



DIRECTORS' REPORT
AND AUDITED ACCOUNTS **2005**


Barnardos
No child gets left behind

BARNARDOS REPUBLIC OF IRELAND LIMITED - FINANCIAL STATEMENTS
For the year ended 31 December 2005

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THE DIRECTORS' REPORT

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I Company Information

1.1 Legal Status

Barnardos Republic of Ireland Limited is an Irish company incorporated under the Companies Act, 1963 on 1st 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.

1.2 Licensing Agreement

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

1.3 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 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. 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 Marketing. A fifth position, Director of Advocacy, has been created with effect from March 2005.

1.4 The Board Members

Declan Ryan	Chairperson
Olivia O' Leary	Deputy Chairperson
Mary Broughan	Honorary Treasurer
David Barnardo	Retired 7th July 2005
Niamh Cleary	
Owen Keenan	Appointed 7 th July 2005
Michael Mortell	
Michael Murray	
Fintan O'Toole	
Shalini Sinha	
Harry Slowey	Appointed 3 rd March 2005

Company Secretary

Jude Carey

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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 (resigned 30 June 2005) Fergus Finlay (appointed 1 July 2005)
Director of Children's Services	Suzanne Connolly
Director of Finance	Jude Carey
Director of Marketing	Alana Kirk
Director of Advocacy	Norah Gibbons (appointed 14 March 2005)

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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 2005. 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 (Statement of Recommended Practice (revised 2000)).

3 Charitable Objectives

The main objects of the charity are set out in the vision and mission statement of the organisation. These 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.

4 Aims and Policies

4.1 Principal Activities

Barnardos is a wholly independent Irish charity, which 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. Directly and indirectly Barnardos works with around 12,000 children and families in over 30 locations throughout Ireland.

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 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 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. A number of such Service Level Agreements have been concluded during the year in review.

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 2005, included direct mail campaigns, legacies, donations from companies and individuals, trusts and foundations, the operation of charity shops, and from fundraising events.

5 Barnardos' Activities in 2005

5.1 Direct Services to Children and Families

The past year has witnessed the further growth in the services provided by Barnardos. The full range of Barnardos' work with, and on behalf of, children and young people and their families in Ireland is described in detail in Barnardos Annual Review 2005.

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A major part of Barnardos' work is the provision of a wide range of community based support services to vulnerable families in over 30 locations throughout Ireland. 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. The precise nature of the services delivered is determined by local needs.

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; the *Origins* information, counselling and tracing service for adults who were residents of the former industrial schools and reformatories; the Adoption Advice Service which provides information, counselling and a tracing service; and a *Guardian ad Litem* service which provides independent reports on children who are the subject of court proceedings. We also provide specialist services for teenage parents and for children with special needs; early years services for the Travelling Community; and we run two Family Welfare Conference projects. Family Welfare Conference is a family led decision-making process involving meeting with the extended family of a child in need of support to help them find the right solutions for the child.

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 2005:

<p>Eastern Region A <i>All Dublin locations excepting Family Welfare Conference</i></p> <ul style="list-style-type: none"> - Newlands Cross, Clondalkin - Avonbeg Gardens, Tallaght - Bawnlea Green, Tallaght - Cherry Orchard, Ballyfermot - Family Welfare Conference, Drogheda, Navan and Cavan, - Labre Park, Ballyfermot - Millbrook, Tallaght 	<p>Eastern Region B <i>All Dublin locations</i></p> <ul style="list-style-type: none"> - Tivoli Terrace South, Dun Laoghaire - Avila Close, Finglas West - Barry Close, Finglas - Loughlinstown Drive, Loughlinstown - Main Street, Mulhuddart - Patrick Street, Dunlaoghaire - Roselawn Road, Blanchardstown - Tivoli Road, Dun Laoghaire - Tivoli Terrace South, Dun Laoghaire
<p>Southern Region</p> <ul style="list-style-type: none"> - White Street, Cork - Ballybeg, Waterford - Clonmel, Tipperary - Dungarvan, Waterford - Gorey, Wexford - Mahon, Cork - Tramore, Waterford - Tullow Road, Carlow 	<p>Western Region and Midlands</p> <ul style="list-style-type: none"> - Sarsfield Street, Limerick - Prospect Hill, Galway - Athlone, Westmeath - Edenderry, Offaly - Islandgate, Limerick - Moyross, Limerick - Mullingar, Westmeath - Southside, Limerick - Thurles, Tipperary - Tullamore, Offaly

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5.2 Developing the Quality of Barnardos' Services

Barnardos is committed to continuously enhancing the quality and effectiveness of its service delivery. In 2005 we recruited a Service Design and Development Team comprised of a Head of Service and four Regional Facilitators. The role and responsibility of this team is to design and develop our services to ensure that Barnardos delivers world-class services to children, young people and families. They also play a key role in training and developing staff and supporting them in their work. We also recruited a Senior Research Manager in 2005. The purpose of the research post is to ensure that research is integrated into Barnardos' services for children and families, to contribute to Barnardos development as a leader in design, implementation and evaluation of services and to enable the learning from service provision to inform Barnardos' advocacy agenda.

5.3 Advocacy and Education

During 2005 the Board established a new advocacy department as outlined in the strategy *Valuing Childhood - Cherishing Children*. The board identified four priority issues for Advocacy:

- Child poverty
- Child protection
- Educational disadvantage
- Alcohol abuse

In addition, the Board decided that all advocacy activity should be founded on three cross-cutting themes: children's rights; implementation of the National Children's Strategy; and social inclusion. The Board believes that Barnardos' years of service provision to children and families in disadvantaged communities, with the resulting insights into the reality of poverty, can be mobilised into a vehicle for positive change in children's lives.

Barnardos ran the very successful *Seven Steps to Ending Child Poverty* campaign in the last quarter of 2005. The goal of the 10 week campaign was to influence political decision-makers to take necessary steps in Budget 2006 to end child poverty in Ireland.

To achieve this Barnardos used a mix of multi-media advertising, Public relations and lobbying designed to lever on developments in the political cycle during that period. The campaign was high profile, attracted substantial in-kind support from the advertising and marketing industries (some €500,000), and contributed to several policy developments, notably in Budget 2006. The Board is indebted to its committed industry partners, especially JCDcaux and Cawley NealTBWA, for their dedication to our shared vision of making Ireland the best place in the world to be a child.

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.

5.5 Challenges and Future Priorities

Barnardos has grown significantly in recent years, and at a rapid pace. This growth has been facilitated through our partnership with two important philanthropies and work is continuing on developing that partnership. Our main aim in the years ahead is to focus on better and more measurable outcomes for children and families, while preserving the community base of our activities which enables us to respond to need rapidly and flexibly. The extent of child poverty in Ireland, and the associated issues of family stress, educational disadvantage and marginalisation, continue to be major issues.

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THE DIRECTORS' REPORT CONTINUED

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We are now in the second year of our 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, spent €17 million in 2005 in pursuit of these objectives. 60% of this expenditure is represented by income from a variety of statutory partners, with the remainder 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, will 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 achieve the best results possible.
- Establish Barnardos centres where there is the greatest need throughout the country.
- Invest in research to provide 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.

The Board would like to acknowledge the many positive funding relationships it enjoys with government departments and agencies, health boards, 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 tremendous efforts of the members of the Fundraising Committee whose contribution in recent years has been outstanding.

6. Financial Performance

6.1 Results for the year

The financial results for 2005 are shown in the Statement of Financial Activities on page 15. This shows a net surplus of €585k for the year.

6.2 Income Generation

Barnardos raised a total income of €17.5m in the year ended 31 December 2005, an increase of 8.5% on 2004. Income is analysed as follows: statutory 60% (2004: 59%); donations 12% (2004: 14%); shops 5% (2004: 7%); trusts, foundations and legacies 22% (2004: 11%); and other 1% (2004: 9%).

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THE DIRECTORS' REPORT CONTINUED

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6.3 Resources Expended

Total resources expended by the organisation amounted to €17m. Of this total 84% was spent on direct charitable expenditure; 14% (see note 5, page 22) on the cost of generating funds; and 2% on management and administration.

Fundraising income (which includes specific amounts allocated to donations, legacies and similar incoming resources and shop sales) was €3.3m for the year and the costs were €2.3m. Unrestricted fundraising income (per note 4 to the accounts) of €1.4m, combined with restricted fundraising income of €1.9m, gives a net contribution from fundraising, after costs of €2.3m, of €1m in the year. Total unrestricted incoming resources of €3.9m (per the Statement of Financial Activities) includes other income which is not attributable to fundraising activities.

As defined in the strategy there has been a significant investment in building the Barnardos database and developing our long-term capacity for delivering sustainable funding. This costly and short-term investment in the future, is strategically and financially supported by our philanthropic partners. We have focused on fundraising activities that will deliver the optimal investment return over time and the Board is satisfied with the current level of contribution.

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 on www.barnardos.ie.

6.4 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. Free reserves do not include fixed assets or restricted funds. A deduction has been made in 2005 for the pension scheme deficit computed under FRS17 which is recorded in the balance sheet following full adoption of the FRS effective from 1 January 2004. Restricted funds are funds which must only be 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 Board of Barnardos has the responsibility for establishing an appropriate reserve policy. Having reviewed the reserves of the charity, the following policy has been adopted by the Board:

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 €2.02m in free reserves. The free reserves are currently €3.4m.

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

6.5 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 reputable financial institutions.

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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 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.

The Board considers the management of risk as a key corporate governance priority. An Action Plan identifying the top risks detailing key actions, time-frames and staff responsible has been put in place and is reviewed regularly. In addition, a crisis communications strategy has been formulated.

Barnardos policy is that all prospective staff (working in any area of Barnardos) and volunteers and students working in children's services, members of the Board and the Board's sub-committees are subject to Garda vetting. In relation to risk the Board has to report once again our on-going concerns regarding the difficulties experienced in securing timely Garda vetting.

In December 2005 the central vetting unit withdrew the provision of police checks for prospective employees with addresses in the United Kingdom. We have made representation at the highest levels for the re-instatement of this service and for the extension of vetting to all staff and our advocacy team has raised public awareness of this issue. We have registered with an English organisation, Fair Play for Children Trust, who are an umbrella organisation for the Criminal Records Bureau and they have agreed to assist us in securing police checks for staff and volunteers with English addresses.

The Central Vetting Unit, with whom we are in constant contact, has secured additional resources and is currently reviewing its operation and procedures and we are co-operating with the Unit in the implementation of these. In the future we will incur a cost for the Garda vetting service which to date has been provided free of charge.

We continue to apply our own child protection policies, recruitment policies and procedures. We will also continue to lobby for an improved and expanded service and the most rigorous child protection procedures in the interests of child protection.

7.1 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

THE DIRECTORS' REPORT CONTINUED
For the year ended 31 December 2005

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 2005. They are also responsible for safe-guarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

An Audit Committee, which is a formal sub-committee of the Board, has been appointed. It is chaired by the Treasurer and includes another Board member at all times.

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.

8.2 Staff Recruitment and Retention

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.

We are not only concerned with ensuring we are compliant with legislation and best practice but also with looking at new and innovative ways of doing things. We have co-operated with other voluntary organisations in setting up a HR voluntary network group to share information and best practice.

We successfully recruited a number of talented people into strategic posts in 2005. We are looking at the area of staff retention and are developing strategies to ensure we are meeting the needs of existing staff as well as ensuring Barnardos is the employer of choice in the market place.

8.3 Pay Policy

Our current pay policy in relation to staff remuneration is to maintain competitiveness in the labour market place 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 and we constantly monitor the market place to ensure our terms and conditions are competitive.

8.4 Volunteers

The volunteer initiative continues to support the involvement and development of volunteers in Barnardos.

At the end of 2005 we had 180 volunteers. Our volunteers are very diverse and come from all walks of life, different ethnic groupings, all ages and all backgrounds. Volunteers work across all areas of the organisation including the Board, children's services, shops, fundraising, internal services and national services. Recent figures would suggest that volunteering in Ireland is on the decrease and in order to attract and retain volunteers we need to provide an excellent volunteer experience.

The volunteer initiative is committed to best practice in volunteer involvement and provides on-going training, recognition and support to volunteers to enable them to carry out their volunteer roles. Training provided includes health and safety, manual handling, child protection, theft prevention and security awareness and helpline training. The contribution of volunteers is recognised both locally and nationally through the volunteer awards scheme and annual volunteer lunch.

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We have promoted and encouraged the work of young volunteers in the community through our successful Helping Hands Young Volunteer Award in conjunction with our sponsor Softech.

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. During 2005 we have developed a number of initiatives, including work/life balance arrangements, stress management, conflict management, employee development and career planning.

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 staff 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

Staff training and development is key to the success of the strategy. The HR department developed a training structure within the organisation in 2005 that will facilitate staff development going forward, taking into account both regional and national needs. In 2005 training was provided in both management and technical skills at various levels in the organisation.

8.8 Health, Safety and Welfare

Health and safety is an area that has been increasingly driven by legislation and regulation. The 2005 Health and Safety and Welfare at Work Act has imposed additional legal responsibilities on both management and staff. The key health and safety risks in the organisation were reviewed in 2005 and health and safety objectives were put in place. These objectives will be managed over the next three years in addition to the on-going health and safety work.

The key risks include the implementation of the Health and Safety and Welfare at Work Act 2005; transport management; contractor management; working alone and out of hours; managing aggression in the work-place; stress management; mobile phone usage; management and employee knowledge of health and safety and health and safety costing. These risks will be managed in line with the business excellence and safety management system model. In 2005 we conducted workshops with all the line managers and safety officers on the new Act.

We also provided training on managing aggression in the work-place, fire safety, first aid, ergonomic training and manual handling. Eye tests were carried out for identified staff and the first audit of the HACCP system implemented in 2004 was undertaken.

8.9 Internal Communications

A monthly internal newsletter is circulated to all staff and a quarterly bulletin is distributed to volunteers. An intranet has also been developed and is accessible to staff only. 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 during 2005 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.

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9 Books of Accounts

The Directors use the services of a professionally qualified 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 Merchants Hall, Merchants Quay, Dublin 8.

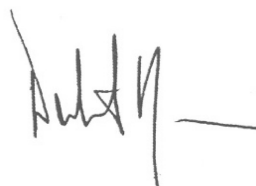
10 Auditors

The auditors, Ernst & Young, Chartered Accountants, have signified their willingness to continue in office under Section 160(2) of the Companies Act, 1963.

On behalf of the Board on 25th May 2006:



Mary Broughan
Honorary Treasurer



Declan Ryan
Chairperson

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BARNARDOS LIMITED

We have audited the company's financial statements of Barnardos Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes 1 to 19. 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 Directors' Responsibilities.

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 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 mis-statements within it.

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 mis-statement, 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.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BARNARDOS LIMITED CONTINUED

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 2005 and of its net income for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2005.

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 & Young
Chartered Accountants
Registered Auditors

Dublin

Date: 12th June 2006

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STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 December 2005

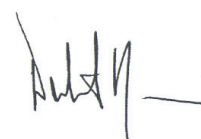
	Note	2005	2005	2005	2004
		Unrestricted	Restricted	Total	(as restated)
		Funds	Funds	Funds	Total
		€000s	€000s	€000s	€000s
INCOMING RESOURCES					
Donations, legacies & similar incoming resources	2	1,378	4,076	5,454	3,039
Activities in furtherance of the charity's objectives	3	-	9,565	9,565	8,986
Activities for generating funds	4	2,379	-	2,379	2,635
Investment income & interest		139	-	139	71
Other incoming resources		-	-	-	1,431
TOTAL INCOMING RESOURCES		3,896	13,641	17,537	16,162
Less : Cost of generating funds	5	2,293	-	2,293	1,550
Net incoming resources available for charitable application		1,603	13,641	15,244	14,612
CHARITABLE EXPENDITURE					
Costs of activities in furtherance of the charity's objectives		966	11,626	12,592	10,809
Support costs		129	1,536	1,665	1,088
Management & administration		31	371	402	298
Total Charitable expenditure	6	1,126	13,533	14,659	12,195
TOTAL RESOURCES EXPENDED		3,419	13,533	16,952	13,745
Net incoming resources before transfers		477	108	585	2,417
Transfer between funds		(447)	447	-	-
Net incoming resources after transfers		30	555	585	2,417

All of the above results are derived from continuing activities. The surplus for the year for Companies Act purposes was €585k (2004 surplus: €2,417k). Income of a non-recurring nature accounts for €2,426k of the surplus in 2004.

Approved by the Board on 25th May 2006:



Mary Broughan
Honorary Treasurer



Declan Ryan
Chairperson

BARNARDOS REPUBLIC OF IRELAND LIMITED - FINANCIAL STATEMENTS
For the year ended 31 December 2005

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2005

	2005	2004
	€000s	(as restated) €000s
Note		
Net incoming resources for the year	585	2,417
Actuarial gain/(loss) recognised on pension scheme	18 284	(235)
	<hr/>	<hr/>
Total recognised gains and losses for the year	869	2,182
	<hr/> <hr/>	<hr/> <hr/>

RECONCILIATION OF MOVEMENT IN RESERVES
for the year ended 31 December 2005

	2005	2004
	€000s	(as restated) €000s
Note		
Net incoming resources for the year	585	2,417
Actuarial gain/(loss) recognised on pension scheme	18 284	(235)
	<hr/>	<hr/>
Total recognised gains and losses for the year	869	2,182
Reserves at the beginning of the year		
As previously reported	7,063	4,549
Prior year adjustment	18 (1,140)	(808)
As restated	<hr/> 5,923	<hr/> 3,741
Reserves at the end of the year	15 6,792	5,923
	<hr/> <hr/>	<hr/> <hr/>

BARNARDOS REPUBLIC OF IRELAND LIMITED - FINANCIAL STATEMENTS
For the year ended 31 December 2005

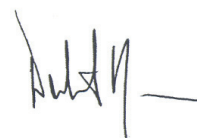
BALANCE SHEET
at 31 December 2005

	Note	2005 €000s	2004 (as restated) €000s
ASSETS EMPLOYED			
FIXED ASSETS			
Tangible assets	11	2,598	2,411
CURRENT ASSETS			
Investments	12	-	327
Debtors	13	1,585	2,400
Short term deposits		5,614	3,611
Cash at bank		675	1,014
		<u>7,874</u>	<u>7,352</u>
CURRENT LIABILITIES			
Creditors (amounts falling due within one year)	14	(2,920)	(2,700)
NET CURRENT ASSETS		<u>4,954</u>	<u>4,652</u>
PROVISION FOR LIABILITIES AND CHARGES			
Pension provision	18	(760)	(1,140)
NET ASSETS		<u><u>6,792</u></u>	<u><u>5,923</u></u>
REPRESENTED BY			
General fund	15	5,986	5,672
Restricted income fund	15	806	251
TOTAL FUNDS		<u><u>6,792</u></u>	<u><u>5,923</u></u>

Approved by the Board on 25th May 2006:



Mary Broughan
Honorary Treasurer



Declan Ryan
Chairperson

BARNARDOS REPUBLIC OF IRELAND LIMITED - FINANCIAL STATEMENTS

For the year ended 31 December 2005

CASH FLOW STATEMENT

at 31 December 2005

		2005	2004
	Note	€000s	(as restated) €000s
Net cash inflow from operations	16	1,885	1,132
<i>Returns on investment and servicing of finance</i>			
Interest received		139	71
<i>Investing activities</i>			
Sale of fixed asset		-	1,505
Purchase of tangible fixed assets	11	(424)	(426)
Grants received	11	64	75
Increase in cash and cash equivalents	17	1,664	2,357

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2005

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.

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.

BARNARDOS REPUBLIC OF IRELAND LIMITED - FINANCIAL STATEMENTS
For the year ended 31 December 2005

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 31 December 2005

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 REPUBLIC OF IRELAND LIMITED - FINANCIAL STATEMENTS
For the year ended 31 December 2005

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 31 December 2005

2. DONATIONS AND SIMILAR INCOMING RESOURCES include the following

	2005 €000s	2005 €000s	2005 €000s	2004 €000s
	<i>Unrestricted</i>	<i>Restricted</i>	<i>Total</i>	<i>Total</i>
<i>Trusts and Foundations</i>				
Barnardo's UK	330	-	330	432
Barnardos Children's Trust	-	-	-	999
Atlantic Philanthropies	-	1,810	1,810	90
Other trusts	154	1,638	1,792	270
Total Trusts and Foundations	484	3,448	3,932	1,791
<i>Other Donations, and similar incoming resources</i>				
Service income Guardian ad Litem	789	-	789	445
Service income National Children's Resource Centre	101	-	101	173
Other donations/ fees	4	628	632	630
Total Donations	894	628	1,522	1,248
Total Donations and Incoming Resources	1,378	4,076	5,454	3,039

3. ACTIVITIES IN FURTHERANCE OF THE CHARITY'S OBJECTIVES

	2005 €000s	2004 €000s
	<i>Restricted</i>	<i>Restricted</i>
<i>Statutory Sources</i>		
South Western Area Health Board	1,480	1,390
Northern Area Health Board	840	915
East Coast Area Health Board	642	637
Mid Western Health Board	1,432	1,503
Midlands Health Board	1,178	997
Southern Health Board	372	314
South Eastern Health Board	941	921
North Eastern Health Board	261	251
City of Dublin Vocational Education Committee	58	61
Department of Education and Science	714	622
Department of Social, Community and Family Affairs	192	171
Department of Justice, Equality and Law Reform	948	943
	9,058	8,725
Other Fees and Grants	507	261
	9,565	8,986

BARNARDOS REPUBLIC OF IRELAND LIMITED - FINANCIAL STATEMENTS
For the year ended 31 December 2005

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 31 December 2005

4. ACTIVITIES FOR GENERATING FUNDS

	2005	2004
	Unrestricted	Unrestricted
	€000s	€000s
Fundraising activities	1,419	1,558
Shop sales	960	1,077
	<u>2,379</u>	<u>2,635</u>

The net result of shop operations is as follows

Sales	960	1,077
Operating expenses	(731)	(926)
	<u>229</u>	<u>151</u>

Barnardos ceased trading in one shop in 2005.

5. COST OF GENERATING FUNDS

	2005	2004
	Unrestricted	Unrestricted
	€000s	€000s
Fundraising campaigns	1,562	592
Communications	-	32
Shops	731	926
	<u>2,293</u>	<u>1,550</u>

BARNARDOS REPUBLIC OF IRELAND LIMITED - FINANCIAL STATEMENTS
For the year ended 31 December 2005

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 31 December 2005

6. CHARITABLE EXPENDITURE

Regions / Services	Eastern Region A	Eastern Region B	Western Region & Midlands	Southern Region	National Office	Total
	€000s	€000s	€000s	€000s	€000s	€000s
<u>Restricted</u>						
Family Support	2,183	2,167	2,902	1,481	534	9,267
NCRC	-	-	100	64	478	642
Sólás	-	-	-	51	243	294
Origins & AAS	-	-	71	132	333	536
Volunteer Initiative	-	-	-	-	69	69
Organisational Development	-	-	-	-	250	250
Advocacy	-	-	-	-	503	503
Research	-	-	-	-	65	65
Direct Costs	2,183	2,167	3,073	1,728	2,475	11,626
Support Costs	294	292	414	233	303	1,536
Management & Administration	71	71	100	56	73	371
Total Costs	2,548	2,530	3,587	2,017	2,851	13,533
<u>Unrestricted</u>						
NCRC	-	-	47	-	275	322
GAL	-	-	-	24	620	644
Direct Costs	-	-	47	24	895	966
Support Costs	-	-	6	3	120	129
Management & Administration	-	-	2	1	28	31
Total Costs	-	-	55	28	1,043	1,126
Total Charitable expenditure	2,548	2,530	3,642	2,045	3,894	14,659

BARNARDOS REPUBLIC OF IRELAND LIMITED - FINANCIAL STATEMENTS
For the year ended 31 December 2005

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 31 December 2005

7. STAFF COSTS

The average weekly number of employees, including part-time staff, but not including volunteers, during the year was 304 (2004: 298)

	2005	2004
		(as restated)
	€000s	€000s
Staff costs comprises:		
Wages and salaries	9,672	8,820
Social welfare costs	1,012	830
Pension costs	318	436
	<u>11,002</u>	<u>10,086</u>

The number of higher paid employees was :

	2005	2004
€60,000 - €70,000	22	11
€70,000 - €80,000	5	4
€80,000 - €90,000	3	3
€90,000 - €100,000	0	0
€100,000 - €110,000	4	2
€110,000 - €120,000	1	0
€120,000 - €130,000	0	0
€130,000 - €140,000	1	0
€140,000 - €150,000	0	1
	<u>36</u>	<u>21</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 2005 and 2004.

9. NET INCOMING RESOURCES FOR THE YEAR

	2005	2004
		(as restated)
	€000s	€000s
Net incoming resources for the year is arrived at after charging / (crediting):		
Auditor's remuneration	18	15
Depreciation	207	194
Amortisation of government grant	(59)	(54)
Operating leases	530	439
Realised gains on the disposal of a property	-	1,426
Donation from Barnardos Childrens Trust	-	999
	<u>786</u>	<u>2,016</u>

BARNARDOS REPUBLIC OF IRELAND LIMITED - FINANCIAL STATEMENTS
For the year ended 31 December 2005

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 31 December 2005

10. PRIOR YEAR ADJUSTMENT

The company has adopted FRS17 effective from 1 January 2004. Under FRS17 the difference between the market value of the assets of the pension benefit scheme and the present value of the accrued liabilities is reported on the balance sheet as a pension liability.

The effect of the adoption of the standard is that the company has recognised a pension liability of €760,000 in relation to the current year. The 2004 figures have been restated to include a pension liability of €1,140,000.

In accordance with the requirements of the standard the results of previous years have been restated. The net incoming resources for the year ended 31 December 2004 have decreased by €97,000 and the statement of total recognised gains and losses shows the actuarial loss recognised on the pension scheme of €235,000.

The comparative figures have been restated as follows:

<i>Pension Liability</i>	€000s
2004 as previously reported	-
Application of FRS17	<u>1,140</u>
2004 as restated	<u><u>1,140</u></u>
 <i>Net incoming resources for the year</i>	 €000s
2004 as previously reported	2,514
Application of FRS17	<u>(97)</u>
2004 as restated	<u><u>2,417</u></u>
 <i>Statement of total recognised gains and losses</i>	 €000s
2004 as previously reported	2,514
Statement of financial activities adjustments	(97)
Statement of total recognised gains and losses adjustments	<u>(235)</u>
2004 as restated	<u><u>2,182</u></u>
 <i>Analysis of prior year adjustment:</i>	 €000s
Adjustment to opening fund at 1 January 2004	(808)
Adjustment to net incoming resources for the year ended 31 December 2004	(97)
Adjustment to statement of total recognised gains and losses for the year ended 31 December 2004	<u>(235)</u>
Adjustment to opening fund at 1 January 2005	<u><u>(1,140)</u></u>

BARNARDOS REPUBLIC OF IRELAND LIMITED - FINANCIAL STATEMENTS
For the year ended 31 December 2005

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 31 December 2005

11. TANGIBLE FIXED ASSETS

	Properties €000s	Furniture, fittings and equipment €000s	Computers €000s	Motor vehicles €000s	Total €000s
<i>Cost</i>					
At 1 January 2005	4,107	763	200	279	5,349
Additions	104	248	-	72	424
Disposals	-	-	-	(25)	(25)
At 31 December 2005	4,211	1,011	200	326	5,748
<i>Depreciation</i>					
At 1 January 2005	889	375	196	130	1,590
Charge for year	81	107	4	40	232
Disposals	-	-	-	(25)	(25)
At 31 December 2005	970	482	200	145	1,797
<i>Net book amounts</i>					
At 31 December 2005	3,241	529	-	181	3,951
At 31 December 2004	3,218	388	4	149	3,759
<i>Capital grants</i>					
At 1 January 2005	1,231	40	-	178	1,449
Additions	(48)	40	-	72	64
At 31 December 2005	1,183	80	-	250	1,513
<i>Capital grants - amortisation</i>					
At 1 January 2005	54	5	-	42	101
Charge for year	17	7	-	35	59
At 31 December 2005	71	12	-	77	160
<i>Net book amount</i>					
At 31 December 2005	1,112	68	-	173	1,353
At 31 December 2004	1,177	35	-	136	1,348
<i>Net book amounts - fixed assets & capital grants</i>					
At 31 December 2005	2,129	461	-	8	2,598
At 31 December 2004	2,041	353	4	13	2,411
	2005	2004			
<i>Freehold and leasehold properties</i>	€000s	€000s			
Freeholds	521	380			
Long leaseholds (over 50 years)	1,391	1,430			
Short leaseholds (50 years and under)	217	231			
	<u>2,129</u>	<u>2,041</u>			

An amount of €150,000 is repayable to the Health Board in the event of the Family Support Centre in Thurles being disposed of before 2023.

BARNARDOS REPUBLIC OF IRELAND LIMITED - FINANCIAL STATEMENTS

For the year ended 31 December 2005

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2005

12. INVESTMENT	2005	2004
	€000s	€000s
Shares and bonds	-	327

The balance at 31 December 2004 is a combination of shares and bonds donated by the Lady Arabella Trust. These were sold during 2005.

13. DEBTORS (amounts falling due within one year)	2005	2004
	€000s	€000s
Statutory sources	1,418	1,478
Non statutory sources and other debtors	167	921
Barnardos (UK)	-	1
	<u>1,585</u>	<u>2,400</u>

14. CREDITORS (amounts falling due within one year)	2005	2004
	€000s	€000s
Expense creditors and accruals	1,392	1,404
PAYE & PRSI	125	-
Deferred statutory income	1,403	1,296
	<u>2,920</u>	<u>2,700</u>

BARNARDOS REPUBLIC OF IRELAND LIMITED - FINANCIAL STATEMENTS
For the year ended 31 December 2005

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 31 December 2005

15a. STATEMENT OF MOVEMENT ON FUNDS

	Note	General Fund €000s	Restricted Fund €000s	Total €000s
Balance at beginning of year				
As previously reported		6,812	251	7,063
Prior year adjustment	10	(1,140)	-	(1,140)
As restated		5,672	251	5,923
Net incoming resources/resources expended		30	555	585
Actuarial gain on pension scheme	18	284	-	284
Balance at end of year		5,986	806	6,792

15b. MOVEMENT IN FUNDS

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

Regions / Services	Eastern Region A €000s	Eastern Region B €000s	Western Region & Midlands €000s	Southern Region €000s	National Office €000s	Total €000s
<u>Restricted</u>						
Opening Balance	7	30	121	-	93	251
Income	2,142	2,189	3,255	1,651	4,404	13,641
Direct Costs	(2,183)	(2,167)	(3,073)	(1,728)	(2,475)	(11,626)
Support Costs	(294)	(292)	(414)	(233)	(303)	(1,536)
Management & Administration	(71)	(71)	(100)	(56)	(73)	(371)
Transfers	412	370	420	366	(1,121)	447
Closing Balance	13	59	209	-	525	806
<u>Unrestricted</u>						
Opening Balance	-	-	-	-	6,812	6,812
Prior year adjustment	-	-	-	-	(1,140)	(1,140)
Income	-	-	-	-	3,896	3,896
Actuarial gain on pension scheme	-	-	-	-	284	284
Expenditure	-	-	(47)	(24)	3,188	3,117
Support Costs	-	-	(6)	(3)	120	111
Management & Administration	-	-	(2)	(1)	28	25
Transfers	-	-	55	28	530	613
Closing Balance	-	-	-	-	5,986	5,986
Restricted & Unrestricted	13	59	209	-	6,511	6,792

BARNARDOS REPUBLIC OF IRELAND LIMITED - FINANCIAL STATEMENTS
For the year ended 31 December 2005

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 31 December 2005

16. RECONCILIATION OF INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2005	2004
	€000s	(as restated)
		€000s
Net incoming resources	585	2,417
Depreciation charges	232	194
Amortisation government grant	(59)	(54)
Decrease/(Increase) in investment assets	327	(327)
Decrease/(Increase) in debtors	815	(397)
Increase in creditors	220	700
(Decrease)/Increase in pension provision	(380)	332
Actuarial gain/(loss) on pension scheme	284	(235)
Interest (earned)	(139)	(71)
Disposal of fixed asset	-	(1,427)
	<hr/>	<hr/>
Net cash inflow from operating activities	<u>1,885</u>	<u>1,132</u>

17. ANALYSIS OF CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	2005	2004
	€000s	€000s
Balance at beginning of year	4,625	2,268
Net cash inflow	1,664	2,357
	<hr/>	<hr/>
Balance at end of year	<u>6,289</u>	<u>4,625</u>

BARNARDOS REPUBLIC OF IRELAND LIMITED - FINANCIAL STATEMENTS

For the year ended 31 December 2005

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2005

18. PENSION FUNDS

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.

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 Projected Unit 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.

During 2005 the company implemented FRS17 "Retirement Benefits" in the preparation of its financial statements for the year ended 31 December 2005.

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

	2005	2004	2003
Inflation rate	2.25%	2.25%	2.50%
Discount rate	4.50%	5.00%	5.70%
Expected return on assets	6.12%	6.09%	6.96%
Expected rate of salary increases	4.25%	4.25%	4.25%
Rate of pension increases in payment	2.25%	2.25%	2.25%
Rate of pension increases in deferment	2.25%	2.25%	2.25%

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

	2005	2004	2003
Equities	6.90%	7.00%	8.00%
Bonds	3.60%	3.80%	4.50%
Other	3.90%	4.00%	4.40%

The net pension deficit is analysed as follows:

	2005	2004	2003
	€000s	€000s	€000s
Equities	6,539	5,006	4,385
Bonds	1,021	1,073	1,135
Other	1,130	1,009	694
Total market value of assets	8,690	7,088	6,214
Actuarial Value of schemes liabilities	(9,450)	(8,228)	(7,022)
Deficit in the scheme	(760)	(1,140)	(808)

BARNARDOS REPUBLIC OF IRELAND LIMITED - FINANCIAL STATEMENTS
For the year ended 31 December 2005

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 31 December 2005

18. PENSION FUND continued

FRS 17 has been fully adopted and the following amounts have been recognised in the Statement of Financial Activities:

	2005	2004
	€000s	€000s
<i>Charged to expenditure</i>		
Current service costs	237	237
<i>Credited/charged to other finance income</i>		
Interest on pension scheme liabilities	407	396
Expected return on scheme assets	(434)	(436)
<i>Total Statement of Financial Activities</i>	<u>210</u>	<u>197</u>

FRS 17 has been adopted and the following amounts have been recognised in the Statement of Total Recognised Gains and Losses:

	2005	2004
	€000s	€000s
Gain on assets	982	456
Experienced gain on liabilities	22	477
Loss on changes in demographic and financial assumptions	(720)	(1,168)
<i>Actuarial gain/(loss) recognised in STRGL</i>	<u>284</u>	<u>(235)</u>

Movements in deficit during the year:

	2005	2004
	€000s	€000s
Deficit in scheme at beginning of year	(1,140)	(808)
Contributions paid	306	100
Current service cost	(237)	(237)
Other financial income	27	40
Actuarial gain/(loss)	284	(235)
	<u>(760)</u>	<u>(1,140)</u>

BARNARDOS REPUBLIC OF IRELAND LIMITED - FINANCIAL STATEMENTS
For the year ended 31 December 2005

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 31 December 2005

18. PENSION FUND continued

Disclosures required under FRS 17 continued

History of experience gains and losses	2005	2004	2003
	€000s	€000s	€000s
Gain on scheme assets	982	456	286
% of scheme assets at end of period	11.30%	6.43%	4.60%
Experience gain on scheme liabilities	22	477	309
% of scheme assets at end of period	0.23%	5.80%	4.41%
Total actuarial gain/(loss) recognised in STRGL	284	(235)	595
% of scheme assets at end of period	3.00%	2.85%	8.48%

19. COMMITMENTS

Operating lease commitments payable during the next twelve months amount to €530k and are payable in relation to equipment and property leases which expire as follows:

	Plant & Equipment	Land & Buildings	Total
	€000s	€000s	€000s
Within one year	24	116	140
Within two to five years	-	132	132
After five years	-	258	258
	<u>24</u>	<u>506</u>	<u>530</u>



Barnardos supports children whose well-being is under threat, by working with them, their families and communities and by campaigning for the rights of children. Barnardos was established in Ireland in 1962 and is Ireland's leading independent children's charity.

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