
Sale of fixed asset	10	300	5
Purchase of tangible fixed assets	10	(112)	(1,777)
Purchase of term deposits	17	(41)	(1,311)
Net cash inflow/(outflow) from investing activities		147	(3,083)
Management of liquid resources			
Sale/(purchase) of short term deposits	17	2,199	(1,881)
Financing activities			
Grants received	10	4	514
Decrease in cash and cash equivalents			
Cash at bank at beginning of year	17	1,397	5,817
Cash at bank at end of year	17	940	1,397

FINANCIAL STATEMENTS (CONTINUED)

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2011

Basis of preparation

The financial statements are prepared under the historical cost convention in accordance with best practice as recommended by the Companies Acts and, voluntarily in the absence of statutory reporting standards for charities in Ireland, in accordance with best practice (Statement of Recommended Practice (revised 2005)) as recommended by the Charity Commission for England and Wales.

Taxation

The organisation is a company limited by guarantee not having share capital. The company has charitable status and as such is exempt from Corporation Tax.

Income recognition

Income is recognised in the Statement of Financial Activities when the effect of the transaction or other event results in an increase in the charity's assets.

When Barnardos provides family support services in accordance with agreements, the income is recognised when the service is provided. Income due but not yet received at the year end is included in debtors on the balance sheet and funds already received in relation to future years but not yet expended are shown in creditors as deferred income. All statutory grants are treated as restricted grants.

Non-statutory grants and donations are recognised when there is evidence of entitlement. Voluntary income such as shops sales is recognised when the income is received.

Activities undertaken to generate non-statutory grants, donations and voluntary income are analysed in notes 1 and 2 to the financial statements.

Donated services, goods and facilities are not quantified in the Statement of Financial Activities in income or expenditure.

Capital grants in respect of buildings and equipment are set-off against fixed assets and amortised over the lives of the relevant assets.

Cost allocation

Expenditure is analysed between resources expended on charitable activities, governance costs and the cost of generating funds.

Resources expended on charitable activities comprise all the resources applied by Barnardos in undertaking our work to meet our charitable objectives within Children Services, Advocacy and Research. These costs include direct costs of undertaking these together with the support costs incurred to enable these activities to be undertaken.

FINANCIAL STATEMENTS (CONTINUED)

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Cost allocation (continued)

Support costs include Human Resources, Finance, Information Technology and others. Charitable activity costs and the related support costs are analysed in detail in notes 6(a) and 6(b) to the financial statements.

The cost of generating funds are costs associated with generating incoming resources from all sources other than from undertaking charitable activities. The income resource areas and their associated costs are analysed in detail in notes 1 and 5 to the financial statements.

Governance costs include costs which relate to the general running of the charity. They include strategic planning, audit, costs associated with legal and statutory requirements and an apportionment of staff time involved in supporting governance activities. Governance costs are analysed in detail in note 6(b) to the financial statements.

Fixed assets and depreciation

Depreciation is provided for a full year in the year of acquisition and none in the year of disposal.

Properties are stated in the balance sheet at their market value at 1 April 1989 or subsequent cost less any provision for impairment. Depreciation of freehold and long leasehold properties has been provided at the rate of 2%-4% per annum on their cost or value. Short leasehold properties are amortised over the period of the lease.

Fixtures, fittings and equipment are stated at cost and depreciated at 20% straight line per annum on their cost.

Motor vehicles are stated at cost and depreciated at 15% straight line per annum on their cost.

Computers purchased prior to 1 January 2005 are stated at cost and depreciated at 20% straight line per annum on their cost. Computers purchased after this date are written off in the year of purchase.

Fund accounting

All transactions of the organisation are recorded and reported as income into or expenditure from funds, which are designated as "restricted" or "unrestricted".

Income is treated as restricted where the donor/funder has specified that it may only be used for a particular purpose. All other income is treated as unrestricted.

Expenditure is treated as being made out of restricted funds to the extent that it meets the criteria specified by the donor/funder. All other expenditure is treated as being from unrestricted funds.

The balance of the unrestricted fund at the end of the year represents the assets held by the organisation for general use in the furtherance of its work. Transfers from unrestricted funds are made to meet the shortfall on restricted projects.

FINANCIAL STATEMENTS (CONTINUED)

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Pension costs

Defined Benefit Scheme

Pension benefits are funded over the eligible employees' period of service by way of contributions to a defined benefit scheme.

A full actuarial valuation is undertaken every three years and its purpose is to advise on the future funding arrangements to be made in light of the Scheme's funding position as at the valuation date. Pension scheme assets are valued at market value. Pension scheme liabilities are measured using the attained age method using market-related assumptions that reflect reasonable expectations taking account of market conditions as at the valuation date.

In the financial statements, pension schemes have been accounted for in accordance with FRS 17. Pension scheme assets are valued at bid value. Pension scheme liabilities are measured, using the projected unit method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any surplus, to the extent that it is considered recoverable, is shown as an asset on the balance sheet and any deficit is shown on the balance sheet as a liability. Actuarial gains and losses are recognised immediately in the Statement of Total Recognised Gains and Losses. The current service cost and past service cost of the defined benefit scheme and the expected return on assets, net of the change in the present value of the scheme liabilities arising from the passage of time, has been charged/credited to governance costs.

Defined Contribution Scheme

Pension benefits for members of this scheme are funded over the employees' period of service by way of contributions which are charged to the Statement of Financial Activities as they become payable.

Stock

It is not considered practicable to value stock of unsold donated goods at the year end.

Operating leases

Rentals in respect of operating leases are charged to the Statement of Financial Activities as incurred.

FINANCIAL STATEMENTS (CONTINUED)

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS

1 Voluntary income includes the following

	2011 €000	2011 €000	2011 €000	2010 €000
	Unrestricted	Restricted	Total	Total
<i>Fundraising activities</i>				
Major donors	80	-	80	207
Committed and cash giving	3,105	-	3,105	2,848
Corporate	1,041	-	1,041	862
Events and campaigns	917	14	931	891
Total fundraising activities	5,143	14	5,157	4,808
<i>Trusts and foundations</i>				
Atlantic Philanthropies	-	1,101	1,101	1,853
Other trusts	82	100	182	122
Total trusts and foundations	82	1,201	1,283	1,975
<i>Other donations, legacies and similar incoming resources</i>				
Legacies	37	-	37	243
Barnardos Training & Resource Centre	69	-	69	159
Other donations/fees	5	263	268	278
Total donations, legacies & similar incoming resources	111	263	374	680
Total voluntary income	5,336	1,478	6,814	7,463

2 Income from trading activities

	2011 Unrestricted €000	2010 Unrestricted €000
The net result of shop operations is as follows:		
Sales	1,126	1,052
Operating expenses	(1,005)	(1,088)
Net shop cost	121	(36)

It is not considered practicable to value stock of unsold donated goods at the year end. Due to the seasonal nature of the business, there would generally be two to three months of sales in stock at any point in time.

FINANCIAL STATEMENTS (CONTINUED)

NOTES (CONTINUED)

3 Incoming resources for charitable activities

	2011	2010
	€000	€000
	Restricted	Restricted
<i>Statutory Sources</i>		
HSE South Western Area	2,010	1,907
HSE Northern Area	1,693	1,666
HSE East Coast Area	649	698
HSE Mid-Western Area	1,743	1,746
HSE Midland Area	939	977
HSE Southern Area	431	462
HSE South Eastern Area	1,767	1,742
HSE North Eastern Area	295	373
HSE Total	9,527	9,571
City of Dublin Vocational Education Committee	74	74
Dublin City Council	37	123
Department of Education and Science	862	776
Department of Community, Rural and Gaeltacht Affairs	50	55
Family Support Agency	210	233
Office of the Minister for Children and Youth Affairs	245	544
Pobal	1,318	1,446
	12,323	12,822
Service income from Guardian ad Litem	2,836	1,766
Other fees and grants	624	680
	15,783	15,268

4 Investment income

	2011	2010
	Unrestricted	Unrestricted
	€000	€000
Deposit interest	198	232

5 Cost of generating funds

	2011	2010
	Unrestricted	Unrestricted
	€000	€000
Fundraising expenditure can be analysed as follows:		
Major donors	44	62
Committed & cash giving	2,511	1,311
Corporate	273	279
Events & campaigns	581	456
	3,346	2,108

NOTES (CONTINUED)

6(a) Resources expended for charitable activities

Regions/services	Dublin West region €000	Dublin North region €000	Dublin South region €000	Midlands region €000	Southern region €000	South Eastern region €000	Regional Childcare €000	National Office €000	2011 Total €000	2010 Total €000
Restricted										
Family support	2,750	2,426	2,054	1,361	3,189	1,882	13,662	355	14,017	13,834
BTRS	-	-	-	-	-	-	-	467	467	655
GAL	-	-	-	-	-	-	-	2,061	2,061	1,552
Bereavement	-	-	-	-	-	-	-	389	389	410
Origins & PAS	-	-	-	-	-	-	-	791	791	716
Garda vetting	-	-	-	-	-	-	-	135	135	147
Advocacy	-	-	-	-	-	-	-	535	535	574
Service design	-	-	-	-	-	-	-	802	802	738
Research	-	-	-	-	-	-	-	372	372	274
Direct costs	2,750	2,426	2,054	1,361	3,189	1,882	13,662	5,907	19,569	18,900
Support costs	156	163	156	85	212	114	886	239	1,125	1,300
Total costs	2,906	2,589	2,210	1,446	3,401	1,996	14,548	6,146	20,694	20,200
Unrestricted										
BTRS	-	-	-	-	-	-	-	227	227	213
Direct costs	-	-	-	-	-	-	-	227	227	213
Support costs	-	-	-	-	-	-	-	11	11	12
Total costs	-	-	-	-	-	-	-	238	238	225
Total charitable expenditure	2,906	2,589	2,210	1,446	3,401	1,996	14,548	6,384	20,932	20,425

FINANCIAL STATEMENTS (CONTINUED)

NOTES (CONTINUED)

6(b) Activities included in support and governance costs

		2011	2011	2010	2010
	Cost drivers	Support	Governance	Support	Governance
		costs	costs	costs	costs
		v000	€000	€000	€000
Human resources	Head count	473	38	478	65
Finance	Expenditure	402	57	481	62
Information technology	No of PC's	179	21	171	20
Corporate	Head count	82	59	182	108
		1,136	175	1,312	255

7 Staff costs

The average weekly number of employees, including part-time staff, but not including volunteers, during the year was 408 (2010: 403).

	2011	2010
	€000	€000
Staff costs comprises:		
Wages and salaries	15,071	14,930
Social welfare costs	1,543	1,509
Pension costs	551	553
	17,165	16,992

	2011	2010
	Number	Number
Staff activities are as follows:		
Direct charitable activities	351	343
Support costs	24	24
Generating funds shops	12	18
Generating funds fundraising	14	11
Governance costs	7	7
	408	403

FINANCIAL STATEMENTS (CONTINUED)

NOTES (CONTINUED)

7 Staff costs (continued)

The number of higher paid employees was:

	2011	2010
€80,000 – €90,000	3	3
€90,000 – €100,000	3	2
€100,000 – €110,000	1	2
€110,000 – €120,000	1	1
	8	8

Remuneration includes basic pay and excludes employer pension and PRSI contributions.

8 Board member expenses

No member of the Board receives payment other than the reimbursement of expenses incurred which were under €1,000 in total for both 2011 and 2010.

9 Net incoming resources for the year

	2011	2010
	€000	€000
This is arrived at after charging/(crediting):		
Auditor's remuneration	32	30
Depreciation	467	611
Amortisation of grants	(234)	(228)
Operating leases – primarily land and buildings	565	575
Realised gain on the disposal of a property	(31)	-
Impairment charge on property	-	1,780

An impairment of our Mulhuddart property of €1.8m was taken in 2010 following a review of the value in use of our properties in accordance with FRS 11.

FINANCIAL STATEMENTS (CONTINUED)

NOTES (CONTINUED)

10 Tangible fixed assets

	Properties	Furniture, fittings and equipment	Computers	Motor vehicles	Total
	€000	€000	€000	€000	€000
Cost – At 1 January 2011	11,453	1,798	200	446	13,897
Additions	-	105	-	7	112
Disposals	(306)	-	-	-	(306)
At 31 December 2011	11,147	1,903	200	453	13,703
Depreciation					
At 1 January 2011	3,659	1,430	200	306	5,595
Charge for the year	233	182	-	52	467
Disposals	(6)	-	-	-	(6)
At 31 December 2011	3,886	1,612	200	358	6,056
Net book amounts					
At 31 December 2011	7,261	291	-	95	7,647
At 31 December 2010	7,794	368	-	140	8,302
Capital grants					
At 1 January 2011	5,383	319	-	411	6,113
Adjustment	(57)	-	-	-	(57)
Additions	25	36	-	-	61
At 31 December 2011	5,351	355	-	411	6,117
Capital grants – amortisation					
At 1 January 2011	479	228	-	272	979
Charge for the year	134	50	-	50	234
At 31 December 2011	613	278	-	322	1,213
Net book amounts					
At 31 December 2011	4,738	77	-	89	4,904
At 31 December 2010	4,904	91	-	139	5,134
Net book amounts – fixed assets net of capital grants					
At 31 December 2011	2,523	214	-	6	2,743
At 31 December 2010	2,890	277	-	1	3,168

FINANCIAL STATEMENTS (CONTINUED)

NOTES (CONTINUED)

10 Tangible fixed assets (continued)

	2011	2010
	€000	€000
<i>Freehold and leasehold properties – carrying value net of unamortised grants</i>		
Freeholds	1,012	1,346
Long leaseholds (over 50 years)	1,484	1,510
Short leaseholds (50 years and under)	27	34
	<u>2,523</u>	<u>2,890</u>

The following capital grants become repayable to the funders under certain circumstances

- 1 Family Support Centre, Thurles – €150,000 becomes repayable to the HSE in the event of the assets being disposed of before 2023.
- 2 Family Support Centre in Mullingar – €300,000 becomes repayable to the HSE in the event of the asset being disposed of, unless replaced by a mutually agreed premises.
- 3 Brighter Futures Centre in Knocknaheeny – €1,188,236 becomes repayable to Pobal and €988,403 becomes repayable to Cork City Council in the event that the centre ceases to be used for the purpose of the grant.
- 4 Mulhuddart – €325,000 of the NCIP grant becomes repayable if the project/service is not operated for a minimum of 15 years from December 2010.

11 Term deposits and short-term deposits

€1,352,000 (2010: €1,311,000) relates to funds invested in fixed term interest bearing deposits with financial institutions with a maturity of greater than 1 year.

€3,401,000 (2010: €5,600,000) relates to funds invested in fixed term interest bearing deposits with financial institutions with a maturity of between 60 days and 365 days.

12 Debtors (amounts falling due within one year)

	2011	2010
	€000	€000
Trade debtors	1,336	876
Other debtors	19	18
Prepayments and accrued income	200	57
	<u>1,555</u>	<u>951</u>

FINANCIAL STATEMENTS (CONTINUED)

NOTES (CONTINUED)

13 Creditors: amounts falling due within one year

	2011	2010
	€000	€000
Trade creditors	1,119	1,144
Other creditors	39	57
Accruals	477	630
Deferred income	1,229	1,487
	2,864	3,318

Movements in deferred income

	Non- Statutory deferred	Statutory deferred	Total
	€000	€000	€000
Released from prior year	(520)	(967)	(1,487)
Deferred in the current year	440	789	1,229

Funds already received in relation to future years but not yet expended are shown in creditors as deferred income.

14 Provision for liabilities

	2011	2010
	€000	€000
At beginning of year	186	65
(Released)/charged in the year	(76)	121
At end of year	110	186

The provision relates to legal cases.

15 Statement of movement in funds

	Unrestricted fund	Restricted fund	Total
	€000	€000	€000
Balance at beginning of year	6,989	1,906	8,895
Net outgoing resources – after transfers	(198)	(1,308)	(1,506)
Actuarial gain on pension scheme (note 18)	(382)	-	(382)
Balance at end of year	6,409	598	7,007

NOTES (CONTINUED)

15 Statement of movement in funds (continued)

The movement in funds classified in accordance with the organisation's accounting policies are as follows:

Regions/services	Dublin West region €000	Dublin North region €000	Dublin South region €000	Midlands region €000	Southern region €000	South Eastern region €000	Total Regional Childcare €000	National Office €000	2011 Total €000
Restricted									
Opening balance	-	-	21	-	-	-	21	1,885	1,906
Income	2,658	2,172	1,721	1,240	2,953	1,876	12,620	4,641	17,261
Charitable activities costs	(2,906)	(2,589)	(2,210)	(1,446)	(3,401)	(1,996)	(14,548)	(6,146)	(20,694)
Transfers	274	417	507	206	448	120	1,972	153	2,125
Closing balance	26	-	39	-	-	-	65	533	598
Unrestricted									
Opening balance	-	-	-	-	-	-	-	6,989	6,989
Income	-	-	-	-	-	-	-	6,691	6,691
Actuarial loss on pension scheme	-	-	-	-	-	-	-	(382)	(382)
Charitable activities costs	-	-	-	-	-	-	-	(238)	(238)
Cost of generating funds	-	-	-	-	-	-	-	(4,351)	(4,351)
Governance costs	-	-	-	-	-	-	-	(175)	(175)
Transfers	-	-	-	-	-	-	-	(2,125)	(2,125)
Closing balance	-	-	-	-	-	-	-	6,409	6,409
Restricted and Unrestricted	26	-	39	-	-	-	65	6,942	7,007

Transfers relate to the funding of the organisation's charitable activities with available unrestricted funds.

FINANCIAL STATEMENTS (CONTINUED)

NOTES (CONTINUED)

16 Reconciliation of (outgoing)/incoming resources to net cash flow from operating activities

	2011	2010
	€000	€000
Net outgoing resources	(1,506)	(1,641)
Depreciation and impairment charge	467	2,391
Amortisation of government grant	(234)	(228)
Increase in debtors	(604)	(142)
Decrease in creditors	(454)	(72)
(Decrease)/increase in provision for liabilities and charges	(76)	121
Decrease in pension liability	(18)	(173)
Actuarial loss on pension scheme	(382)	(226)
Interest earned	(198)	(232)
Net cash flow from operating activities	<u>(3,005)</u>	<u>(202)</u>

17 Analysis of change in cash at bank, short term deposits and term deposits

	2011	2010
	€000	€000
Balance at beginning of year	8,308	9,536
Net cash outflow	(2,615)	(1,228)
Balance at end of year	<u>5,693</u>	<u>8,308</u>

	At 1	Cashflows	At 31
	January	during the	December
	2011	year	2011
	€000	€000	€000
Term deposits	1,311	41	1,352
Short term deposits	5,600	(2,199)	3,401
Bank current accounts	1,397	(457)	940
Total cash and cash equivalents	<u>8,308</u>	<u>(2,615)</u>	<u>5,693</u>

FINANCIAL STATEMENTS (CONTINUED)

NOTES (CONTINUED)

18 Pension fund

The company operates two pension schemes. The defined benefit pension scheme is open to employees who joined the organisation prior to 31 December 1999. This scheme has been closed to new members since that period and was replaced by a defined contribution pension scheme.

Defined benefit scheme

Contributions to the defined benefit scheme are assessed in accordance with the advice of an independent actuary on the basis of triennial valuations using the attained age method. The most recent actuarial valuation was conducted as at 1 September 2009. The Scheme did not meet the statutory Funding Standard as at 31 December 2009.

A funding proposal has been approved by the Pensions Board to restore the defined benefit pension scheme to a solvent position, under the Pensions Act funding standard, by 2018. The FRS17 position is calculated using different assumptions as prescribed in FRS17. The FRS17 assumptions should not be used to assess the funding position of the scheme.

This funding proposal, designed to return the scheme to a solvent position by December 2018 on the minimum funding standard basis, was approved by the Pensions Board in February 2012. The recommended contribution rate was implemented by Barnardos. Due to an improvement in the scheme's deficit position since the funding proposal was drafted, Barnardos has applied a reduction to the contribution rate with the intention of still meeting the target of solvency by 31 December 2018.

The financial assumptions used to calculate the scheme liabilities under FRS 17 using the Projected Unit Method are as follows:

	2011	2010	2009
Inflation rate	2.00%	2.10%	2.25%
Discount rate	4.40%	4.50%	5.10%
Expected return on assets over the next year	4.85%	5.96%	6.90%
Expected rate of salary increases	3.75%	3.85%	4.00%
Rate of pension increases in payment	0.00%	0.00%	0.00%
Rate of pension increases in deferment	2.00%	2.10%	2.25%

It is assumed that scheme members will withdraw on average 12.5% of their fund on retirement (2010: 12.5%).

The expected long-term rate of return on the assets of the scheme are as follows are:

	2011	2010	2009
Equities	7.00%	7.30%	8.20%
Bonds	3.00%	3.70%	4.10%
Other	6.00%	5.50%	-
Property	6.00%	6.30%	7.20%
Cash	2.00%	2.10%	2.25%

FINANCIAL STATEMENTS (CONTINUED)

NOTES (CONTINUED)

18 Pension fund

Assumptions regarding future mortality are based on published statistics and mortality tables. The current longevities underlying the values of the liabilities in the defined benefit plan are as follows:

	2011 Years	2010 Years
Longevity at age 65 for current pensioners:		
Male	21.7	21.6
Female	23.4	23.3
Longevity at age 65 for members aged 45		
Male	23.5	23.4
Female	25.3	25.2

The calculation of the defined benefit obligation is sensitive to the mortality assumptions set out above. As the actuarial estimates of mortality continue to be refined, an increase in one year in the lives shown above is considered reasonably possible in the next financial year. The increase of this change would be an increase in the employee benefit liability by €173,000.

Based on these assumptions the following table sets out the market value of the defined benefit schemes together with details of the expected long term rates of return used to generate the amount shown in the profit and loss account. It also shows the most recent valuation of the scheme liabilities updated for movements in financial assumptions.

FINANCIAL STATEMENTS (CONTINUED)

NOTES (CONTINUED)

18 Pension fund (continued)

The net pension deficit is analysed as follows:

	2011	2010	2009
	€000	€000	€000
Equities	3,310	4,984	5,373
Bonds	2,539	1,435	1,290
Other	1,202	1,258	-
Property	227	243	177
Cash	1,416	750	738
AVCs	282	430	408
Total market value of assets	8,976	9,100	7,986
Actuarial value of scheme liabilities	(8,704)	(8,698)	(7,779)
AVCs	(282)	(430)	(408)
Deficit in scheme	(10)	(28)	(201)

The following amounts have been recognised in the statement of financial activities and income and expenditure account.

	2011	2010
	€000	€000
<i>Charged to expenditure</i>		
Current service costs	130	103
<i>(Credited)/charged to other finance income</i>		
Interest on pension scheme liabilities	391	397
Expected return on scheme assets	(509)	(529)
Past service gain	(49)	-
Total credit in statement of financial activities and income and expenditure account	(37)	(29)

FINANCIAL STATEMENTS (CONTINUED)

NOTES (CONTINUED)

18 Pension fund (continued)

The following amounts have been recognised in the statement of total recognised gains and losses:

	2011	2010
	€000	€000
Difference between actual and expected return on assets	(404)	346
Experience gain on schemes liabilities	101	304
Effect of changes in actuarial assumptions	(79)	(876)
	<u>(382)</u>	<u>(226)</u>

Actuarial loss recognised in the statement of total recognised gains and losses

	2011	2010
	€000	€000
Movements in deficit during the year:		
Deficit in scheme at beginning of year	(28)	(201)
Contributions paid	363	370
Current service costs	(130)	(103)
Other financial credit	167	132
Actuarial (loss)/gain	(382)	(226)
	<u>(10)</u>	<u>(28)</u>

Deficit in scheme at end of year

Reconciliation of change in value of scheme liabilities in the year

	2011	2010
	€000	€000
Scheme liabilities at start of year	9,128	8,187
Interest cost	391	397
Current service cost (net of member contributions)	130	103
AVC contributions	23	33
Change in value of AVCs	(171)	(12)
Actual member contributions	34	37
Actual benefit payments by the fund	(478)	(189)
Loss on change of assumptions	79	876
Experience gain	(101)	(304)
Past service gain	(49)	-
	<u>8,986</u>	<u>9,128</u>

Scheme liabilities at end of year based on end of period assumptions

FINANCIAL STATEMENTS (CONTINUED)

NOTES (CONTINUED)

18 Pension fund (continued)

	2011 €000	2010 €000
Reconciliation of changes in value of assets in the year		
Market value at beginning of year	9,100	7,986
Actual total benefit payments	(478)	(189)
Actual contributions – company (including benefits paid by the company)	363	370
AVC contributions	23	33
Change in value of AVCs	(171)	(12)
Actual contributions – members	34	37
Expected return on assets	509	529
(Loss)/Gain on assets	(404)	346
Market value at end of period	8,976	9,100

The company expects to contribute €219,000 to its defined benefit pension plan in 2012.

History of actuarial gains and losses

	2011 €000	2010 €000	2009 €000	2008 €000
Loss)/gain on scheme assets	(404)	346	943	(3,813)
% of scheme assets at end of year	(4.50%)	3.80%	11.81%	(57.86%)
Experience gain/(loss) on scheme liabilities	101	304	264	(151)
% of scheme liabilities at end of year	1.12%	3.33%	3.22%	(1.49%)
Total actuarial (loss)/gain recognised in STRGL	(382)	(226)	3,429	(3,197)
% of scheme liabilities at end of period	(4.25%)	(2.47%)	41.88%	(31.67%)

19 Commitments

Operating lease commitments payable during the next twelve months amount to €527,396 (2010: €516,000) and are payable in relation to equipment and property leases which expire as follows:

	Plant & equipment €'000	Land & buildings €'000	Total €'000
Within one year	7	93	100
Within two to five years	10	214	224
After five years	-	203	203
	<u>17</u>	<u>510</u>	<u>527</u>

Capital commitments payable within the next twelve months amount to €Nil (2010: €Nil).

FINANCIAL STATEMENTS (CONTINUED)

NOTES (CONTINUED)

20 Comparative amounts

Comparative amounts have been regrouped, where necessary, on the same basis as the current year.

21 Joint venture

During 2008, the company established a joint venture company, Partners in Education Limited together with the Congregation of Sisters of Bon Secours of Paris in Ireland. Partners in Education Limited is a company incorporated in the Republic of Ireland and its registered office is 4 Christchurch Square, Dublin 8. The principal activity of the company is to run a service in Knocknaheeny, Cork known as "Brighter Futures". The company has charitable status and is operated on a not-for-profit basis. Barnardo's – Republic of Ireland Limited holds an ordinary share of €1.00 in Partners in Education Limited which also represents its share of the net assets of that company at 31 December 2011.

22 Related party transactions

The directors consider that Partners in Education Limited is a related party of Barnardos by virtue of the shareholding in that company.

Barnardos provides administrative services to Partners in Education Limited at €nil cost and handles all of the transactions and accounting records on behalf of the company.

23 Guarantee liability

The members of the company are those who are directors. The guarantee of each member of the company is limited to €1.27.

24 Approval of financial statements

The directors approved the financial statements on 19 April 2012.



NOTES



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Barnardos

Christchurch Square
Dublin 8

T: 01 453 0355

E: info@barnardos.ie

W: www.barnardos.ie

Design: Zinc

Registered Charity 6015

