



Barnardos

EVERY CHILDHOOD LASTS A LIFETIME



# DIRECTORS' REPORT AND AUDITED ACCOUNTS 2004

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**THE DIRECTORS' REPORT**  
**For the year ended 31 December 2004**

**I Company Information**

**I.1 Legal Status**

Barnardos Republic of Ireland Limited is an Irish company incorporated under the Companies Act, 1963 with effect from 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 AGM on 3 July 2000.

**I.2 Licensing Agreement**

Barnardos Republic of Ireland is authorised to use the name Barnardos under licence from Barnardo's United Kingdom.

**I.3 Barnardos' Board, Officers and Management**

The distinction between governance and management is clearly defined.

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 including commercial, business, finance, media, education and law. The Board meets at least four times each year and has responsibility for the management of 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 organisation. 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 and three Directors: Director of Children's Services, Director of Finance and Director of Fundraising and Communications. A fifth position, Director of Advocacy, has been created with effect from March 2005.

**I.4 The Board Members**

Leslie Andrews	Resigned with effect from 16 December 2004
Mary Broughan	Honorary Treasurer
David Barnardo	
Niamh Cleary	
Michael Mortell	
Michael Murray	
Olivia O' Leary	Deputy Chairperson
Fintan O'Toole	
Declan Ryan	Chairperson
Shalini Sinha	

**Company Secretary**

Niamh Cullen	Resigned with effect from 7 June 2004
Jude Carey	Appointed 8 June 2004

**THE DIRECTORS' REPORT CONT'D**  
**For the year ended 31 December 2004**

**1.5 Company Information**

Principal Bankers	Allied Irish Bank 7/12 Dame Street, Dublin 2
Solicitors	Beauchamps Solicitors Dollard House Wellington Quay Dublin 2
Auditors	Ernst & Young Chartered Accountants Ernst & Young Building Harcourt Centre Harcourt Street Dublin 2
Insurance Brokers	Willis Insurance Services (Ireland) Limited 80 Harcourt Street Dublin 2
Registered Office	4 Christchurch Square Dublin 8
Company Registration No.	141526
Charity No.	CHY6015

**1.6 Executive Management Team**

Chief Executive	Owen Keenan (to 30 June 2005) Fergus Finlay (from 1 July 2005)
Director of Children's Services	Suzanne Connolly
Director of Finance	Niamh Cullen (to 7 June 2004) Jude Carey (from 8 June 2004)
Director of Fundraising and Communications	Alana Kirk
Director of Advocacy	Norah Gibbons (from 14 March 2005)

**2 Background Information**

The members of the Board, who are directors of the charity for the purposes of the Companies Acts, hereby present their report and the financial statements for the year ended 31 December 2004. These documents are prepared in accordance with the Companies Acts and, voluntarily in the absence of statutory reporting standards for charities in Ireland, in accordance with international best practice as recommended by the Charity Commissioners for England and Wales.

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**3 Charitable Objectives**

The main objects of the charity include –

- the relief and assistance of children, young people and families in need;
- assistance towards the education of children and young people with special needs.

**4 Aims and Policies**

**4.1 Vision**

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

**4.2 Mission**

Barnardos' mission is to support and challenge 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.

**4.3 Principal Activities**

Barnardos provides a range of services in response to the needs of vulnerable children, young people and their families in many parts of Ireland, including a wide range of support services for vulnerable families, bereavement counselling, information counselling and tracing services, and Guardian ad Litem services.

Barnardos also contributes to the improvement of conditions for children in Ireland as a whole through a variety of activities including advocacy and awareness raising, information, research, training, consultancy and publishing.

Barnardos' work is funded 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 health boards and a number of government departments. Increasingly statutory funding is determined on the basis of negotiated service level agreements, which is a welcome development as it clarifies and makes explicit the respective operational responsibilities, expectations and accountability.

In addition to its statutory funding the Board 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 2004 included the operation of charity shops, direct mail campaigns, legacies, donations from companies and individuals, trusts and foundations, and from fundraising events.

Since becoming an independent organisation in Ireland in 1989, Barnardos has continued to receive financial support from Barnardo's United Kingdom, on an agreed tapering scale. This support is now due to end in March 2006.

**5 Barnardos' Activities in 2004**

**5.1 Direct Services to Children and Families**

The past year has witnessed the continuing development of Barnardos' services. Further information about our work with children, young people and their families will be found in Barnardos' *Annual Review 2004/05*.

**BARNARDOS LIMITED - FINANCIAL STATEMENTS**  
**For the year ended 31 December 2004**

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**THE DIRECTORS' REPORT CONT'D**  
**For the year ended 31 December 2004**

A major part of Barnardos' work is the provision of a wide range of support services to vulnerable families. The aim of these services is to resolve difficulties, keep families together and to improve their relationships and functioning. Family support services encompass early childhood development programmes, parenting programmes, after school groups, parent and toddler groups, youth action programmes, breakfast clubs, counselling for parents and children, initiatives aimed at children affected by drug misuse, children who are members of ethnic minorities, or from refugee and asylum-seeking families. The precise nature of the services delivered is determined by local needs and conditions and by the requirements of respective funding agencies.

In addition, Barnardos provides a bereavement counselling service, Sólás, for children who have suffered the loss through death of a close relative, carer or friend. Through our Origins service we offer an information, counselling and tracing service for adults who were residents of the former industrial schools and reformatories and the Adoption Advice Service, which provides information, counselling and tracing services. In addition we offer a Guardian ad Litem service which provides independent reports on children who are the subject of court proceedings. These services are provided at Barnardos' National Office at Christchurch Square, Dublin 8, with Sólás and the Guardian ad Litem services also provided from The Bowling Green, White Street, Cork. In addition to these locations the Origins service also operates from premises in Galway and Gorey.

Barnardos also operates the National Children's Resource Centre (NCRC), which provides a comprehensive library and information service on all aspects of children's lives, provides training programmes, conducts research, publishes extensively, offers consultancy and supports Barnardos' advocacy and campaigning activity. The NCRC is located at the National Office and in recent years it has expanded to Cork, Limerick, Athlone and Galway.

Barnardos' services were delivered in the following locations during 2004:

<p><b>Eastern Region A</b>            Avonbeg Gardens, Tallaght            Bawnlea Green, Tallaght            Cherry Orchard, Ballyfermot            Newlands Cross, Clondalkin            Labré Park, Ballyfermot            Millbrook, Tallaght            Family Welfare Conference, North East</p>	<p><b>Eastern Region B</b>            Loughlinstown Drive, Loughlinstown            Tivoli Road, Dun Laoghaire            Tivoli Terrace South, Dun Laoghaire            Barry Close, Finglas            Blanchardstown            Avila Close, Finglas            Main Street, Mulhuddart            Russell Street, Dublin 7</p>
<p><b>Western Region &amp; Midlands</b>            Ballinacurra-Weston, Limerick            Moyross, Limerick            Southill, Limerick            Bishops Street, Limerick            Thurles, Co Tipperary            Athlone, Co Westmeath            Edenderry, Co Offaly            Mullingar, Co Westmeath            Tullamore, Co Offaly</p>	<p><b>Southern Region</b>            Ballybeg, Waterford            Tullow Road, Carlow            Dungarvan, Co Waterford            Gorey, Co Wexford            Mahon, Cork            White Street, Cork</p>

**THE DIRECTORS' REPORT CONT'D**  
**For the year ended 31 December 2004**

**5.2 Developing the Quality of Barnardos' Services**

The Directors have had a sustained commitment to enhancing the quality and effectiveness of our service delivery. Over the past year we have further built on relationships with a number of academic centres (for example, Dartington Social Research Unit, Trinity Children's Research Centre, Child and Family Research and Policy Unit (NUIG/ HSE Western Area) established and developed in recent years. The assurance of quality in our programmes and outcomes has featured as a major element in our forward thinking and is a key feature of our new strategic plan detailed in 5.6.

Over the course of the year we have further developed and refined our service user database which was established in 2003 and it is now providing very valuable information on our service user profile.

**5.3 Advocacy and Education**

The Board is passionately committed to the need to connect the realities of children and young people's lives as identified by Barnardos to the conditions and policies that are frequently at their root. Barnardos' mission requires us to engage in public education and advocacy in order to challenge such conditions and to focus attention on tackling them. It is the view of the Board that the economic progress of recent years has not translated sufficiently into improved conditions and provision for vulnerable children and families in Ireland. As a result not only are the life chances of many children and young people severely limited, but we are all diminished by the consequences for the quality and capacity of our society as a whole. These failings of policy and provision also put further pressures on the services provided by Barnardos and other organisations.

Barnardos' successful two-year advocacy campaign, Every Child Matters, was concluded in May 2004. Its three phases, Parents Under Pressure, Families Under the Influence, and Children Living Without served to draw attention to, and raise awareness and stimulate debate on, the three issues of parenting, alcohol abuse and child poverty. The campaign involved television, radio and outdoor advertising, publication of reports, public relations and events, and political campaigning and media comment. The campaign was high profile, attracted substantial in-kind support from the advertising and marketing industries, and contributed to several policy developments. The Board is indebted to its committed industry partners, especially JCDecaux, Cawley NeaTBWA and Nomad for their participation, and again expresses its appreciation of such magnificent support to all its industry partners.

Barnardos also contributes to many official committees and bodies at both national and regional levels, where we play an active role in policy formulation. We are committed to working collaboratively and constructively with other bodies, both voluntary and statutory, in the interests of improving the lives of children and families in Ireland.

The Directors' conviction is that raising awareness and advocating for change is central to the role and contribution of a voluntary organisation and they are therefore committed to investing more in advocacy as resources allow. Specifically, the Board has determined that its advocacy capacity and activities should be strengthened and expanded and to this end it has created the new position of Director of Advocacy which has been filled in the first quarter of 2005.

**5.4 International**

Barnardos has a long standing commitment to focused international collaboration which has consistently been conducive to our development, both directly and indirectly. Technology supports our continued cost effective engagement to our mutual benefit with colleagues and organisations, including other international Barnardos' colleagues, from various parts of the world with whom we have established relationships over several years.

**THE DIRECTORS' REPORT CONT'D**  
**For the year ended 31 December 2004**

**5.5 Challenges**

The conclusion of service level agreements with the area health boards in Eastern Region, reported on in prior years, continued to be a challenge throughout 2004. However, with goodwill on all sides and with the support of the Minister of State for Children, Brian Lenihan TD, significant progress had been made by year-end with only relatively minor matters outstanding. The Board is hopeful that these will finally be resolved early in 2005 in order that all of our work which is subject to funding from public bodies will be subject to mutually satisfactory service level agreements, which is highly desirable.

**5.6 Future Priorities**

In many respects 2004 was a landmark year for Barnardos when, after considerable review, exploration, analysis and debate a new, ambitious and long term strategy was developed by management in consultation with the Board and approved in September. Subsequently the Board succeeded in attracting significant philanthropic funds from the Atlantic Philanthropies and a second anonymous source which enabled implementation of the strategy to commence at the beginning of 2005. To achieve our mission we are now embarking on a 12-year strategy and investment programme, which seeks to contribute to:

- The building of a society whose cornerstone is the needs and rights of children and young people.
- Placing children at the centre of our constitution, laws, policies, planning and our services for children and families.
- Acknowledging that proper care and nurturing of our children is a crucial investment in the future social and economic development of our society.

Barnardos, with the support of many partners, expects to spend over €100 million over the next five years. Approximately 60% of this expenditure is represented by income from a variety of statutory partners with the remainder to be raised from private sources.

This investment programme will:

- Significantly build on our existing programmes for vulnerable children and their families, providing the opportunity for Barnardos to reach world-class standards in terms of proven best practice and effective results.
- Focus on early intervention and prevention in our services and, through advocacy, achieve a shift in how resources are provided which values prevention and early intervention.
- Ensure all activity is driven by the needs of vulnerable children, and achieves the best results possible.
- Establish parent and child centres where there is the greatest need throughout the country.
- Invest in research to bring the best solutions to children's needs and underpin the quality and the relevance of our services and our advocacy.
- Promote children's needs and rights by working together to build a strong coalition of support to transform provision for children and young people in Ireland.
- Influence additional funding for the sector from public and private sources to ensure that our vision for children and young people in Ireland is realised by 2016.

In particular, we are determined to maintain and further develop Barnardos' capacity over the coming years, in the interests of responding ever more effectively to the needs, and transforming the lives, of vulnerable children and families in Ireland.

The Board would like to acknowledge the many positive funding relationships it enjoys with government departments and agencies, health boards, with companies, trusts and foundations, individual donors and its many supporters amongst the public at large. In particular we would like to acknowledge the many individuals and companies who have offered their expertise on a pro bono basis. Finally, we would like to acknowledge the



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**For the year ended 31 December 2004**

tremendous efforts of the members of the Fundraising Board whose contribution in recent years has been outstanding.

**6. Financial Performance**

**6.1 Results for the Year**

The financial results for 2004 are shown in the Statement of Financial Activities on page 15. These show a net surplus of €2,514k for the year. A decision was taken by the Board in the year to dispose of the retail premises at Liffey St, Dublin 1 to raise funds needed to ensure the operating activities for the year were not in deficit. The profit on the sale of this property was €1,427k which was in excess of expectations and the Barnardos Childrens Trust was also wound up in the year generating proceeds of €999k.

**6.2 Income Generation**

Barnardos raised total income of €16.2m in the year ended 31 December 2004, a record for the organisation and an increase of 27% on 2003. 15% of this increase was due to the exceptional items discussed above. Most major sources of income increased relative to 2003. Income is analysed as follows: Statutory 59% (2003 - 71%); Donations 14% (2003 - 11%); Shops 7% (2003 - 11%); Trusts, Foundations and Legacies 11% (2003 - 6%); and Other 9% (2003 - 1%).

**6.3 Resource Expended**

More information on the services and achievements of the charity are included in the *Annual Review 04/05*. Copies are available from National and Regional Offices, or it can be viewed on our website [www.barnardos.ie](http://www.barnardos.ie).

Total resources expended by the organisation amounted to €13.6m. Of this total 87% was spent on direct charitable expenditure; 11% (see note 5, page 21) on the cost of generating funds (this includes the costs of fundraising campaigns, corporate communications and shops); and 2% on management and administration.

Fundraising income, (which includes specific amounts allocated to donations, legacies and similar incoming resources and shop sales) was €3.6m for the year and the costs were €1.6m. Barnardos is committed to securing long term sustainable funding by engaging in fundraising activities that will deliver the optimal investment return over time. Net contribution from fundraising was €2m (an increase of 54% on 2003). The Board is satisfied that this represents a satisfactory return on investment over recent years.

**6.4 Changes in Fixed Assets**

The movement in fixed assets during the year is set out in Note 10 to the financial statements. During the year, we disposed of a property at 33 Lower Liffey Street, Dublin, which resulted in a surplus of €1,427k.

**6.5 Reserves and Financial Position**

Our total reserves at 31 December 2004 amounted to €7.1m of which the unrestricted reserves in the General Fund is €6.8m.

**6.6 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. Free reserves do not include fixed assets or restricted funds. A deduction has also been made for the pension scheme deficit computed under FRS17 which is recorded in a note to the accounts, but not in the balance sheet. Restricted funds are funds which must only be

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used for a purpose specified by the donor. Charities tend to have between three and six months cover in reserves. This varies depending on the nature of their work.

The Directors of Barnardos have the responsibility for establishing an appropriate Reserve Policy. Having reviewed the reserves of the charity, the following policy has been adopted by the Directors:

To retain only 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.

The policy is that the free reserves should be approximately four months of

- (a) unrestricted charitable expenditure
- (b) transfer to Restricted Funds and
- (c) one third of the Restricted Charitable Expenditure.

This equates to approximately €1.95m in free reserves. The free reserves are currently €3.2m.

As noted in 5.6 above we have embarked on an ambitious 12-year strategy. Barnardos expects to spend over €100 million over the next five years. This represents a significantly increased level of activity as compared to 2004 and, accordingly, reserves of €3.2 million are considered necessary to support this future increased expenditure

The level and adequacy of the reserves is reviewed annually by the Audit Committee which reports directly to the Board.

#### **6.7 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 reputable financial institutions.

#### **7. Internal Control and Risk Management**

The Board has overall responsibility for the system of internal control for the charity. These controls aim to safeguard Barnardos' assets and to maintain the integrity of accounting procedures. They include clearly documented financial procedures and the delegation of the authority of the Board, through the Chief Executive, to the rest of the organisation. The Corporate Audit and Inspection Unit of Barnardo's UK, provides consultancy on issues such as Risk Management and technical advice on accounting best practice.

The Board considers the management of risk as a key corporate governance priority and is, in the context of its new strategic plan, putting in place the necessary policies and procedures to meet best practice in this area. An Action Plan for the Top 10 risks detailing key actions, timeframes and staff responsible has been prepared. In addition a crisis communications strategy has been formulated and supported with training for relevant staff and officers as part of this risk management strategy.

In the context of risk the Board has to report, for the fourth successive year, serious concerns at the inadequacy of the Government's procedures for the vetting of paid and volunteer staff working with children. We have collaborated with other children's charities on the island of Ireland on this issue and have separately and jointly continued to bring our concerns to public and political attention. The Directors have an established policy that all staff, prospective staff, members of the Board and of Board sub-committees should be subjected to Garda vetting. However applications in respect of personnel other than paid children's services staff are routinely returned. A particularly worrying development within the past year has been the return, unprocessed, of applications for Garda clearance in respect of staff being offered employment which involves working directly with young vulnerable

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children. We will continue this campaign to achieve more rigorous and satisfactory procedures in the interests of essential child protection.

The charity operates a comprehensive annual planning and budgeting process. Annual budgets are approved by the Board. Both the Board and management are provided with regular financial reports which compare actual results to the phased budget.

**7.1 Statement of the Responsibilities of Members of the Board in Respect of the Financial Statements**

Irish company law requires the members of the Board 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 those financial statements, the members of the Board are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The members of the Board are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with the provisions of the Companies Act, 1963 to 2003 and the European Communities (Companies: Group Accounts) Regulations, 1992. They are also responsible for safeguarding the assets of the company and hence for taking responsible steps for the prevention and detection of fraud and other irregularities.

An Audit Committee, which is a formal subcommittee of the Board, is in place which is chaired by the Treasurer and also includes the Chairperson of the Board.

**8. Human Resources**

**8.1 General**

The Board would like to acknowledge the valued contribution made by all Staff, Volunteers and Community Employment staff across the organisation. Human Resource strategies, policies and procedures are constantly being reviewed to ensure that they are aligned with best practice and are capable of meeting the increasing demands of the external and internal environment. In 2004 the Recruitment and Selection policy, Hepatitis B, Managing Aggression in the Workplace policy and guidelines and Volunteer policy were reviewed, revised and put in place in line with best practice and current legislation.

**8.2 Staff Recruitment and Retention**

The Irish labour market is again becoming quite competitive and the sector in which Barnardos operates remains as competitive as ever. The Human Resource department as part of its HR strategy has committed itself to reviewing the organisation's recruitment and selection strategy. Barnardos will continue to strive to be competitive in the voluntary sector labour market place and to attract the best people. A review of all pay scales took place in 2004, and we were successful in securing funding under benchmarking, which ensured competitiveness with the public sector in children's services. As part of our strategic planning going forward we are also committed to examining a number of retention strategies, career progression strategies and employee assistance programmes as a means of both competing in the market place and retaining valued staff within the organisation.

**THE DIRECTORS' REPORT CONT'D**  
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**8.3 Pay Policy**

Our current pay policy in relation to staff remuneration is to aspire to maintaining competitiveness in the labour market by meeting the levels of pay that the position would be likely to attract in the external environment, while at the same time maintaining our independence as a private company. Our nearest competitors in the labour market are in both the private and public sector, which is challenging. Pay scales were reviewed in 2004 and all employees were issued with new job descriptions and person specifications.

**8.4 Volunteers**

The pilot volunteer programme established in 2001 has proved extremely successful and the Board has decided to continue it into the future. Volunteers actively participate at all levels in the organisation including the Board, children's services, shops and head office internal services. At the end of 2004 we had 176 volunteers working in Barnardos. We are committed to ongoing training for volunteers to enable them to carry out their roles effectively and have recently developed a shop volunteer training manual. We have provided a range of courses for staff to enable them to support and manage volunteers, including training for front line and shop managers. In addition we recognise the valuable contribution made by volunteers to the organisation through the volunteer award scheme and on-going training and support.

**8.5 Work/Life Balance**

In addition to its statutory responsibilities the Board is committed to providing progressive conditions of employment for all staff. This includes a commitment to diversity, equal opportunity and the maintenance of the integrity and effectiveness of the organisation's work. Several additional policies in support of work/life balance were piloted during 2003 and recommendations were submitted to Senior Management in 2004. These recommendations will be implemented as part of a wider managing diversity programme.

**8.6 Equal Opportunities**

The Directors confirm that Barnardos' Human Resources policies and procedures are in compliance with the requirements of the Employment Equality Acts 1998 and 2004 and the Equal Status Act 2000. Barnardos is strongly committed to equality for all its stakeholders and to meeting its obligations with regard to recruitment, promotion, training opportunities and through the implementation of our Human Resources policies and procedures generally.

**8.7 Staff Training and Development**

The staff training and development model is under discussion and review to ensure Barnardos is providing its staff and volunteers with cutting edge knowledge and best practice to enable them to effectively carry out their roles in the organisation. A staff corporate training plan has been developed to provide a broad range of skills to all sectors of our staff mix, which includes training in a wide range of policies and procedures, finance, communications, IT, health and safety, management development training and retail training. The organisation's induction programme has been reviewed and redesigned to ensure new staff and volunteers are fully integrated and equipped in their new role.

**8.8 Health and Safety**

Health and safety is one of the key priorities for the HR department. A central health and safety group has been established, representative of all sectors of the organisation. This group, under the direction of the HR department, manages the health and safety agenda. We are compliant with the Safety, Health and Welfare at Work Act 1989.

Training for health and safety representatives continued in 2004. The health and safety central group implemented systems and guidelines, including the food safety H.A.C.C.P system and safety guidelines booklet for staff. The bullying and harassment prevention training was completed in all regions in 2004 and its effectiveness was evaluated through a confidential staff audit thus highlighting the commitment of the organisation to a harassment free working

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**For the year ended 31 December 2004**

environment. Training was also provided in managing aggression in the workplace, fire safety, first aid and ergonomic training. Eye tests were provided for those who use computers as part of their role and one employee was trained as a manual handling instructor who provides manual handling instruction to staff.

**8.9 Internal Communications**

A regular internal newsletter is circulated through the organisation. All contracts of employment include the requirement to assist the flow of information by sharing information held and seeking information needed. Dedicated time is built into team meetings to facilitate this. Exit questionnaires have been developed to ascertain the reason why employees leave the organisation. This information contributes to our staff retention strategy and future HR policies and practices. The HR Department is working closely with the National Organisation for Partnership and Prosperity to establish an effective framework for informing and consulting employees in Barnardos in line with the Directive on Information and Consultation. A staff survey was conducted as part of the strategic planning process during 2004 and the results were communicated back to all staff. Various other mechanisms including meetings, electronic mail, intranet and the newsletter were used to facilitate internal communications. The implementation of the strategic plan 2005-2009 will include further significant investment in internal communications.

**9. Books of Accounts**

The directors use the services of a professionally qualified group accountant, who reports to the board and ensures that the requirements of Section 202 of the Companies Act, 1990 are complied with. Those books and records are maintained at the company's registered office.

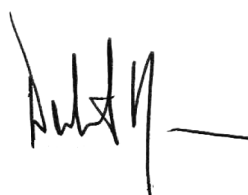
**10 Auditors**

The auditors, Ernst & Young, have signified their willingness to continue in office under Section 160 of the Companies Act, 1963.

On behalf of the Board,



Mary Broughan  
Honorary Treasurer



Declan Ryan  
Chairperson

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BARNARDOS LIMITED**

We have audited the financial statements for the year ended 31 December 2004, which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and the related notes 1 to 18. These financial statements have been prepared on the basis of 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 Board members and auditors**

The Board members responsibilities for preparing the Directors Report and the financial statements in accordance with applicable Irish law and accounting standards are set out in the Statement of the Responsibilities of Members of the Board in respect of the financial statements.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and Auditing Standards issued by the Auditing Practices Board for use in Ireland and the United Kingdom.

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. We also report to you our opinion: whether proper books of account have been kept by the company; whether proper returns adequate for our audit have been received from branches of the company not visited by us; 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 remuneration of Board members and transactions with the company is not given 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 or material inconsistencies with the financial statements.

### **Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards 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 judgements 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 of the state of affairs of the company as at 31 December 2004 and of its net income for the year then ended and have been properly prepared in accordance with the provisions of the Companies Acts, 1963 to 2003 and the European Communities (Companies: Group Accounts) Regulations, 1992.

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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



Ernst and Young  
Chartered Accountants  
Registered Auditors  
Dublin

Date 15 June 2005

**BARNARDOS LIMITED - FINANCIAL STATEMENTS**  
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**STATEMENT OF FINANCIAL ACTIVITIES**  
**for the year ended 31 December 2004**


	Note	2004	2004	2004	2003
		Unrestricted	Restricted	Total	Total
		Funds	Funds	Funds	Funds
		€000's	€000's	€000's	€000's
<b>INCOMING RESOURCES</b>					
Donations, legacies & similar incoming resources	2	2,061	978	3,039	1,871
Activities in furtherance of the charity's objectives	3	0	8,986	8,986	8,467
Activities for generating funds	4	2,635	0	2,635	2,171
Investment income & interest		71	0	71	40
Other incoming resources		1,431	0	1,431	162
<b>TOTAL INCOMING RESOURCES</b>		<b>6,198</b>	<b>9,964</b>	<b>16,162</b>	<b>12,711</b>
Less : Cost of generating funds	5	1,550	0	1,550	1,659
<b>Net incoming resources available for charitable application</b>		<b>4,648</b>	<b>9,964</b>	<b>14,612</b>	<b>11,052</b>
<b>CHARITABLE EXPENDITURE</b>					
Costs of activities in furtherance of the charities objectives		639	10,170	10,809	10,010
Support costs		60	941	1,001	787
Management & administration		107	181	288	271
<b>Total Charitable expenditure</b>	6	<b>806</b>	<b>11,292</b>	<b>12,098</b>	<b>11,068</b>
<b>TOTAL RESOURCES EXPENDED</b>		<b>2,356</b>	<b>11,292</b>	<b>13,648</b>	<b>12,727</b>
Net incoming resources/(resources expended) before transfers		3,842	(1,328)	2,514	(16)
Transfer between funds		(1,290)	1,290	-	-
<b>Net incoming resources/(resources expended) after transfers</b>		<b>2,552</b>	<b>(38)</b>	<b>2,514</b>	<b>(16)</b>
Total funds brought forward		4,260	289	4,549	4,565
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>6,812</b>	<b>251</b>	<b>7,063</b>	<b>4,549</b>

All of the above results are derived from continuing activities. The surplus for the year for Companies Act purposes was €2,514k (2003 deficit: €16k). Income of a non recurring nature accounts for €2,426k of this gain.

Approved by the Board:



Mary Broughan  
Honorary Treasurer



Declan Ryan  
Chairperson



**BARNARDOS LIMITED - FINANCIAL STATEMENTS**  
**For the year ended 31 December 2004**

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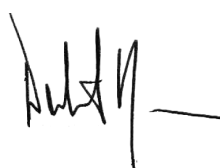
**BALANCE SHEET**  
**at 31 December 2004**

	Note	2004 €000's	2003 €000's
<b>ASSETS EMPLOYED</b>			
<b>FIXED ASSETS</b>			
Tangible assets	10	2,411	2,278
		<u>          </u>	<u>          </u>
<b>CURRENT ASSETS</b>			
Investments	11	327	0
Debtors	12	2,400	2,003
Short term deposits		3,611	2,282
Cash at bank		1,014	0
		<u>7,352</u>	<u>4,285</u>
<b>CURRENT LIABILITIES</b>			
Creditors (amounts falling due within one year)	13	(2,700)	(2,014)
		<u>          </u>	<u>          </u>
<b>NET CURRENT ASSETS</b>		<u>4,652</u>	<u>2,271</u>
		<u>          </u>	<u>          </u>
<b>NET ASSETS</b>		<u>7,063</u>	<u>4,549</u>
		<u>          </u>	<u>          </u>
<b>REPRESENTED BY</b>			
General fund	14	6,812	4,260
Restricted income fund	14	251	289
<b>TOTAL FUNDS</b>		<u>7,063</u>	<u>4,549</u>
		<u>          </u>	<u>          </u>

Approved by the Board:



Mary Broughan  
**Honorary Treasurer**



Declan Ryan  
**Chairperson**

CASH FLOW STATEMENT

at 31 December 2004

	Note	2004 €000's	2003 €000's
Net cash inflow from operations	15	1,132	128
<i>Returns on investment and servicing of finance</i>			
Interest received		71	40
<i>Investing activities</i>			
Sale of fixed asset		1,505	360
Purchase of tangible fixed assets		(426)	(1,332)
Grants received		<u>75</u>	<u>1,272</u>
Increase in cash and cash equivalents	16	<u>2,357</u>	<u>468</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2004**

**I STATEMENT OF ACCOUNTING POLICIES**

**(a) Accounting Conventions**

The financial statements are prepared under the historical cost convention in accordance with best practice as recommended by the Charities Commission (UK) and Companies Acts and comply with existing financial reporting standards.

**(b) Income Recognition/ Incoming Resources**

Funds raised through the operation of shops under the charity's management are taken into account at the time of receipt. To value donated clothing is not deemed practicable for income and expenditure purposes.

Legacies and voluntary donations are recognised as income when received.

**(c) Statutory Grants**

All statutory grants are treated as restricted grants.

Revenue grants are taken into income on an accrual basis and 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.

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

**(d) Expenditure**

Expenditure is analysed between direct costs of activities in furtherance of the activities of the objects of the charity, support costs to these charitable objectives and management and administration.

The cost of generating funds and charitable activities are analysed according to their major components and disclosed separately in the notes to the accounts.

Support costs consist of directly attributable national office costs. These are allocated in proportion to the estimated time spent on each of the charity's activities by staff.

Management and administration costs which are not directly attributable to one activity have been allocated in proportion to the estimated time spent on each of the charity's activities by staff.

**(e) Fixed Assets and Depreciation**

The full cost of fixtures, fittings and equipment purchased for statutory funded projects are included in expenditure in the year of acquisition up to €10,000 per item. Purchases exceeding €10,000 are capitalised.

**NOTES TO THE FINANCIAL STATEMENTS CONT'D**  
**For the year ended 31 December 2004**

**Fixed Assets and Depreciation – continued**

Expenditure below €2,000 and not purchased for statutory funded projects is not capitalised.

Depreciation is provided from the first month of use.

Properties are stated in the balance sheet at their market value at 1 April 1989 or subsequent cost. Depreciation of freehold and long leasehold properties has been provided at the rate of 2% 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 10% 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 are stated at cost and depreciated at 20% straight line per annum on their cost.

**(f) Funds**

All transactions of the organisation have been 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 on each restricted fund represents the income held by Barnardos and not yet expended for the particular purposes specified by the donors/funders.

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.

**(g) Pension Costs**

Defined benefits pension costs are recognised on a basis so as to spread these costs over the employees' working lives with Barnardos as a level percentage of pensionable pay. Defined contribution pension costs are charged in the period to which they relate.

**(h) Stock**

It is not considered practicable to value stock of unsold donated goods for income and expenditure purposes.

**BARNARDOS LIMITED - FINANCIAL STATEMENTS**  
**For the year ended 31 December 2004**

**NOTES TO THE FINANCIAL STATEMENTS CONT'D**  
**For the year ended 31 December 2004**

**2 DONATIONS, LEGACIES AND SIMILAR INCOMING RESOURCES include the following**

	2004	2004	2004	2003
	€000's	€000's	€000's	€000's
<i>Trusts and Foundations</i>	<i>Unrestricted</i>	<i>Restricted</i>	<i>Total</i>	<i>Total</i>
Barnardo's UK	432	-	432	533
Barnardos Children's Trust	999	-	999	73
Atlantic Philanthropies	-	90	90	100
Other trusts	60	210	270	3
<b>Total Trusts and Foundations</b>	<b>1,491</b>	<b>300</b>	<b>1,791</b>	<b>709</b>
<i>Other Donations, legacies and similar incoming resources</i>				
Legacies	-	-	-	3
Service income Guardian ad Litem	445	-	445	378
Service income National Children's Resource Centre	125	48	173	135
Other donations/ fees	-	630	630	646
<b>Total Donations</b>	<b>570</b>	<b>678</b>	<b>1,248</b>	<b>1,162</b>
<b>Total Donations, Legacies &amp; Incoming Resources</b>	<b>2,061</b>	<b>978</b>	<b>3,039</b>	<b>1,871</b>

**3 ACTIVITIES IN FURTHERANCE OF THE CHARITY'S OBJECTIVES**

	2004	2003
	€000's	€000's
<i>Statutory Sources</i>	<i>Restricted</i>	<i>Restricted</i>
South Western Area Health Board	1,390	1,546
Northern Area Health Board	915	994
East Coast Area Health Board	637	458
Mid-Western Health Board	1,503	1,205
Midlands Health Board	997	916
Southern Health Board	314	310
South- Eastern Health Board	921	745
North Eastern Health Board	251	275
City of Dublin Vocational Education Committee	61	91
Department of Education and Science	622	631
Department of Social, Community and Family Affairs	171	124
Department of Justice, Equality and Law Reform	943	941
	8,725	8,236
Other Fees and Grants	261	231
	<b>8,986</b>	<b>8,467</b>

**BARNARDOS LIMITED - FINANCIAL STATEMENTS**  
**For the year ended 31 December 2004**

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**NOTES TO THE FINANCIAL STATEMENTS CONT'D**  
**For the year ended 31 December 2004**

**4 ACTIVITIES FOR GENERATING FUNDS**

	2004	2003
	Unrestricted	Unrestricted
	€000's	€000's
Fundraising activities	1,558	789
Shop sales	1,077	1,382
	<u>2,635</u>	<u>2,171</u>

*The net result of shop operations is as follows*

Sales	1,077	1,382
Operating expenses	(926)	(1,083)
	<u>151</u>	<u>299</u>

Barnardos ceased trading in four shops in 2004.

**5 COST OF GENERATING FUNDS**

	2004	2003
	Unrestricted	Unrestricted
	€000's	€000's
Fundraising campaigns	592	541
Communications	32	35
Shops	926	1,083
	<u>1,550</u>	<u>1,659</u>

**BARNARDOS LIMITED - FINANCIAL STATEMENTS**  
**For the year ended 31 December 2004**

**NOTES TO THE FINANCIAL STATEMENTS CONT'D**  
**For the year ended 31 December 2004**

**6 CHARITABLE EXPENDITURE**

Regions / Services	Eastern Region A	Eastern Region B	Western Region & Midlands	Southern Region	National Office	Total
	€000's	€000's	€000's	€000's	€000's	€000's
<b><u>Restricted</u></b>						
Family Support	2,156	2,263	2,951	1,373	1	8,744
NCRC	-	-	74	61	255	390
Sólás	-	-	-	40	212	252
Origins & AAS	-	-	61	119	306	486
Volunteer Initiative	-	-	-	-	70	70
Organisational Development	-	-	-	-	228	228
<b>Direct Costs</b>	<b>2,156</b>	<b>2,263</b>	<b>3,086</b>	<b>1,593</b>	<b>1,072</b>	<b>10,170</b>
Support Costs	201	211	288	149	92	941
Management & Admin	39	41	55	29	17	181
<b>Total Costs</b>	<b>2,396</b>	<b>2,515</b>	<b>3,429</b>	<b>1,771</b>	<b>1,181</b>	<b>11,292</b>
<b><u>Unrestricted</u></b>						
NCRC	-	-	41	-	197	238
GAL	-	-	-	11	390	401
<b>Direct Costs</b>	<b>-</b>	<b>-</b>	<b>41</b>	<b>11</b>	<b>587</b>	<b>639</b>
Support Costs	-	-	4	1	55	60
Management & Admin	-	-	1	-	106	107
<b>Total Costs</b>	<b>-</b>	<b>-</b>	<b>46</b>	<b>12</b>	<b>748</b>	<b>806</b>
<b>Total Charitable Expenditure</b>	<b>2,396</b>	<b>2,515</b>	<b>3,475</b>	<b>1,783</b>	<b>1,929</b>	<b>12,098</b>

**NOTES TO THE FINANCIAL STATEMENTS CONT'D**  
**For the year ended 31 December 2004**

**7 STAFF COSTS**

The average weekly number of employees, including part-time staff, but not including volunteers, during the year was 298 (2003: 292)

	<b>2004</b>	<b>2003</b>
	<b>€000's</b>	<b>€000's</b>
Staff costs comprises:		
Wages and salaries	8,820	7,677
Social welfare costs	830	780
Pension costs	339	235
	<u>9,989</u>	<u>8,692</u>

**The number of higher paid employees was :**

	<b>2004</b>	<b>2003</b>
€60,000 - €70,000	11	4
€70,000 - €80,000	4	3
€80,000 - €90,000	3	2
€90,000 - €100,000	0	2
€100,000 - €110,000	2	0
€110,000 - €120,000	0	0
€120,000 - €130,000	0	0
€130,000 - €140,000	0	1
€140,000 - €150,000	1	0
	<u>21</u>	<u>12</u>

The remuneration includes 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 both 2004 and 2003.

**9 NET INCOMING RESOURCES/(RESOURCES EXPENDED) FOR THE YEAR**

	<b>2004</b>	<b>2003</b>
	<b>€000's</b>	<b>€000's</b>
Net surplus for the year is arrived at after (charging) /crediting:		
Auditor's remuneration	15	15
Depreciation	194	199
Amortisation of government grant	(54)	(31)
Operating leases	439	365
Realised gains on the disposal of a property	1,426	125
Donation from Barnardos Childrens Trust	999	-
	<u>2,029</u>	<u>764</u>



**BARNARDOS LIMITED - FINANCIAL STATEMENTS**  
**For the year ended 31 December 2004**

**NOTES TO THE FINANCIAL STATEMENTS CONT'D**  
**For the year ended 31 December 2004**

<b>10 TANGIBLE FIXED ASSETS</b>	<b>Properties €000's</b>	<b>Furniture, fittings and equipment €000's</b>	<b>Computers €000's</b>	<b>Motor vehicles €000's</b>	<b>Total €000's</b>
<i>Cost</i>					
At 1 January 2004	4,211	687	200	200	5,298
Additions	271	76	-	79	426
Disposals	(375)	-	-	0	(375)
At 31 December 2004	<u>4,107</u>	<u>763</u>	<u>200</u>	<u>279</u>	<u>5,349</u>
<i>Depreciation</i>					
At 1 January 2004	860	314	180	91	1,445
Charge for year	78	61	16	39	194
Disposals	(49)	-	-	-	(49)
At 31 December 2004	<u>889</u>	<u>375</u>	<u>196</u>	<u>130</u>	<u>1,590</u>
<i>Net book amounts</i>					
At 31 December 2004	<u>3,218</u>	<u>388</u>	<u>4</u>	<u>149</u>	<u>3,759</u>
At 31 December 2003	<u>3,351</u>	<u>373</u>	<u>20</u>	<u>109</u>	<u>3,853</u>
<i>Capital grants</i>					
At 1 January 2004	1,475	40	-	109	1,624
Additions	6	-	-	69	75
Disposal	(250)	-	-	-	(250)
At 31 December 2004	<u>1,231</u>	<u>40</u>	<u>-</u>	<u>178</u>	<u>1,449</u>
<i>Capital grants -amortisation</i>					
At 1 January 2004	31	1	-	17	49
Charge for year	25	4	-	25	54
Disposals	(2)	-	-	-	(2)
At 31 December 2004	<u>54</u>	<u>5</u>	<u>-</u>	<u>42</u>	<u>101</u>
<i>Net book amount</i>					
At 31 December 2004	<u>1,177</u>	<u>35</u>	<u>-</u>	<u>136</u>	<u>1,348</u>
At 31 December 2003	<u>1,444</u>	<u>39</u>	<u>-</u>	<u>92</u>	<u>1,575</u>
<i>Net book amounts - fixed assets &amp; capital grants</i>					
At 31 December 2004	<u>2,041</u>	<u>353</u>	<u>4</u>	<u>13</u>	<u>2,411</u>
At 31 December 2003	<u>1,907</u>	<u>334</u>	<u>20</u>	<u>17</u>	<u>2,278</u>
<i>Freehold and leasehold properties</i>					
		<b>€000's</b>			
Freeholds		380			
Long leaseholds (over 50 years)		1,430			
Short leaseholds (50 years and under)		231			
		<u>2,041</u>			

**BARNARDOS LIMITED - FINANCIAL STATEMENTS**  
**For the year ended 31 December 2004**

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**NOTES TO THE FINANCIAL STATEMENTS CONT'D**  
**For the year ended 31 December 2004**

	2004	2003
	€000's	€000's
<b>I I INVESTMENT</b>		
Shares and bonds	<u>327</u>	<u>0</u>

The above balance is a combination of shares and bonds donated by the Lady Arabella Trust. These have been sold post year end.

	2004	2003
	€000's	€000's
<b>I 2 DEBTORS (amounts falling due within one year)</b>		
Statutory sources	1,478	1,124
Non statutory sources and other debtors	921	879
Barnardos (UK)	1	-
	<u>2,400</u>	<u>2,003</u>

	2004	2003
	€000's	€000's
<b>I 3 CREDITORS (amounts falling due within one year)</b>		
Expense creditors and accruals	1,404	780
Deferred statutory income	1,296	1,211
Barnardos (UK)	-	9
Bank overdraft	-	14
	<u>2,700</u>	<u>2,014</u>

**BARNARDOS LIMITED - FINANCIAL STATEMENTS**  
**For the year ended 31 December 2004**

**NOTES TO THE FINANCIAL STATEMENTS CONT'D**  
**For the year ended 31 December 2004**

	General Fund €000's	Restricted Fund €000's	Total €000's
<b>I4a STATEMENT OF MOVEMENT ON FUNDS</b>			
Balance at beginning of year (see note below)	4,260	289	4,549
Net incoming resources/resources expended	<u>2,552</u>	<u>-38</u>	<u>2,514</u>
Balance at end of year	<u><u>6,812</u></u>	<u><u>251</u></u>	<u><u>7,063</u></u>

**I4b MOVEMENT IN FUNDS**

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

Regions / Services	Eastern Region A €000's	Eastern Region B €000's	Western Region & Midlands €000's	Southern Region €000's	National Office €000's	Total €000's
<b><u>Restricted</u></b>						
Opening Balance	8	44	112	54	71	289
Income	2,026	2,266	3,122	1,572	978	9,964
Direct Costs	(2,156)	(2,263)	(3,086)	(1,592)	(1,073)	(10,170)
Support Costs	(201)	(211)	(288)	(149)	(92)	(941)
Mangement & Admin	(39)	(41)	(55)	(29)	(17)	(181)
Transfers	369	235	316	144	226	1,290
Closing Balance	<u>7</u>	<u>30</u>	<u>121</u>	<u>0</u>	<u>93</u>	<u>251</u>
	6,088	30	121,190	0	93,313	250,454
<b><u>Unrestricted</u></b>						
Opening Balance	0	0	0	0	4,260	4,260
Income	0	0	1	12	6,185	6,198
Expenditure	0	0	(41)	(11)	(2,137)	(2,189)
Support Costs	0	0	(4)	(1)	(55)	(60)
Mangement & Admin	0	0	(1)	0	(106)	(107)
Transfers	0	0	45	0	(1,335)	(1,290)
Closing Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,812</u>	<u>6,812</u>
	0	0	0	0	6,812	6,812
Restricted & Unrestricted	<u><u>7</u></u>	<u><u>30</u></u>	<u><u>121</u></u>	<u><u>0</u></u>	<u><u>6,905</u></u>	<u><u>7,063</u></u>

**BARNARDOS LIMITED - FINANCIAL STATEMENTS**  
**For the year ended 31 December 2004**

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**NOTES TO THE FINANCIAL STATEMENTS CONT'D**  
**For the year ended 31 December 2004**

<b>I5 RECONCILIATION OF INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>2004 €000's</b>	<b>2003 €000's</b>
Operating surplus/(deficit)	2,514	(16)
Depreciation charges	194	199
(Amortisation) government grant	(54)	(31)
(Increase) in debtors	(397)	(823)
Increase in creditors	700	965
(Increase) in investment assets	(327)	0
Interest (earned)	(71)	(40)
(Profit) on the sale of fixed asset	(1,427)	(126)
Net cash inflow from operating activities	<u>1,132</u>	<u>128</u>

<b>I6 ANALYSIS OF CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	<b>2004 €000's</b>	<b>2003 €000's</b>
Balance at beginning of year	2,268	1,800
Net cash inflow	2,357	468
Balance at end of year	<u>4,625</u>	<u>2,268</u>

**NOTES TO THE FINANCIAL STATEMENTS CONT'D**  
**For the year ended 31 December 2004**

**17 PENSION FUND**

*Disclosures required under SSAP24*

The company operates two pension schemes. The defined benefit pension scheme is open to employees who joined the organisation prior to the period ending 31 December 1999. This scheme has been closed to new members since that period and was replaced by a defined contribution pension 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 Aged Method. The most recent actuarial valuation was conducted as at 31 December 2003 and the valuation recommended an employer contribution rate of 31.8% from 1 January 2004.

The assumptions which have the most significant effect on the results of this actuarial valuation which is prepared for the purpose of setting contributions, are those relating to the rate of return on investments and the rate of increase in remuneration. It is assumed that the rate of return on investment would, on average, exceed remuneration increases by 1.6%.

The market value of the defined benefit scheme assets as at 31 December 2003 was €6.1 million. The scheme had an actuarial shortfall in respect of its accrued benefit liabilities as at 31 December 2003 and, after making allowance for projected future salary growth, the Scheme's ongoing funding level at that date was 88% of its ongoing liabilities. The Scheme met the funding standard set out in the Pensions Act 1990.

The actuarial report is available to members of the defined benefit scheme.

The total pension costs for the year were €342k (2003:€229k) which included an accrual at the year end of €102k (2003: nil).

*Disclosures required under FRS 17*

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

	<b>2004</b>	<b>2003</b>
Inflation rate	2.25%	2.25%
Discount rate	5.00%	5.70%
Expected return on assets	6.12%	6.96%
Expected rate of salary increases	4.25%	4.25%
Rate of pension increases in payment	2.25%	2.25%
Rate of pension increases in deferment	2.25%	2.25%

**BARNARDOS LIMITED - FINANCIAL STATEMENTS**  
**For the year ended 31 December 2004**

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**NOTES TO THE FINANCIAL STATEMENTS CONT'D**  
**For the year ended 31 December 2004**

**I7 PENSION FUND continued**

*Disclosures required under FRS 17 continued*

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

Equities	7.00%	8.00%
Bonds	3.80%	4.50%
Other	4.00%	4.40%

The net pension deficit is analysed as follows:

	<b>2004</b>	<b>2003</b>
	<b>€000's</b>	<b>€000's</b>
Equities	5,006	4,385
Bonds	1,073	1,135
Other	907	694
Total market value of assets	<u>6,986</u>	<u>6,214</u>
Actuarial Value of schemes liabilities	(8,228)	(7,022)
Deficit in the scheme	<u><u>(1,242)</u></u>	<u><u>(808)</u></u>

The net assets and reserves of the company incorporating the pension liability are stated as follows:

<i>Net Assets</i>	<b>2004</b>	<b>2003</b>
	<b>€000's</b>	<b>€000's</b>
Net assets excluding pension liability	7,063	4,549
Pension liability	(1,242)	(808)
Net assets including pension liability	<u><u>5,821</u></u>	<u><u>3,741</u></u>
 <i>Reserves</i>	 <b>2004</b>	 <b>2003</b>
	<b>€000's</b>	<b>€000's</b>
General Fund excluding pension liability	6,812	4,260
Pension liability	(1,242)	(808)
General Fund including pension liability	<u><u>5,570</u></u>	<u><u>3,452</u></u>

**NOTES TO THE FINANCIAL STATEMENTS CONT'D**  
**For the year ended 31 December 2004**

**17 PENSION FUND continued**

*Disclosures required under FRS 17 continued*

If FRS 17 had been fully adopted, the following amounts would have been recognised in the Statement of Financial Activities:

	<b>2004</b>	<b>2003</b>
	<b>€000's</b>	<b>€000's</b>
<i>Charged to expenditure</i>		
Current service costs	237	259
<i>Credited/charged to other finance income</i>		
Interest on pension scheme liabilities	396	386
Expected return on scheme assets	(432)	(383)
<i>Total Statement of Financial Activities</i>	<u>201</u>	<u>262</u>

If FRS 17 had been adopted, the following amounts would have been recognised in the Total Recognised Gains and Losses:

	<b>2004</b>	<b>2003</b>
	<b>€000's</b>	<b>€000's</b>
Gain on assets	356	286
Experienced gain on liabilities	478	309
(Loss)/ gain on changes in demographic and financial assumptions	(1,168)	0
<i>Actuarial (loss)/gain recognised in STRGL</i>	<u>(334)</u>	<u>595</u>

Movements in deficit during the year:

	<b>2004</b>	<b>2003</b>
	<b>€000's</b>	<b>€000's</b>
Deficit in scheme at beginning of year	(808)	(1,259)
Contributions paid	101	118
Current service cost	(237)	(259)
Other financial income	36	(3)
Actuarial (loss)/ gain	(334)	595
	<u>(1,242)</u>	<u>(808)</u>

**BARNARDOS LIMITED - FINANCIAL STATEMENTS**  
**For the year ended 31 December 2004**

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**NOTES TO THE FINANCIAL STATEMENTS CONT'D**  
**For the year ended 31 December 2004**

**17 PENSION FUND continued**

*Disclosures required under FRS 17 continued*

History of experience gains and losses	<b>2004</b>	<b>2003</b>
	<b>€000's</b>	<b>€000's</b>
Gain on scheme assets		
Amount (€000s)	356	286
% of scheme assets at end of period	5.10%	4.60%
Experience gain on scheme liabilities		
Amount (€000s)	478	309
% of scheme assets at end of period	5.80%	4.41%
Total actuarial (loss)/gain recognised in STRGL		
Amount (€000s)	(334)	595
% of scheme assets at end of period	4.06%	8.48%

**18 COMMITMENTS**

Operating lease commitments payable during the next twelve months amount to €439k and are payable in relation to equipment and property leases which expire as follows:

	<b>Plant &amp; Equipment</b>	<b>Land &amp; Buildings</b>	<b>2004</b>
	<b>€000's</b>	<b>€000's</b>	<b>€000's</b>
Within one year	19	128	147
Within two to five years	-	55	55
After five years	-	237	237
	<u>19</u>	<u>420</u>	<u>439</u>



NOTES

# MAKING IRELAND THE BEST PLACE IN THE WORLD TO BE A CHILD

For more information please contact: **Barnardos, Christchurch Square, Dublin 8**

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