

Annual Financial Report

30 June 2018

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**Barnardos
Australia**

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Barnardos Australia Directors' Report

The Directors of Barnardos Australia present their report together with the annual financial report for the financial year ended 30 June 2018.

DIRECTORS

The names of the Directors who have held office during the year and until the date of this report are:

Name	Particulars
<p>Gabrielle Trainor AO</p> <p>Qualifications and Experience</p> <p>Special Responsibilities</p>	<p>Chair</p> <p>Director since October 2012 and Chair since February 2013.</p> <p>Gabrielle has over 25 years' experience as a non-executive director and advisor on boards ranging from infrastructure, transport and urban renewal to sports, arts and culture and indigenous education and welfare. Gabrielle was awarded the Officer of the Order of Australia in 2017 for distinguished service to the community. Among present appointments, Gabrielle is a director of two ANZ Banking Group subsidiary boards, Infrastructure Australia, Cape York Partnership and a member of the ACT City Renewal Authority. Gabrielle is Chair of the National Film and Sound Archive, is a member of the Australian Sport Commission Board and has been appointed as an AFL Commissioner. Gabrielle is a Member of the Clinical Excellence Commission (NSW) Audit and Risk Committee, is a trustee of the Board of Trustees of the University of Western Sydney and a trustee of the Charlie Perkins Trust.</p> <p>Qualifications include: Bachelor of Laws (University of Melbourne), Master of Arts (Creative and Cultural Practice), Fellow of the Australian Institute of Company Directors and a Churchill Fellow</p> <p>Member of Governance Committee and Member of the Engagement Committee.</p>
<p>Alyssum (Abbey) McKinnon</p> <p>Qualifications and Experience</p> <p>Special Responsibilities</p>	<p>Director</p> <p>Director since October 2010.</p> <p>Abbey has extensive experience as a lawyer having practiced as a Barrister in Victoria specialising in commercial crime and as a Solicitor in London and NSW in commercial litigation. Abbey is Co-President of the Peter Pan Committee, the main fundraising auxiliary for Barnardos. Abbey works tirelessly raising funds and awareness as a community advocate for Barnardos.</p> <p>Qualifications include: Bachelor of Arts and Bachelor of Laws (Monash)</p> <p>Chair of the Engagement Committee and Member of the People & Practice Committee, Board Visitor to Western NSW Safety and Prevention</p>

Barnardos Australia Directors' Report (Cont.)

Name	Particulars
<p>Dr Rosemary Forsyth Howard</p> <p>Qualifications and Experience</p> <p>Special Responsibilities</p>	<p>Director</p> <p>Director since November 2010.</p> <p>Rosemary is a Child and Adolescent Psychiatrist with over 30 years' experience as a clinician in Child and Adolescent Mental Health Services. Past roles include a Staff Specialist with Northern Sydney and Central Coast Area Health Service and as a Visiting Medical Officer with Western NSW Local Health District in Orange and Bathurst. Rosemary has experience in the Northern Territory, working to support the development of Child and Youth Mental Health Services in Central Australia, including seeing Aboriginal families in Alice Springs and remote communities. Rosemary currently works as a Psychiatrist member on both the NSW and NT Mental Health Review Tribunals.</p> <p>Qualifications include: MBBS (Hons), FRANZCP, Cert in Child Psych</p> <p>Member of the Risk Committee, Board Visitor to the Sydney Metro Children's Family Centre.</p>
<p>Jane Elizabeth Paskin</p> <p>Qualifications and Experience</p> <p>Special Responsibilities</p>	<p>Director</p> <p>Director since May 2012.</p> <p>Jane is a former Senior Partner in the financial services practice of Clayton Utz Lawyers and currently a consultant to Clayton Utz. Jane has practised financial services law for over 25 years. Jane is the Chair of Rice Warner a leading research and consultancy business in the financial services industry, and a director of ClearView Life Nominees Pty Limited, the trustee of the Clearview Retirement Plan and a director of R T Health Fund.</p> <p>Qualifications include: Bachelor of Law (Hons) (University of Technology), Graduate Australian Institute of Company Directors, ASFA Accredited Investment Fiduciary and ASFA Trustee Fellow</p> <p>Chair of the Risk Committee and Member of the Finance and Audit Committee, Board Visitor to the Auburn Children's Family Centre.</p>
<p>John William Pittard</p> <p>Qualifications and Experience</p> <p>Special Responsibilities</p>	<p>Director</p> <p>Director since April 2014.</p> <p>John is currently a non-executive director and Chair of ASX Listed company RXP Services Limited and non-executive director of AEMO (Australian Energy Market Operator). John has significant experience in senior executive and Board roles on both listed and private company boards. John has an extensive background leading organisational transformation (business and technology) and the development and execution of technology strategies across multiple industries.</p> <p>Qualifications include: Bachelor of Science (Newcastle University), Member of the Australian Institute of Company Directors</p> <p>Member of the Governance Committee and Member of the Risk Committee, Board Visitor to Find-A-Family (NSW).</p>

Barnardos Australia Directors' Report (Cont.)

Name	Particulars
<p>Prof Frances Eileen Waugh</p> <p>Qualifications and Experience</p> <p>Special Responsibilities</p>	<p>Director</p> <p>Director since May 2014.</p> <p>Fran is the Head of School, Sydney School of Education and Social Work, University of Sydney. Fran has over 20 years' professional experience as a registered nurse and then social worker, prior to the past 13 years as an academic in the Social Work and Policy Studies Program in the Faculty of Education and Social Work at the University of Sydney. Her practice research has included a focus on child emotional abuse, child protection and domestic violence.</p> <p>Qualifications include: Graduate Certificate in Educational Studies (Higher Education) with merit (University of Sydney), Doctor of Philosophy, Department of Social Work (University of Sydney), Bachelor of Social Work (Honours class 1) (University of New South Wales)</p> <p>Member of the People and Practice Committee, Board Visitor to South Coast Children's Family Centre.</p>
<p>Rhonda Gail Stien</p> <p>Qualifications and Experience</p> <p>Special Responsibilities</p>	<p>Director</p> <p>Director since July 2014.</p> <p>Rhonda is currently Director of Plan Plus Consulting, a management consultancy service providing expertise in strategic management, workplace investigation and conflict resolution to government and the not-for-profit sector. Previous experience includes Executive Director Child and Family, NSW Department of Community Services, Chief Executive Officer Uniting Care Burnside. Rhonda worked at Barnardos in the 1980's as Director of Adoption and Foster Care Services.</p> <p>Qualifications include: Master of Business Administration (Macquarie University) and Master of Social Work (University of NSW)</p> <p>Chair of the Governance Committee and Member of the People and Practice Committee and the Finance and Audit Committee.</p>
<p>Janett Margaret Milligan</p> <p>Qualifications and Experience</p> <p>Special Responsibilities</p>	<p>Director</p> <p>Director since October 2016.</p> <p>Janett is a former Executive Director, Venues NSW (Department of Premier and Cabinet Office of Sport) and has significant experience in governance and implementing new structures including servicing and supporting young people. Previous experience includes executive level responsibility for policy and strategy in a range of human service organisations. Janett is currently a Trustee of the NSW Responsible Gambling Fund.</p> <p>Qualifications include: Bachelor of Social Science (Hons) (University of New England), Master of Business Administration (University of Sydney), Graduate of the Australian Institute of Company Directors</p> <p>Chair of the People and Practice Committee and Member of the Governance Committee, Board Visitor to Hunter/Central Coast Out of Home Care Programs.</p>

Barnardos Australia Directors' Report (Cont.)

Name	Particulars
<p>Raymond Patrick Kiley</p> <p>Qualifications and Experience</p> <p>Special Responsibilities</p>	<p>Director</p> <p>Director since November 2016.</p> <p>Ray is currently Chief Executive Officer of Intelledox, a Canberra based Digital Transformation software company. Prior to that, Ray has held senior operations roles including Chief Operating Officer at CoreLogic Australia and Medibank Health Solutions. Ray has extensive experience in Technology and Operations specialising in business transformation. Ray's background also includes working as a commercial lawyer.</p> <p>Qualifications include: Bachelor of Science and Bachelor of Laws (Hons) (Australian National University)</p> <p>Member of the People and Practice Committee, Board Visitor to both the Canberra and Southern Children's Family Centres.</p>
<p>Sam George Garland</p> <p>Qualifications and Experience</p> <p>Special Responsibilities</p>	<p>Director</p> <p>Director since May 2017.</p> <p>Sam has over 10 years' experience in financial reporting, risk management and governance as a company auditor and professional adviser. Sam is currently a Partner at PwC Australia, leading the statutory and regulatory audits of complex financial institutions. He also advises on regulatory matters, risk management controls and organisational governance. Sam has experience auditing and working with a number of not-for-profit organisations, including in the education and medical sector.</p> <p>Qualifications include: Bachelor of Arts, Business Economics (University of Leeds), Member Chartered Accountants of Australia and New Zealand, registered company auditor (ASIC).</p> <p>Chair of the Finance and Audit Committee.</p>
<p>Bradley Clifford Cooke</p> <p>Qualifications and Experience</p> <p>Special Responsibilities</p>	<p>Director</p> <p>Director since May 2017.</p> <p>A Bidjigal man from the La Perouse Aboriginal community in the Eastern Suburbs of Sydney, Brad is passionate about building the capability of Indigenous people around the country and telling the history of Indigenous Sports people. A broadcaster on television and radio, Brad is currently on secondment from Jawun as part of the Jawun Indigenous Corporate Leadership Program as a Manager, Emerging Technology with the Commonwealth Bank of Australia.</p> <p>Qualifications include: Executive Education Course, Non Profit/Public/Organisational Management, Performance Measurement for Effective Management of Non-profit organisations (Harvard University, Kennedy School of Government)</p> <p>Member of the Engagement Committee and Board Visitor to the BIG and Indigenous capacity building program.</p>

Barnardos Australia Directors' Report (Cont.)

Name	Particulars
<p>Paul Ireland</p> <p>Qualifications and Experience</p> <p>Special Responsibilities</p>	<p>Director</p> <p>Director since November 2017.</p> <p>Paul currently works with Boards and Investment Committees providing advice on investment arrangements. Paul was General Manager of MLC Implemented Consulting and previously held senior roles in both the finance industry and TAFE. He has managed successful businesses in the public and private sectors.</p> <p>Qualifications include: Master of Business Administration (AGSM, UNSW), Chartered Financial Analyst (CFA) (AIMR USA), Bachelor of Engineering (Sydney University), Bachelor of Social Studies (Hons) (Sydney University), Diploma of Adult Education (Sydney College of Advanced Education).</p> <p>Member of the Finance and Audit Committee and Member of the Engagement Committee, Board Visitor to the Penrith Children's Family Centre.</p>
<p>Sharyn Shultz</p> <p>Qualifications and Experience</p>	<p>Director</p> <p>Director from November 2008, retired at AGM on 28 November 2017.</p> <p>Executive General Manager Human Resources at RP Data Asia Pacific. Prior to that, VP Human Resources and Communication at Luxottica Asia Pacific. Extensive experience in Human Resources Management specialising in learning and organisational development and change management.</p> <p>Qualifications include: Graduate certificate in Change Management from AGSM; Bachelor of Education Human Resource Development (University of Technology). Associate Diploma of Adult Education (University of Technology).</p>
<p>Julie Pascoe</p> <p>Qualifications and Experience</p>	<p>Director</p> <p>Director since September 2009 and resigned 28 February 2018.</p> <p>Julie is a director of Capilano Honey Pty Ltd, Chair of RT Health Fund Limited and sits on the Advisory Board of Stuart Alexander and Co. Julie has more than 30 years' experience in consumer goods marketing with international companies including Unilever, Kellogg's and SC Johnson, where responsibilities included the strategic development and long term profitability of large portfolios in highly competitive markets.</p> <p>Qualifications include: Bachelor of Arts (Syd); Post-Graduate Diploma in Marketing (Charles Sturt University); Fellow of AICD; Member GIA (Cert); Qualified Practicing Market Researcher (AMSRS).</p>
<p>Michael Bencsik</p> <p>Qualifications and Experience</p>	<p>Director</p> <p>Director and former Chair of the Finance and Audit Committee, retired at AGM on 28 November 2017.</p> <p>Michael is Deputy Chief Financial Officer at the Bank of Queensland, formerly Chief Financial Officer of Global Wholesale Banking, Global Wealth and International, First Abu Dhabi Bank (UAE), previously General Manager Strategy, Institutional Banking and Markets with Commonwealth Bank of Australia, and with HSBC Bank PLC (UK) as Global Head of Strategy and Planning, Global Banking and Markets and Group Functions and CFO HSBC Bank Australia. Over 25 years' experience in banking and financial accounting.</p> <p>Qualifications include: BCom (UNSW), MBA (Macq), FCPA, FCCA (UK), F FIN, GAICD, JP (NSW), Fellow of the Australian Society of CPA's, a Fellow of the Chartered Certified Accountants (UK) and a Fellow of the Institute of Banking and Finance.</p>
<p>Patrick Kerlin</p> <p>Qualifications and Experience</p>	<p>Company Secretary</p> <p>Appointed 28th June 1999.</p> <p>Patrick is a Chartered Accountant, who prior to joining Barnardos in 1999 had over 20 years' experience in Commercial Practice, including Business Management, Taxation and Audit. Since joining Barnardos Patrick has completed a Masters in Policy Studies, School of Education and Social Work (University of Sydney), and completed a Graduate Diploma in Company Secretarial Practice with the Governance Institute of Australia.</p>

Principal Activities

Barnardos Australia is a child protection organisation working and advocating for the welfare of children and young people in Australia. Barnardos provides direct services in New South Wales and the Australian Capital Territory and promotes a range of welfare and community programs nationally.

Barnardos aims to find permanent, workable solutions to ensure that children receive the care and support they need to meet their potential.

Barnardos Vision

The Vision of Barnardos is that all children and young people have caring families in which they can grow safely and fulfil their potential. Families, children and young people are valued and supported by quality services and engaged communities.

Barnardos Values

Keep the child and young person central

Children and young people are our focus and must always be safe from abuse, neglect, homelessness and reach their full potential. We recognise their critical need for stable, ongoing relationships and their right to be heard and contribute to decisions about their lives.

Strengthen families

We believe in the importance of family for children and young people's development. We support the least intrusive intervention in family life consistent with a child or young person's safety and wellbeing.

Pursue social justice

Our work is informed by research and evidence about the ongoing damage to children's development caused by serious disadvantage such as poverty and racism. We work with the most vulnerable children to bring them to a community standard of life. We acknowledge the intergenerational transfer of inequity.

Be persistent for change

When working for individual children and young people, we don't give up. We confront challenges and aim to make a difference in the community's response to children's needs. We understand that change may be difficult but we must pursue those changes that are important for both individuals or groups of children.

Take responsibility

Workers, managers, volunteers and Board members take their work seriously and realise the impact of their work for the long-term wellbeing of individual children and young people as well as the agency. We are committed to professional standards, personal responsibility, accountability for our work and actions.

Relate respectfully

We recognise the need for open and honest communication with children, young people and their families. We acknowledge and respect cultural differences. We aim for positive relationships between carers, partner agencies, volunteers, Board members and employees.

Review of Operations

The operating loss of the company for the year ended 30 June 2018 was \$7.9m (2017 profit: \$5.5m). The result for the year has been significantly impacted by a significant deficit by the ACT Together Consortium, and the booking of a provision for an onerous contract of \$5.8 million with the ACT Government in relation to the ACT Together reform.

Welfare

Total Welfare expenditure has increased by 15%, from \$91.7 million to \$105.9 million. Welfare revenue has increased by 4% from \$87.7 million in 2017 to \$91.6 million in 2018.

Barnardos Australia Directors' Report (Cont.)

Fundraising

The net contribution from Fundraising activities for the year was \$6.4 million (2017: \$10.1 million). The direct cost of fundraising over the gross income from fundraising ratio for the year was 22.7% (2017: 18.1%).

Recruitment Services

The operations of ahrs Recruitment Services, a recruitment service providing staff for Barnardos Australia as well as welfare workers throughout Australia, has undergone a reorganisation during the year, the net contribution to the welfare work of Barnardos for the year ended 30 June 2018 was a loss of \$110,000 (2017 profit of \$428,000).

Administration

Investment, rental and other income has increased during the year to \$0.9m in 2018 (2017: \$0.1m). The most significant variance being profit on the sale of shares received from bequests.

Property, Administration and Communications expenses have decreased during the year to \$0.8m (2017: \$1.1m).

Changes in State of Affairs

The 2017 financial year saw a new organisational structure implemented with the appointment of an Executive Management Team. The people and Practice Portfolio was implemented and developed in 2017, and 2018 has seen the implementation and development of the Strategy and Engagement Portfolio, which incorporates four key teams of Strategy, Knowledge Outcomes and Research, Marketing and Communications and Revenue and Giving.

In line with our second strategic direction, "Our Commitment to Aboriginal People" we work in a culturally meaningful and respectful way with Aboriginal families and communities. We are committed to working collaboratively and in partnership with Aboriginal and Torres Strait Islander people, organisations and communities. The Footprints Together Working Group has been developed, which is a working group of both Indigenous and Non Indigenous staff, who are meeting and contributing to developing organisation strategies to assist with the outcomes sought in Barnardos Reconciliation Action Plan. Barnardos Stretch Reconciliation Action Plan has been further developed during the year, and will be launched in late 2018.

The Louise Voigt Award continues to be an opportunity for Indigenous staff to be supported in ongoing education and development. We are now in our fourth year of the award, and earlier recipients are well advanced in Tertiary studies in both NSW and the ACT.

As the lead agency of ACT Together, a consortium of agencies improving outcomes for children and young people in Out-Of-Home Care in the ACT, Barnardos Australia has completed the first half of the contract, which commenced in February 2016, and we have been able to see improvement in the outcomes for the young people as a result of the significant sector wide reform. In conjunction with other consortium agencies, Barnardos is responsible for supporting over 650 of the children and young people who are in statutory and kinship care in the ACT. This third year of the reform has seen a focus on consolidation and stabilisation following the transition of over 500 children and their carers into the consortium's care. Barnardos are hopeful of a successful mid term contract review, which will identify and address the financial commitment that Barnardos has made to this reform, and the lives of the children and young people.

In line with the step up for our children reform in the Australian Capital Territory, the ACT Together Consortium has developed a range of alternative care models, particularly for hard to place adolescents, young people with intensive needs and hard to place children, including large sibling groups. Financial constraints within the Consortium have limited our ability to trial other alternative innovations, such as internal evidence based models.

In 2017 Barnardos was able to establish a Reserve Fund and will continue to maintain sufficient reserves to remain a strong and viable agency. This Reserve Fund is possible due to strong financial governance across the organisation over a number of years and generous bequests left by a number of Barnardos supporters.

Changes in State of Affairs (continued)

October 2017 saw the commencement of the NSW Department of Family and Community Services (FaCS) reform, the *Permanency Support Program* which prioritises permanency and stability for children and young people who are unable to reside with their parents. Barnardos is pleased to be able to continue to deliver permanent outcomes for children, whether this is supporting families to safely care for their children, supporting children to live with kin and relatives, transitioning children to adoptive families or finding permanent homes for children who remain in Out-Of-Home Care. The reform has provided additional funding to assist with permanency both for children who are able to remain with their parents, and those whom the court have removed from their parents care.

During 2018 Barnardos continued to achieve a significant number of adoptions. Further to this, Barnardos continues to lead advocacy and research related to open adoption with the longitudinal research, *Barnardos Australia Open Adoption Outcomes* continuing in partnership with Centre for Excellence in Open Adoption. It is anticipated the results of the research will be published in the near future.

Future Developments

Barnardos Australia's Strategic Directions 2017-2020 outlines the 5 headline areas where Barnardos are currently focusing on. These areas are our children, young people and families; our commitment to Aboriginal people; our voice; our people and our sustainable future. Broadly, the strategic direction focuses on consolidating systems to manage the organisation's recent growth, supporting our growing workforce to understand Barnardos' practice principles, evidencing the work that Barnardos does and focussing on managing and building relationships with our key stakeholders. As always, Barnardos will continue our focus on identifying the needs of vulnerable children and families within the communities in which we work, and developing services and support to help vulnerable families. Barnardos will also continue to advocate for systemic change on issues that affect these families.

In both New South Wales and the Australian Capital Territory Government reforms are anticipated to increase the focus on the primary prevention and early intervention areas. We have existing Government contracts in these areas, and we will continue to monitor these reforms closely.

Subsequent Events

Barnardos Australia have commenced the process of joining the Australian Federal Government's Redress scheme for the survivors of Institutional Child Sexual Abuse, which commenced on the 1st July 2018. The scheme will operate for 10 years, and provide support and financial redress to victims of sexual abuse within institutions.

Barnardos welcomes and supports the National Redress Scheme, as recommended by the Royal Commission into Institutional Responses to Child Sexual Abuse, in acknowledging the harm caused and provide support to people who were sexually abused as children survivors while in the care of an institution.

Barnardos UK will join us in the scheme. Part of the process of joining the scheme is the requirement to be able to demonstrate that we and Barnardos UK have sufficient capacity to participate, and meet the commitment to any future claims. The proposed redress scheme will provide survivors with a monetary payment of up to \$150,000. At the date of this report, there are no claims that are reported against Barnardos through this National redress scheme.

As part of a scheduled mid-contract review, Barnardos Australia are currently re-negotiating the cost and funding of the Step Up for our Children reform with the ACT Government with the objective of securing the financial viability of the contract. At the time of this report, the program continues to generate a significant deficit for Barnardos. Barnardos is hopeful for a successful negotiation. However given the contracted nature of negotiations that is still ongoing and a resolution has not yet being achieved. As a result, an onerous contract provision of \$5,863,000 has been recognised as at 30 June 2018 to account for unavoidable costs of meeting obligations under the contract that exceed the economic benefits expected to be received under it until the expiry of the contract in February 2021. Barnardos remains committed to the strategy and reform contained within the contract and looks forward to working collaboratively with the ACT Government and our Consortium members in continuing to improve the outcomes for the children and young people in the Out-Of-Home Care Continuum of care in the Australian Capital Territory.

Barnardos Australia Directors' Report (Cont.)

Subsequent Events (continued)

There has not been any matter or circumstance, other than referred to in the financial statements or notes thereto, that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Short-Term and Long-Term Objectives

Our short-term and long-term goals are contained within Barnardos Australia Strategic Directions 2017-2020.

Barnardos Australia Strategic Directions 2017-2020 has five headline areas. They are outlined in the table below.

Strategic Directions 2017-2020	
Our children, young people and families	We work together with children, young people and families to break the cycle of disadvantage, creating safe, nurturing and stable homes, connected to family and community.
Our commitment to Aboriginal people	We work in a culturally meaningful and respectful way with Aboriginal families and communities. We are committed to working collaboratively, and in partnership with Aboriginal and Torres Strait Islander people, organisations and communities.
Our voice	As a leader of innovation in Australian child protection, we use our knowledge and expertise to influence government, other non-government organisations and the wider community.
Our people	Our staff, carers and volunteers are engaged, valued and effective in working towards the mission, vision and values of Barnardos.
Our sustainable future	We maintain a strong and viable organisation with systems that enable and support our programs and services for children and families.

Strategy for Achieving Objectives

The Chief Executive Officer, with support and leadership from the Executive Management Team oversees and monitors the implementation of the strategies and outcomes identified to support the five Strategic Directions.

Key Performance Indicators

A significant consultative process has been undertaken, involving all staff in Barnardos Operational Leadership Team, to develop a set of performance indicators and measures that will allow the Executive Management Team to monitor and deliver the strategies. As part of this consultation process, a reporting framework has been developed to enable this to occur.

The annual budget establishes key performance measures and results that are reviewed through the board governance model and include fiscal measures, service outcomes, contract compliance, risk analysis as well as best practice standards and other accepted industry benchmarks.

Indemnification of Officers and Auditors

During the financial year the company paid a premium in respect of a contract insuring the Directors of the company (as named above) and all Executive Officers of the Company against a liability incurred as a Director or Executive Officer to the extent permitted by the Australian Charities and Not-for-profits Commission Act 2012. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company against a liability incurred as such by an officer or auditor.

Rounding

The Company is of a kind referred to in ASIC Corporations Instrument 2016 /191 dated 1 April 2016 and, in accordance with that Instrument, amounts in the financial report and director's report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Dividends

Under the terms of the Company's Constitution, the Company is not authorised to pay dividends to its members.

Auditor's Independence Declaration

The Auditor's Independence Declaration is included on page 15 of the financial report.

Corporate Governance Statement

Barnardos Australia is a not-for-profit income tax exempt organisation incorporated as a Company limited by guarantee in accordance with the Corporations Act 2001 (Cth). Barnardos operates under a Constitution approved by the members of the Company in 2015. As required by the Constitution, all Directors of Barnardos Australia are non-executive directors and receive no remuneration for performing their role as Director. Some expenses incurred by Directors in carrying out their duties as Directors in attending Company meetings are reimbursed on a cost only basis.

Barnardos Australia is a registered charity with the Australian Charities and Not-for-profits Commission. Barnardos Australia has Deductible Gift Recipient status and is a public benevolent institution as approved under Australian Taxation law.

Barnardos aims to operate with the highest standards of governance in all aspects of its work. Barnardos conducts its operations in accordance with a Board-approved Governance Charter that sets out among other things the role of Directors, the role of the Board, the Code of Conduct for Directors and the role of the Chief Executive Officer.

Barnardos Australia currently has 135 members of the Company and they are all of the same class. There is no limit on the number of members allowed under the Constitution. All of the Directors are also members of the Company. In accordance with the Company's Constitution in the event of winding up of the Company, the members undertake (including for a year after membership expiry) to contribute an amount up to but not exceeding \$10 each towards the payment of the debts and liabilities of the Company or the costs of winding up of the Company in addition to the amount of unpaid membership fees. At the date of this report, the maximum value that members may be required to contribute amounts to \$1,350 (135 x \$10).

During the financial year, the Board of Directors of Barnardos Australia held 6 meetings. In addition, there were meetings of the Governance Committee, Finance and Audit Committee, Risk Committee, People and Practice Implementation Committee and Welfare Committee.

A formal review of the Board Committee structure was undertaken during the year to ensure that the Committee structure in place continues to meet the strategic and operational goals of the organisation. As part of that review, a number of measures were adopted by the Board to ensure best practice governance is maintained for Barnardos Australia.

The Governance Committee continues in its form, apart from transferring the oversight of risk to the new Risk Committee. The Governance Committee provides advice to the Board on the adequacy of governance

Corporate Governance Statement (Continued)

arrangements for the Board and organisation. This includes the review of the Governance Charter every three years, ensuring the membership of the Company of Barnardos Australia is of an appropriate size and composition and providing advice and managing the process for Board succession.

The Finance and Audit Committee continues in its form as a means to review the effectiveness of the internal financial controls and external audit program and to ensure the internal controls and financial risk management structures are appropriate for the organisation's requirements. The Finance and Audit Committee also reviews any significant recommendations of the internal and external auditors including changes in accounting practices or policies. The Finance and Audit Committee reviews the policy for the investment of Barnardos reserves and monitors the implementation of this policy.

Following the Board Committee review, Barnardos has established a separate Risk Committee to ensure oversight of the risk management framework within the organisation and as a way to monitor the alignment of the Barnardos risk profile and controls with a Board-approved risk appetite. The Risk Committee will also be responsible for ensuring the organisation has appropriate insurance with regards to Barnardos circumstances and needs.

The People and Practice Implementation Committee has now become the People and Practice Committee. The responsibilities of the Committee are to ensure that the Strategic Directions concerning Human Resource management and practice are maintained with particular focus on organisational culture, recruitment and retention and support of staff through professional development, leadership and succession planning. The People and Practice Committee will also ensure that there is a strong focus on practice across all Barnardos programs and that human resource management and practice are culturally informed for our Aboriginal staff and clients. The newly established People and Practice Committee held its first meeting in August 2018.

As recommended by the Board Committee review, the Fundraising and Marketing Committee has been reformulated as the Engagement Committee to reflect the new Strategy and Engagement Portfolio. The Engagement Committee will provide advice to the Board on Barnardos Revenue and Giving and Marketing and Communications strategies and the resourcing and effectiveness of these strategies.

As recommended by the Board Committee review, the Welfare Committee has been disbanded on the basis that the discussion of strategic matters including thought leadership, sector issues and research in the welfare sector will be considered at the whole of Board level.

In addition to involvement at Committee level, Directors also act as Board Visitors, visiting specific programs on a regular basis to inform the Board in respect of the development of specific Barnardos programs and to enhance the recognition of the Board and its role to Barnardos' staff.

The Board undertakes a Board Review every three years, with the current review due in November 2018.

Barnardos Australia Directors' Report (Cont.)

Meetings of Directors

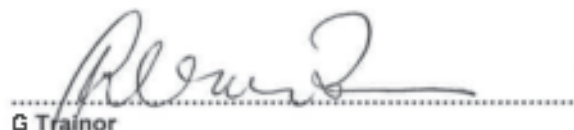
During the financial year, 6 Board meetings were held. In addition, a number of Board sub-Committee meetings were held. Director attendances at these meetings were as follows:

Directors Name	Board of Directors		Finance and Audit Committee		Governance Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Gabrielle Trainor AO	6	6	-	-	1	1
Abbey McKinnon	6	4	-	-	-	-
Rosemary Howard	6	5	-	-	-	-
Jane Paskin	6	6	4	4	-	-
John Pittard	6	4	-	-	-	-
Fran Waugh	6	5	-	-	-	-
Rhonda Stien	6	6	1	-	1	1
Janett Milligan	6	6	-	-	-	-
Ray Kiley	6	5	-	-	-	-
Sam Garland	6	6	4	4	-	-
Brad Cooke	6	5	-	-	-	-
Paul Ireland	3	3	2	2	-	-
Sharyn Shultz	3	3	-	-	1	1
Julie Pascoe	4	4	1	1	-	-
Michael Bencsik	3	3	2	2	-	-

Directors Name	Risk Committee		Welfare Committee		People and Practice Implementation Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Gabrielle Trainor AO	-	-	-	-	-	-
Abbey McKinnon	-	-	-	-	-	-
Rosemary Howard	1	1	1	1	-	-
Jane Paskin	1	1	1	1	2	2
John Pittard	1	1	1	1	2	2
Fran Waugh	-	-	1	1	-	-
Rhonda Stien	-	-	-	-	-	-
Janett Milligan	-	-	-	-	-	-
Ray Kiley	-	-	-	-	2	2
Sam Garland	-	-	-	-	-	-
Brad Cooke	-	-	-	-	-	-
Paul Ireland	-	-	-	-	-	-
Sharyn Shultz	-	-	-	-	2	2
Julie Pascoe	-	-	-	-	-	-
Michael Bencsik	-	-	-	-	-	-

Signed in accordance with a resolution of the Directors.

On behalf of the Board



G Trainor

Gabrielle Trainor AO Chair

Sydney this 19th day of November 2018.

The Board of Directors
Barnardos Australia
60-64 Bay Street
Ultimo NSW 2000

20 November 2018

Dear Board Members

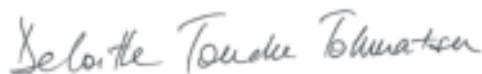
Barnardos Australia

In accordance with Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the directors of Barnardos Australia.

As lead audit partner for the audit of the financial statements of Barnardos Australia for the financial year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



John Bresolin
Partner
Chartered Accountants

Independent Auditor's Report to the members of Barnardos Australia

Opinion

We have audited the financial report of Barnardos Australia (the "Entity") which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration. In addition, we have audited Barnardos Australia's compliance with specific requirements of the Charitable Fundraising Act 1991 for the year ended 30 June 2018.

In our opinion:

- (a) the accompanying financial report of the Entity is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the "ACNC Act"), including:
 - (i) giving a true and fair view of the Entity's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.
- (b) the financial report agrees to the underlying financial records of Barnardos Australia, that have been maintained, in all material respects, in accordance with the Charitable Fundraising Act 1991 and its regulations for the year ended 30 June 2018;
- (c) monies received by Barnardos Australia, as a result of fundraising appeals conducted during the year ended 30 June 2018, have been accounted for and applied, in all material respects, in accordance with the Charitable Fundraising Act 1991 and its regulations.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the auditor independence requirements of the ACNC Act and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the directors' report and supplementary information for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The Directors' Responsibilities for the Financial Report, for compliance with the Australian Charities and Not-for-profits Commission Act 2012 and the Charitable Fundraising Act 1991.

The directors of the Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Regime and the ACNC Act and for compliance with the Charitable Fundraising Act 1991. The Directors are also responsible for such internal control as the directors determine is necessary to enable compliance with the requirements of the Charitable Fundraising Act 1991 and the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report and Audit of compliance with the Charitable Fundraising Act 1991.

Our objectives are to obtain reasonable assurance about whether the Entity has complied with the requirements of the Charitable Fundraising Act 1991 and whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

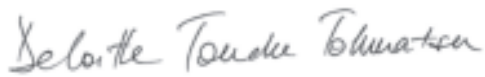
- Identify and assess the risks of non-compliance with the specific reporting requirements of the Charitable Fundraising Act 1991 and the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Inherent Limitations

Because of the inherent limitations of any compliance procedure, it is possible that fraud, error, or non-compliance with the Charitable Fundraising Act 1991 may occur and not be detected. An audit is not designed to detect all weaknesses in Barnardos Australia's compliance with the Charitable Fundraising Act 1991 as an audit is not performed continuously throughout the period and the tests are performed on a sample basis.

Any projection of the evaluation of compliance with the Charitable Fundraising Act 1991 to future periods is subject to the risk that the procedures, may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.



DELOITTE TOUCHE TOHMATSU



John Bresolin

Partner

Chartered Accountants

Sydney, 20 November 2018

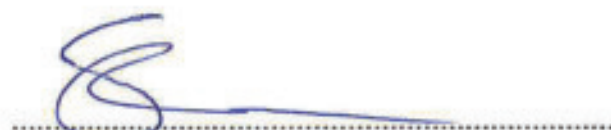
Barnardos Australia Charitable Fundraising Act Declaration

BARNARDOS AUSTRALIA CHARITABLE FUNDRAISING ACT DECLARATION

I, Sam Garland, Director/Chair of the Finance and Audit Committee of Barnardos Australia, declare that in my opinion:

- a) The Financial Statements and notes thereto give a true and fair view of all income and expenditure of Barnardos Australia with respect to fundraising appeals and licensing and event activities;
- b) The attached financial statements are in compliance with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001;
- c) The Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income and notes thereto give a true and fair view of the state of affairs with respect to fundraising appeals and licensing and event activities;
- d) The provisions of the Charitable Fundraising Act 1981 and its regulations, the Charitable Collections Act 1946 and the Charitable Collections Regulations 1947 and the conditions attached to the authority have been complied with; and
- e) The internal controls exercised by Barnardos Australia are appropriate and effective in accounting for all income received and applied by the company from all of its fundraising appeals.

On behalf of the Directors



Sam Garland
Director/Chair Finance & Audit Committee

Dated at Sydney this 19th day of November 2018.

Barnardos Australia Directors' Declaration (Cont.)

BARNARDOS AUSTRALIA DIRECTORS' DECLARATION

The directors declare that:

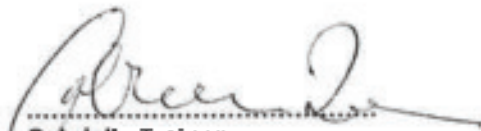
- a) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- b) In the directors' opinion, the attached Financial Statements and notes thereto are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and in compliance with the Charitable Fundraising Act 1991, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the entity.

Signed in accordance with a resolution of the directors made pursuant to s.80.15 of the Australian Charities and Not-for-profits Commission Regulation 2013.

On behalf of the Directors



Sam Garland
Director/Chair Finance & Audit Committee



Gabrielle Trainor
Chair

Dated at Sydney this 19th day of November 2018.

Barnardos Australia
Statement of Profit or Loss and other Comprehensive Income for the Financial Year
Ended 30 June 2018

	Notes	2018 \$000's	2017 \$000's
CONTINUING OPERATIONS REVENUE			
FUNDRAISING REVENUE			
Fundraising	2	9,472	13,413
Licensing and Events		145	216
		9,617	13,629
GOVERNMENT SUBSIDIES			
Federal		4,572	4,401
State - NSW		47,602	46,655
State - ACT		37,976	35,412
Local Government and Lead Agencies		619	524
		90,769	86,992
OTHER WELFARE REVENUE			
User Contributions		747	684
Welfare Product		71	66
		818	750
RECRUITMENT SERVICES		3,362	4,779
INVESTMENT, RENTAL AND OTHER REVENUE	3	899	80
TOTAL REVENUE		105,465	106,230
DEDUCT EXPENDITURE			
WELFARE CENTRES		105,936	91,724
FUNDRAISING			
Fundraising – salaries and direct costs		2,149	2,428
Fundraising – administration and indirect costs		940	925
Licensing and Events		87	171
		3,176	3,524
PROPERTY AND ADMINISTRATION			
Administration and Governance		133	74
Communication		607	982
Rental		89	53
		829	1,109
RECRUITMENT SERVICES		3,472	4,351
TOTAL EXPENDITURE		113,413	100,708
Profit / (Loss) for the year	4	(7,948)	5,522
OTHER COMPREHENSIVE INCOME / (LOSS)			
Net (loss) arising on revaluation of available-for-sale financial assets during the year		76	(23)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR YEAR		(7,872)	5,499

Notes to the financial statements are included on pages 25 to 41.

Barnardos Australia
Statement of Financial Position as at 30 June 2018

	Notes	2018 \$000's	2017 \$000's
CURRENT ASSETS			
Cash and Cash Equivalents	7	2,813	3,756
Receivables	9	2,207	3,722
Other Financial Assets	8	6,472	6,544
Prepayments		1,811	1,703
TOTAL CURRENT ASSETS		13,303	15,725
NON-CURRENT ASSETS			
Other Financial Assets	8	-	500
Property, Plant and Equipment	10	12,900	12,500
Investment Property	11	4,278	4,262
TOTAL NON-CURRENT ASSETS		17,178	17,262
TOTAL ASSETS		30,481	32,987
CURRENT LIABILITIES			
Payables	12	4,516	3,786
Income Received in Advance		1,887	3,057
Provisions	13	9,212	5,097
TOTAL CURRENT LIABILITIES		15,615	11,940
NON-CURRENT LIABILITIES			
Provisions	13	3,339	1,544
Other - Funds Held In Trust		271	375
TOTAL NON-CURRENT LIABILITIES		3,610	1,919
TOTAL LIABILITIES		19,225	13,859
NET ASSETS		11,256	19,128
EQUITY			
Reserves	14	73	73
Investment Revaluation Reserve	15	53	(23)
Retained Earnings	16	11,130	19,078
TOTAL EQUITY		11,256	19,128

Notes to the financial statements are included on pages 25 to 41.

Barnardos Australia
Statement of Changes in Equity for the Financial Year Ended 30 June 2018

	Donor Reserve	Investment Revaluation Reserve	Retained Earnings	Total
	\$000's	\$000's	\$000's	\$000's
BALANCE AT 30 JUNE 2016	73	-	13,556	13,629
Profit for the year	-	-	5,522	5,522
Other comprehensive income	-	(23)	-	(23)
Total Comprehensive Income / (loss) for the year	-	(23)	5,522	5,499
BALANCE AT 30 JUNE 2017	73	(23)	19,078	19,128
Loss for the year	-	-	(7,948)	(7,948)
Other comprehensive loss	-	76	-	76
Total Comprehensive Income / (loss) for the year	-	76	(7,948)	(7,872)
BALANCE AT 30 JUNE 2018	73	53	11,130	11,256

Notes to the financial statements are included on pages 25 to 41.

Barnardos Australia
Statement of Cash Flows for the Financial Year Ended 30 June 2018

	Notes	2018 \$000's	2017 \$000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers, Donors and Government		110,310	109,225
Bequests		1,166	5,054
Interest Received		239	231
Payments to Suppliers and Employees		(114,323)	(108,070)
NET CASH (USED IN) / PROVIDED BY OPERATING ACTIVITIES	19	(2,608)	6,440
Cash Flows from Investing Activities			
Purchase of Property, Plant and Equipment		(3,015)	(5,258)
Return Trust Funds		(112)	(24)
Purchase available for sale investments		-	(5,500)
Capital Expenditure on investment property		(61)	-
Proceeds from disposal of Available for sale investments		3,410	-
Proceeds from Sale of Property, Plant and Equipment		650	288
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		872	(10,494)
Net decrease in cash and cash equivalents		(1,736)	(4,054)
Cash and cash equivalents at the beginning of the Financial year		5,323	9,377
Cash and cash equivalents at the end of the Financial Year	19	3,587	5,323

Notes to the financial statements are included on pages 25 to 41.

NOTE 1: Summary of Accounting Policies

Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Australian Charities and Non-for-profits Commission Act 2012, Australian Accounting Standards – Reduced Disclosure Requirements and Interpretations, and complies with other requirements of the law. For the purpose of preparing the financial statements, the Company is a non-for-profit entity.

The financial statements were authorised for issue by the directors on 18th November 2018.

Basis of preparation

The financial report has been prepared on the basis of historical cost. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are in Australian dollars, unless otherwise indicated.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an annual basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Adoption of new and revised Accounting Standards

In the current year, the Company has applied amendment to AASBs issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2017, and therefore relevant for the current year end.

- **AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities**
- **AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107**

The application of these amendments did not have any material impact on the disclosures or on the amounts recognised in the Company's financial statements.

Significant Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Revenue Recognition

- (i) **Bequests** - Bequests received are credited to income in the period in which they are received.

Bequests and gifts received in the form of properties or investments are taken into account when received at their market value if they are listed shares or trusts and otherwise at cost, which is deemed to be their probate value.

- (ii) **Donations** - Donations received are credited to income in the period in which they are received.

NOTE 1: Summary of Accounting Policies (Cont.)**(a) Revenue Recognition (continued)**

(iii) Gifts In Kind - Gifts in kind including professional pro bono services that can be reasonably valued are brought to account as revenue when the benefit of the service or control of the asset transfers to Barnardos Australia.

The value of volunteer hours, including the time of the Board of Directors, volunteer mentors and fundraisers has not been brought to account because the fair value cannot be reliably determined. Donated goods that are distributed directly to clients have also not been brought to account as revenue and expenditure of the company.

(iv) Government Funding Agreements - Government funding agreements are contracted agreements with the Government to provide a variety of welfare programs in the community. They are received in the form of transfers of resources to the company in return for past or future compliance with certain conditions relating to the operating activities of the company. Non-reciprocal government funding monies, other than monies held in trust, are credited to income when received in accordance with AASB 1004 "Contributions", unless control does not pass until funds are spent, in which case funds are held as income in advance on the statement of financial position. Other service revenues from government agencies are recognised upon delivery of services in accordance with AASB 118 "Revenue".

(v) Sale of Goods and Disposal of Assets - Revenue from the sale of goods and disposal of other assets is recognised when the company has transferred the significant risks and rewards of ownership of the goods or other assets to the buyer.

(vi) Interest income - Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(vii) Rental income - Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(viii) Welfare services and Recruitment Services income - revenue from contracts to provide services is recognised by reference to the stage of completion of the contract on an accrual basis.

(b) Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and in banks and money market investments readily convertible to cash.

(c) Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably. Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the company in respect of services provided by employees up to reporting date.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

NOTE 1: Summary of Accounting Policies (Cont.)**(d) Financial Assets**

The Company's financial assets are classified into the following specified categories: 'available-for-sale financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Available-for-sale financial assets

Certain shares and convertible notes held by the company are classified as being available-for-sale and are stated at fair value less impairment. Fair value is determined by reference to the quoted market price. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investment revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit and loss. Where the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss for the period.

Loans and receivables

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

(e) Fundraising

Fundraising costs are charged to expenses when incurred. Barnardos Australia's practice is to cost allocate all corporate costs including administrative support to all functions of the agency, including the provision of welfare programs and fundraising.

(f) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except:

- (i) Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) For receivables and payables, which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(g) Impairment of Assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When the future economic benefits of the asset are not primarily dependent on the assets ability to generate net cash inflows and when the company would, if deprived of the asset, replace its remaining future economic benefits, value in use is depreciated replacement cost of an asset.

NOTE 1: Summary of Accounting Policies (Cont.)**(g) Impairment of Assets (continued)**

If the recoverable amount of an asset (cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(h) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured at cost. At the date of transition, the fair value of the properties was deemed to be its cost at that date.

(i) Inventories

Unsold Christmas cards and other inventories are valued at the lower of cost or net realisable value using the average cost method.

(j) Income Tax

Confirmation of endorsement as an income tax exempt charitable entity under Subdivision 50-B of the Income Tax Assessment Act 1997 was received on the 8th July 2005.

(k) Leasing

Operating lease payments are recognised as an expense on a basis which reflects the pattern in which economic benefit from the leased assets is consumed.

(l) Going Concern Assumption

As at 30 June 2018, the Company's statement of financial position reported current liabilities greater than current assets (a net current liability position) of \$2,312 thousand.

In assessing the Company's going concern, the Directors are satisfied that the Company will be able to meet its working capital requirements after considering the following;

- Unanticipated bequest receipts have been received of \$3,376 thousand since balance date,
- Included in current liabilities are employee provisions of \$5,203 thousand of which it is anticipated that \$1,500 thousand are not expected to be disbursed in full in the next 12 months,
- There are budgeted cash flows from future fundraising activities that will generate additional cash flows, and
- There are number of non current assets, including investment properties, that can be realised should the need arise

The financial report has been prepared on the basis that the Company is a going concern which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts or to the amount and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

NOTE 1: Summary of Accounting Policies (Cont.)**(m) Property, Plant and Equipment**

Land and buildings, plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition. Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land and investment properties. Depreciation is calculated on a straight line or diminishing value basis so as to write off the net cost of each asset over its expected useful life.

- (i) Depreciation of Buildings has been provided on the basis of 2% per annum, using the straight line method.
- (ii) Depreciation and Amortisation of Leasehold Improvements, Partitions and Furnishings has been provided on the basis of 10% per annum, using the straight line method.
- (iii) Depreciation of Plant and Equipment, including Computer Equipment has been provided on the basis of 15% to 25% per annum, using the straight line method.
- (iv) Depreciation of Motor Vehicles has been provided on the basis of 18.5% per annum, using the diminishing value method.

(n) Software research and development expenditure

Expenditure on software research and development activities is recognised as an expense in the period in which it is incurred.

(o) Payables

Trade payables and other accounts payable are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services.

(p) Provisions

Provisions are recognised when the company has a present obligation for a future sacrifice of economic benefits, that sacrifice is probable, and the amount of the sacrifice can be measured reliably.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received if the Company settles the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(q) Statement of profit or loss presentation

Expenses in the statement of profit or loss are classified based on their function within the entity. Barnardos Australia's policy is to allocate corporate costs including administrative support to all functions of the agency, including the provision of welfare programs and fundraising.

(r) Currency and rounding of amounts

The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency. The Company is an entity to which ASIC Corporation Instrument 2016 / 191 applies. Under the option available to the Company under that Instrument, all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

(s) Standards and Interpretations issued not yet effective

At the date of authorisation of the financial report, the standards and interpretations listed below were in issue but not yet effective.

NOTE 1: Summary of Accounting Policies (Cont.)

Standards and Interpretations in issue

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Applicability for year ended 30 June 2019 and subsequently
AASB 9 Financial Instruments, and the relevant amending standards ²	1 January 2018	30 June 2020
AASB 16 Leases	1 January 2019	30 June 2020
AASB 1058 Income of Not-for-Profit Entities, AASB 1058 Income of Not-for-Profit Entities (Appendix D), AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	1 January 2019	30 June 2020
AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014–2016 Cycle and Other Amendments	1 January 2019	30 June 2020

The directors are still in the process of assessing the full impact of the application of the above standards on the company's financial statements. The directors do not intend to early apply the standards.

(t) Critical accounting judgements

The Company evaluates estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

(i) Leave provisions

Annual leave provisions as at balance sheet date for the majority of staff is expected to be used within 12 months of balance date.

The liability for long service leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases have been taken into account.

(ii) Estimate of asset lives, residual values and depreciation methods

Property, plant and equipment are depreciated over their useful lives taking into account residual values. Future market conditions determine residual values. Depreciation and amortisation is calculated on an either straight line or diminishing value basis which may not represent the actual usage of the asset.

(iii) Onerous Contract provision

An onerous contract provision has been recognised as at 30 June 2018 in relation to the ACT Together Contract with the ACT Government. On measuring the provision amount, several key assumptions are used in the calculation, refer to note 13 on page 35.

Barnardos Australia
Notes to the Financial Statements for the Financial Year Ended 30 June 2018 (Cont.)

NOTE 2: Fundraising	2018	2017
	\$000's	\$000's
Donors and Appeals	4,824	6,710
Bequests	1,166	1,527
Bequests received in the form of shares	3,062	3,360
Bequests received in the form of property	-	1,450
Pro Bono Contributions	137	65
Blackheath Auxiliary	5	4
Canberra Branch	54	53
Peter Pan Committee	134	154
Peter Pan Opportunity P/L	90	90
TOTAL FUNDRAISING INCOME	9,472	13,413

NOTE 3: Investment, Rental and Other Revenue	2018	2017
	\$000's	\$000's
Investment, Rental and Other Revenue		
Interest, dividends and distributions	376	231
Sundry Revenue	115	126
Rental Revenue	91	82
(Loss) on Disposal of Property, Plant and Equipment	(31)	(359)
Gain on sale of available for sale assets	348	-
TOTAL INVESTMENT, RENTAL and OTHER REVENUE	899	80

NOTE 4: Profit / (Loss) From Operations	2018	2017
	\$000's	\$000's
Profit / (Loss) has been arrived at after charging / (crediting) the following income, expenses, gains and losses:		
Depreciation of property, plant and equipment	1,934	1,734
Depreciation of investment property	44	32
Defined contribution plans	4,339	4,111
Operating lease rental expense	2,667	2,703
Bad debt expense	-	7
Onerous Contract Expense	5,863	-

NOTE 5: Auditor's Remuneration	2018	2017
	\$000's	\$000's
Auditor's Remuneration		
Tax advice on indirect tax	9,975	-
Auditing the Financial Report	40,000	40,383
Pro Bono Audit Fee	60,000	60,000
	109,975	100,383

The auditor of Barnardos Australia is Deloitte Touche Tohmatsu. The auditor receives the above contribution toward its generous donation of the cost of its audit. The market value of the total audit has been valued at \$100,000 based on a fee estimate.

NOTE 6: Key Management Personnel Remuneration

The directors of Barnardos Australia who held office during the financial year were:

Gabrielle Trainor AO	(non-executive)	Janett Milligan	(non-executive)
Michael Bencsik	(non-executive)	Julie Pascoe	(non-executive)
Bradley Cooke	(non-executive)	Jane Paskin	(non-executive)
Sam Garland	(non-executive)	John Pittard	(non-executive)
Rosemary Howard	(non-executive)	Sharyn Schultz	(non-executive)
Paul Ireland	(non-executive)	Rhonda Stien	(non-executive)
Ray Kiley	(non-executive)	Fran Waugh	(non-executive)
Abbey McKinnon	(non-executive)		

No director has received or become entitled to receive any remuneration from the company in their capacity as a director (2017: \$Nil). Any goods purchased by the directors were acquired at commercial rates.

Other Key Management Personnel of Barnardos Australia during the financial year were:

Deirdre Cheers – Chief Executive Officer

Executive Managers	
Melanie Andrews	Safety and Prevention Metropolitan NSW
Elizabeth Cox	Out-of-Home Care NSW / ACT
Rosemary Hamill	People and Practice resigned – December 2017
Penny Hood	People and Practice appointed April 2018
Annette Kelly-Egerton	ACT / Southern NSW – appointed to Special Project January 2018
Patrick Kerlin	Corporate and Financial Services - Company Secretary
David Levy	Strategy and Engagement – appointed November 2017, resigned August 2018
Kerry Moore	Safety and Prevention Regional / Rural NSW and ACT
As at 30 June 2018 there were eight Key Management Personnel (2017: seven)	

The aggregate compensation of the key executive management personnel of the company is set out below.

	2018	2017
	\$	\$
	1,535,000	1,521,000
	1,535,000	1,521,000

NOTE 7: CASH AND CASH EQUIVALENTS	2018	2017
	\$000's	\$000's
Cash and cash equivalents		
Cash on Hand	40	44
Cash at Bank	1,599	2,692
Cash at Bank - "Gift Fund"	1,174	1,020
	2,813	3,756

Barnardos Australia
Notes to the Financial Statements for the Financial Year Ended 30 June 2018 (Cont.)

NOTE 8: Other Financial Assets	2018	2017
	\$000's	\$000's
Current		
Held at cost		
Bank Term Deposits – Current	1	1
Bank Commercial Bills, “Gift Fund”	273	1,066
Transferable Certificate of Deposit	500	-
	774	1,067
Available-for-sale investments carried at fair value		
Core Fund - Perpetual Trustee Company Limited	2,035	1,997
Reserve Fund - Perpetual Trustee Company Limited	3,663	3,480
	5,698	5,477
	6,472	6,544
Non-Current		
Held at cost		
Transferable Certificate of Deposit	-	500
	-	500

NOTE 9: Receivables	2018	2017
	\$	\$
Receivables		
Trade Receivables	1,492	2,702
Other Receivables	715	1,020
	2,207	3,722

Note: The average credit period on receivables is 30 days. No interest is charged on trade receivables.

Trade Receivables		
Current	942	1,509
30-60 days	492	362
60-90 days	2	253
90 days +	56	578
	1,492	2,702

None of the amounts past due above are considered impaired and no provision for impairment is held as a result.

NOTE 10: Property, Plant and Equipment

Description	Freehold Land at cost \$000's	Buildings at cost \$000's	Leasehold Improvements Partitions and Furnishings at cost * \$000's	Plant and Equipment at cost \$000's	Motor Vehicles at cost \$000's	Total \$000's
Gross Carrying Amount Balance at 1 July 2016	491	4,790	1,570	1,996	8,218	17,065
Additions	-	-	2,859	292	2,107	5,258
Disposals	-	(32)	(840)	(783)	(1,008)	(2,663)
Balance at 30 June 2017	491	4,758	3,589	1,505	9,317	19,660
Additions	-	-	862	111	2,042	3,015
Disposals	-	-	(44)	(1)	(2,094)	(2,139)
Balance at 30 June 2018	491	4,758	4,407	1,615	9,265	20,536

Accumulated Depreciation Balance at 30 June 2016	-	(1,551)	(717)	(1,344)	(3,830)	(7,442)
Disposals	-	9	541	756	710	2,016
Depreciation Expense	-	(136)	(337)	(277)	(984)	(1,734)
Balance at 30 June 2017	-	(1,678)	(513)	(865)	(4,104)	(7,160)
Disposals	-	-	44	-	1,414	1,458
Depreciation Expense	-	(111)	(447)	(272)	(1,104)	(1,934)
Balance at 30 June 2018	-	(1,789)	(916)	(1,137)	(3,794)	(7,636)
Net Book Value						
As at 30 June 2017	491	3,080	3,076	640	5,213	12,500
As at 30 June 2018	491	2,969	3,491	478	5,471	12,900

* Included in the leasehold improvements partitions and furnishings is a make good asset with a carrying value of \$0.22m (2017: \$0.2m).

Barnardos Australia
Notes to the Financial Statements for the Financial Year Ended 30 June 2018 (Cont.)

NOTE 11: Investment Property	2018	2017
	\$000's	\$000's
Investment Property (at cost)		
Balance at the beginning of the financial year	4,262	2,844
Additions	60	1,450
Less accumulated depreciation	(44)	(32)
Balance at the end of the financial year	4,278	4,262

Barnardos Australia currently holds three investment properties, a unit located in Mosman, as a result of a bequest, which is income producing as a residential investment. There are two properties located in Shellharbour, NSW. One property is currently an income producing retail outlet, and the other property is held for capital appreciation and is currently being used as a Respite Accommodation facility for clients. The rent receivable for the retail outlet is at market rate. There is a six month clause within the contract to end the agreement.

Based on the latest valuation on investment properties, the market value of the properties are above the net carrying value. No impairment loss is recognised.

NOTE 12: Payables	2018	2017
	\$000's	\$000's
Payables		
Trade creditors	2,430	2,533
Sundry creditors and accrued expenses	2,086	1,253
	4,516	3,786

Note: The average credit period on purchases is 30 days. No interest is charged on trade creditors.

NOTE 13: Provisions	2018	2017
	\$000's	\$000's
The provisions are recognised and included in the financial statements as follows:		
Current		
Employee Provision - Annual Leave	2,970	2,912
Employee Provision - Long Service Leave	2,233	2,075
Lease Incentive	102	110
Onerous Contract (ii)	3,907	-
	9,212	5,097
Non Current		
Employee Provision - Long Service Leave	567	653
Provision for Make Good (i)	620	601
Lease Incentive	196	-
Onerous Contract (ii)	1,956	290
	3,339	1,544
Number of equivalent full time employees at end of financial year	571	505

NOTE 13: Provisions - cont.**(i) Provision for Make Good**

The provision for make good represents the present value of the directors' best estimate of the future sacrifice of economic benefits that will be required to remove leasehold improvements from leased property.

(ii) Provision of Onerous Contract

The provision for onerous contract has been prepared on the following basis. As at 30 June 2018, Barnardos Australia has a contractual obligation with the Australian Capital Territory Office for Children Youth and Family Support, Community Services Directorate (CSD) for the provision of Out of Home Care Services within the ACT. The contract is for a five year period, ending in February 2021.

There is no early termination option for Barnardos, and Barnardos remains committed to providing the highest level of support to the vulnerable clients within the ACT Together Consortium.

Barnardos has incurred losses in the 2018 financial year in meeting the requirements of the contract, mostly due to an unanticipated variance in the mix of high and low cost clients, and partly due to incurring additional unforeseen high and unavoidable costs in relation to a small number of high needs clients. We envisage these losses are continuing until the end of the contract.

The five year contract contains a provision that allows for a mid-contract review and Barnardos Australia are currently re-negotiating the cost and funding of the Step Up for our Children reform with the ACT Government with the objective of securing the financial viability of the contract. At the time of this report, the negotiation process is still on going and a resolution has not yet been achieved. As a result, an onerous provision is recognised to account for unavoidable costs of meeting obligations under the contract that exceed the economic benefits expected to be received under it until the expiry of the contract.

In assessing the probability of a revenue change, we have considered a number of scenarios within the range of likely outcomes and arrived at the expected value by weighting the possible outcomes of the adjusted funding going forward by their associated probabilities. The range of these outcomes related to the adjusted funding going forward vary and are calculated based on certain assumptions as follows;

1. The nature and extent of any agreement of changes to the funding structure given communications with CSD to date.
2. The number and mix of clients under the Consortium's care for the remainder of the contract.
3. The timing of any decision by CSD and the application of any change to funding provided.
4. Future flow and mix of clients through the care system, which may reduce the cost of the services to Barnardos.

Barnardos Australia
Notes to the Financial Statements for the Financial Year Ended 30 June 2018 (Cont.)

NOTE 14: Reserves	2018	2017
	\$000's	\$000's
Reserves		
Donor Reserve (i)	73	73
	73	73

Represented By:

(i) The donor reserve is made up of a number of bequests with specific terms, Bank Term Deposit – “Gift Fund” Note 11.

Note 15: Investment Revaluation Reserve	2018	2017
	\$000's	\$000's
Balance at beginning of financial year	(23)	-
Unrealised loss from changes in the fair value of available for sale financial asset	76	(23)
Balance at end of financial year	53	(23)

NOTE 16: Retained Earnings	2018	2017
	\$000's	\$000's
Balance at beginning of financial year	19,078	13,556
Profit / (Loss) for the year	(7,948)	5,522
Balance at end of financial year	11,130	19,078

NOTE 17: Capital and Leasing Commitments	2018	2017
	\$000's	\$000's
(a) Rentals charged to operating expenses	2,667	2,703
(b) Operating Lease Commitments		
Non-cancellable operating leases:		
Less than one year	2,474	2,257
Between one year and five years	6,443	6,132
More than five years	1,696	2,032
	10,613	10,421

The non-cancellable operating leases are mostly for Special Purpose Welfare Centres and the head office of Barnardos located at Bay Street, Ultimo.

NOTE 18: Segment Information

Barnardos Australia is a charity working for the welfare of children and young people in New South Wales and the Australian Capital Territory, Australia.

NOTE 22: Notes to the Statement of Cash Flows	2018	2017
	\$000's	\$000's
Profit / (Loss) for the year	(7,948)	5,522
Depreciation and amortisation - property, plant and equipment	1,934	1,734
Depreciation and amortisation - investment property	44	32
Net loss on disposal of property, equipment and motor vehicles	31	359
Net gain on disposal of investments available for sale	(348)	-
Bequest distribution received as investment property	-	(1,450)
Bequest distribution received as investment available for sale	(3,062)	-
Interest received on Funds held in Trust	8	12
Interest earned on Perpetual Investments re-invested	(144)	-
Changes in Assets and Liabilities:		
Decrease/(Increase) in receivables	1,515	(1,578)
(Increase)/decrease in prepayments	(108)	182
(Decrease)/increase in income received in advance	(1,170)	1,487
Increase in provisions	5,910	223
Increase/(decrease) in sundry creditors	730	(83)
Net cash (used in) / provided by Operating Activities	(2,608)	6,440
Reconciliation of Cash and cash equivalents		
Cash balance comprises:		
Cash At Call (note 7)	2,813	3,756
Bank Term Deposits – Current (note 8)	1	1
Bank Commercial Bills - "Gift Fund" (note 8)	273	1,066
Transferable Certificate of Deposit (note 8)	500	500
Cash Balance as per Cash Flow Statement	3,587	5,323

NOTE 20: Contingent Liabilities

At 30 June 2018, Barnardos Australia had a contingent liability in relation to possible future claims made by former clients. The company is unable to reliably estimate the amount of any future obligation that may arise from such claims. As a result of an agreement with Barnardos UK the company has determined that its liability for claims arising from events occurring prior to 1 July 1975 is limited to \$105,600.

As at 30 June 2018, the Commonwealth Bank has issued bank guarantees totalling \$530,420 to guarantee various commercial leases entered into by Barnardos Australia.

NOTE 21: Subsequent Events

Barnardos Australia have commenced the process of joining the Australian Federal Governments Redress scheme for the survivors of Institutional Child Sexual Abuse, which commenced on the 1st July 2018. The

NOTE 21: Subsequent Events - cont.

scheme will operate for 10 years, and provide support and financial redress to victims of sexual abuse within institutions.

Barnardos welcomes and supports the National Redress Scheme, as recommended by the Royal Commission into Institutional Responses to Child Sexual Abuse, in acknowledging the harm caused and provide support to people who were sexually abused as children survivors while in the care of an institution.

Barnardos UK will join us in the scheme. Part of the process of joining the scheme is the requirement to be able to demonstrate that Barnardos has sufficient capacity to participate, and meet the commitment to any future claims. The proposed redress scheme will provide survivors with a monetary payment of up to \$150,000. At the date of this report, there are no claims that are reported against Barnardos through this National redress scheme.

As part of a scheduled mid-contract review, Barnardos Australia are currently re-negotiating the cost and funding of the Step Up for our Children reform with the ACT Government with the objective of securing the financial viability of the contract. At the time of this report, the program continues to generate a significant deficit for Barnardos. Barnardos is hopeful for a successful negotiation. However given the contracted nature of negotiations that is still ongoing and a resolution has not yet being achieved. As a result, an onerous contract provision of \$5,863,000 has been recognised as at 30 June 2018 to account for unavoidable costs of meeting obligations under the contract that exceed the economic benefits expected to be received under it until the expiry of the contract in February 2021. Barnardos remains committed to the strategy and reform contained within the contract and looks forward to working collaboratively with the ACT Government and our Consortium members in continuing to improve the outcomes for the children and young people in the Out of Home Care Continuum of care in the Australian Capital Territory.

NOTE 22: Financial Instruments	2018	2017
	\$000's	\$000's

The following Financial Assets and Liabilities are held

Financial Assets

Cash and cash equivalents	2,813	3,756
Receivables	2,207	3,722
Other Financial Assets	6,472	7,044

Financial Liabilities

Payables	4,516	3,786
Income received in advance	1,887	3,057
Other – funds held in trust	271	375

The Company's other financial assets are measured at fair value at the end of each reporting period. The fair values of other financial assets in shares are determined based on quoted bid price in an active market.

NOTE 23: Information to be furnished under the Charitable Fundraising Act 1991	2018	2017
	\$000's	\$000's

i) a) Details of aggregate gross income and total expenses of Fundraising Appeals.

Gross proceeds from Fundraising Appeals:

Mail Appeals	2,959	3,012
Other Appeals	1,865	3,696
Bequests	4,228	6,337
Auxiliaries	283	303
Pro-bono Contributions	137	65
TOTAL GROSS PROCEEDS FROM FUNDRAISING APPEALS	9,472	13,413

(Less): Direct Costs of Fundraising Appeals	(2,149)	(2,428)
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Surplus obtained from Fundraising Appeals	7,323	10,985
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(Less): administrative and indirect fundraising costs	(940)	(925)
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Net Surplus from Fundraising	6,383	10,060
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b) Details of aggregate gross income and total expenses of Merchandising Sales

Gross proceeds from Licensing and Events	145	216
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(Less): Total Costs of Licensing and Events	(87)	(171)
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Net Surplus obtained from Licensing and Events	58	45
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ii) Accounting principles and methods adopted in the Financial Statements

The accounting principles and methods adopted in the preparation of the Financial Statements are set out in Note 1 of the notes to the Financial Statements.

iii) Statement showing how funds received were applied to charitable purposes

1) Net surplus from Fundraising appeals	6,383	10,060
Net surplus from Licensing and Events	58	45
Total Net Surplus	6,441	10,105

2) This was applied to Charitable purposes in the form of expenditure on direct welfare services as set out in note 6 to the Financial Statements.

iv) Fundraising appeals conducted during the financial year

Mail Appeals, Other Appeals, Auxiliaries and Special Events

NOTE 23: Information to be furnished under the Charitable Fundraising Act 1991 - cont.

v) Comparisons of certain monetary figures and percentages

COMPARISON DESCRIPTIONS	2018 \$ '000		2018 %	2017 \$ '000		2017 %
	Direct Cost	Gross Income		Direct Cost	Gross Income	
Total direct cost of Fundraising / Gross Income from Fundraising	2,149	9,472	22.7%	2,428	13,413	18.1%
Net Surplus from Fundraising / Gross Income from Fundraising	7,323	9,472	77.3%	10,985	13,413	81.9%
Total cost of Fundraising / Gross Income from Fundraising	3,089	9,472	32.6%	3,353	13,413	25.0%
Net Surplus from Fundraising / Gross Income from Fundraising	6,383	9,472	67.4%	10,060	13,413	75.0%
Total cost of Licensing and Events / Gross Income from Licencing and Events	87	145	60%	171	216	79.2%
Net Surplus from Licensing and Events / Gross Income from Licensing and Events	58	145	40%	45	216	20.8%
Total costs of services / total expenditure (excluding fundraising, licencing and Events expenditure)	105,936	110,237	96%	91,724	97,184	94.4%
Total costs of services / total income received (net of fundraising, licencing and Events expenditure)	105,936	102,289	104%	91,724	102,706	89.3%

vi) The Charitable Fundraising Act Declaration is included at Page 19

NOTE 24: Additional Information

Barnardos Australia is a company, limited by guarantee, operating as a Charity within Australia

Liability of each member in the event of winding up is \$10.00 (full amount). As at 30 June 2018 the number of members was 135 (2017: 134). The amount that is eligible to be called up in the event of and for the purpose of a winding up as at 30 June 2018 was \$1,350 (full amount) (2017: \$1,340 (full amount)).

Principal place of business and registered office:

60 - 64 Bay Street,
 ULTIMO, NSW, 2007,
 AUSTRALIA.

Unaudited Barnardos Australia Supplementary Information to the Financial Statements for the Financial Year Ended June 30 2018

FEDERAL GOVERNMENT SUBSIDIES (Detailed)	2018 \$000's	2017 \$000's
AUBURN CHILDRENS FAMILY CENTRE		
Long Day Care	632	629
	632	629
CANBERRA CHILDRENS FAMILY CENTRE		
Family Support – Alcohol and Other Drugs (prev kids in focus)	117	119
Disability Supported Placements plus in reimbursements	3	209
	120	328
FIND A FAMILY		
	0	1
PENRITH CHILDRENS FAMILY CENTRE		
Disabled Adolescents Respite Enterprise (NDIS)	692	567
Vacation Care	248	186
	940	753
SOUTH COAST CHILDRENS FAMILY CENTRE		
Substance Use In Pregnancy and Parenting Service (SUPPS)	-	2
Communities For Children	1,439	1,176
Bundaleer Program	-	20
Wonwin Djura Koori Programme	175	261
	1,614	1,459
WESTERN (ORANA FAR WEST)		
Family First Gilgandra	308	269
Wellington Community Network	-	88
Wellington Learning Centre	88	-
	396	357
YOUTH PROGRAMS		
Reconnect - Mudgee, Coolah and Rylstone	196	197
Reconnect - Wellington, Narromine and Gilgandra	196	197
Reconnect - Cobar, Warren and Nyngan	281	283
Reconnect - Marrickville and Canterbury	197	197
	870	874
TOTAL FEDERAL GOVERNMENT SUBSIDIES	4,572	4,401

Unaudited Barnardos Australia Supplementary Information to the Financial Statements for the Financial Year Ended June 30 2018 (Cont.)

STATE GOVERNMENT SUBSIDIES (Detailed)	2018 \$000's	2017 \$000's
NSW GOVERNMENT SUBSIDIES		
SAFETY AND PREVENTION		
AUBURN CHILDRENS FAMILY CENTRE		
Domestic Violence	102	99
Family Accommodation and Support	415	402
Long Day Care	41	132
Sexual Assault	90	88
Family Support and Preservation	290	290
Kinship Care	652	683
Temporary Family Care – Auburn and Blacktown	1,046	1,285
Temporary Family Care – Blacktown (FY18 amalgamated with Penrith TFC)	-	491
Youth Support	120	115
	2,756	3,585
CENTRAL WESTERN		
Intensive Family Preservation Service	-	360
	-	360
HUNTER CENTRAL COAST		
Temporary Family Care and Kinship Care	3,763	3,340
	3,763	3,340
PENRITH CHILDRENS FAMILY CENTRE		
Disabled Adolescents Respite Enterprise (NDIS)	3	8
Family Support	144	566
Kinship Care	194	288
Temporary Family Care	1,255	952
Vacation Care	20	20
Intensive Family Preservation Services	440	-
Youth Services	142	196
	2,198	2,030
SOUTHERN (QUEANBEYAN) CHILDRENS FAMILY CENTRE		
Queanbeyan Family and Adolescent Counselling Service	165	159
Family Support	224	215
Gatherings	19	20
Brighter Futures – Cooma	219	212
Family Support and Accommodation	579	560
	1,206	1,166

Unaudited Barnardos Australia Supplementary Information to the Financial Statements for the Financial Year Ended June 30 2018 (Cont.)

STATE GOVERNMENT SUBSIDIES (Detailed) - cont.	2018 \$000's	2017 \$000's
WESTERN (ORANA FAR WEST)		
Family First – Gilgandra	197	157
Family First – Wellington	157	154
Family Support – Mudgee	250	244
Reconnect – Cobar, Bogan and Warren	-	13
Early Intervention Program	923	903
Family Accommodation and Support	397	341
Disability Services	18	76
Adolescent Community Placement - Out-Of-Home Care	217	269
Intensive Family Preservation	371	359
Domestic Violence Response	334	272
Prison Parenting Program	142	53
Kinship Care – Out-Of-Home Care	118	-
	3,124	2,841
SOUTH COAST CHILDRENS FAMILY CENTRE		
Kids Time Playgroups	299	290
Barnardos Early Years Home Support Service (BEYHSS)	238	205
Bundaleer Child and Family Community Development	64	113
Temporary Family Care (Extended Families)	914	1,302
Substance Use In Pregnancy and Parenting Service (SUPPS)	493	474
Intensive Family Support Service (IFSS)	249	400
Extended Family Support	112	222
Kinship Care	380	450
Aboriginal Community Resource Project	97	91
Illawarra Family Referral Service	1,702	1,459
	4,548	5,006
SYDNEY METRO		
Temporary Family Care	701	807
Family Referral Services	2,706	2,416
Yurungai Child and Family Services	-	785
Intensive Family Support Services	807	-
Aboriginal Early Years Project	355	335
	4,569	4,343
YOUTH PROGRAMS		
Post Release Option	200	183
Kingston House	-	794
Streetworker	351	339
	551	1,316
TOTAL SAFETY AND PREVENTION	22,715	23,987

**Unaudited Barnardos Australia Supplementary Information to the
Financial Statements for the Financial Year Ended June 30 2018 (Cont.)**

STATE GOVERNMENT SUBSIDIES (Detailed) - cont.	2018 \$000's	2017 \$000's
PERMANENCY FOSTER CARE AND OPEN ADOPTION		
Find A Family	18,807	17,335
Narang Bir-rong	2,732	2,267
Central Western	2,097	2,398
Gudjagang Ngara li-dhi (GNL)	989	668
Yuranha Walan	262	-
	24,887	22,668
TOTAL NSW GOVERNMENT SUBSIDIES	47,602	46,655
ACT GOVERNMENT SUBSIDIES		
SAFETY AND PREVENTION		
Canberra Childrens Family Centre		
Mental Health	1	41
Youth Transitioning From Care	-	70
Our Place (formerly YIEAP)	1,234	504
Barnardos Child, Youth and Family Services	581	566
Friendly Landlord Services (FY18 amalgamated with Our Place)	-	383
Intensive Intervention Services	917	889
Network Coordination Inner North Gungahlin	128	124
Youth Identified Accommodation Support Program (FY18 amalgamated with Our Place)	-	316
	2,860	2,893
ACT GOVERNMENT SUBSIDIES – OUT-OF-HOME CARE		
ACT Together Consortium	35,116	32,519
TOTAL ACT GOVERNMENT SUBSIDIES	37,976	35,412

Unaudited Barnardos Australia Supplementary Information to the Financial Statements for the Financial Year Ended June 30 2018 (Cont.)

WELFARE CENTRES EXPENDITURE (Detailed)	2018	2017
	\$000's	\$000's
SAFETY AND PREVENTION		
AFTER CARE	285	76
AUBURN CHILDRENS FAMILY CENTRE		
Domestic Violence	142	138
Family Accommodation and Support	518	546
Long Day Care	1,163	1,257
Sexual Assault	139	132
Family Support and Preservation	309	328
Kinship Care	710	686
Temporary Family Care	1,180	1,288
TFC Blacktown (FY18 amalgamated with Penrith TFC)	-	492
Youth Support	143	143
	4,304	5,010
CANBERRA CHILDRENS FAMILY CENTRE		
Kids In Focus	166	185
Barnardos Child, Youth and Family Services	625	621
Friendly Landlord Services (FY18 amalgamated with Our Place)	-	529
Intensive Intervention Services	939	951
Network Coordination Inner North Gungahlin	141	162
Youth Identified Accommodation Support Program (FY18 amalgamated with Our Place)	-	411
Our Place (formerly YIEAP)	1,500	734
	3,371	3,593
PENRITH CHILDRENS FAMILY CENTRE		
Disabled Adolescents Respite Enterprise (TEEPS)	769	646
Family Accommodation and Support (FAAS)	121	92
Family Support	259	625
Family and Community Violence	61	123
Kinship Care	274	289
Temporary Family Care	1,470	953
Vacation Care	289	341
Youth Services	333	323
Intensive Family Preservation Services	444	-
	4,020	3,392
SOUTHERN (QUEANBEYAN) CHILDRENS FAMILY CENTRE		
Queanbeyan Family and Adolescent Counselling Service	305	278
Brighter Futures – Cooma	235	262
Queanbeyan Gatherings	81	110
Family Support	303	286
Family Accommodation and Support	588	562
	1,512	1,498

**Unaudited Barnardos Australia Supplementary Information to the
Financial Statements for the Financial Year Ended June 30 2018 (Cont.)**

WELFARE CENTRES EXPENDITURE (Detailed) - cont.	2018 \$000's	2017 \$000's
SOUTH COAST CHILDRENS FAMILY CENTRE		
Kids Time Playgroups	325	309
Barnardos Early Years Home Support Service (BEYHSS)	240	209
Bundaleer Child and Family Community Development	161	240
Temporary Family Care (Extended Families)	1,063	1,302
Home Interaction Program for Parents and Youngsters (HIPPY)	246	246
Substance Use In Pregnancy and Parenting Service (SUPPS)	500	493
Intensive Family Support Service (IFSS)	251	400
Extended Family Support	136	222
Communities For Children	1,562	1,184
Aboriginal Community Resource Project	121	102
Kinship Care	458	454
Wonwin Djura Koori Programme	221	262
Illawarra Family Referral Service	1,716	1,459
	7,000	6,882
SYDNEY METRO CHILDRENS FAMILY CENTRE		
Temporary Family Care	815	807
Family Referral Services	2,720	2,426
Yurungai Child and Family Services	823	791
Yurungai Learning Centre	190	177
Aboriginal Early Years Project	414	376
	4,962	4,577

**Unaudited Barnardos Australia Supplementary Information to the
Financial Statements for the Financial Year Ended June 30 2018 (Cont.)**

WELFARE CENTRES EXPENDITURE (Detailed) - cont.	2018 \$000's	2017 \$000's
WESTERN (PREVIOUSLY ORANA FAR WEST)		
Family Support	701	629
Family First – Wellington	186	211
Family First – Gilgandra	552	427
Home Interaction Program for Parents and Youngsters (HIPPY)	291	305
Disability Services	42	83
Prison Parenting Program	198	106
Early Intervention Program	1,053	1,009
Wellington Learning Centre	299	219
Adolescent Community Placement – Out-Of-Home Care	297	272
Crisis and Short Term Care – Out-Of-Home Care	6	-
Kinship Care – Out-Of-Home Care	92	-
Network Communities – Wellington	-	89
Domestic Violence Response	346	273
Intensive Family Preservation	374	363
	4,437	3,986
RESEARCH, DEVELOPMENT AND HEALTH PROJECTS	941	1,026
YOUTH PROGRAMS		
Reconnect - Mudgee, Coolah and Rylstone	268	286
Reconnect - Wellington, Narromine and Gilgandra	252	268
Reconnect - Cobar, Warren and Nyngan	314	326
Reconnect - Marrickville and Canterbury	282	346
Post Release Option	243	210
Streetworker	379	396
	1,738	1,832
TOTAL SAFETY AND PREVENTION	32,570	31,872
PERMANENCY, FOSTER CARE AND OPEN ADOPTION		
ACT Together Consortium – current year expenditure	39,357	33,157
ACT Together Consortium – provision for onerous contract	5,863	-
Find A Family	18,448	17,643
Narang Bir-rong	2,748	2,280
Hunter Central Coast	4,928	4,014
Central Western	2,022	2,758
	73,366	59,852
TOTAL WELFARE CENTRES EXPENDITURE	105,936	91,724

Barnardos Australia Directory

CHAIR

Gabrielle Trainor AO, LLB (Melb), MA, FAICD

OTHER DIRECTORS

Bradley Cooke

Sam Garland, CA, B.A. (Business Economics), (University of Leeds), Registered External Auditor (ASIC)

Rosemary Howard, MBBS (Hons), FRANZCP, Cert in Child Psych

Abbey McKinnon, BA, LLB (Mon)

Paul Ireland, B Eng (Sydney), B SocSc (Hons) (Sydney), MBA, CFA, Dip Adult Education

Ray Kiley, BSc/LIB (Hons) (ANU)

Janett Milligan, BSc (Hons) (UNE), MBA (Sydney), GAICD

Jane Paskin, BA LLB (Hons) (UTS), GAICD, ASFA Accredited Investment Fiduciary

John Pittard, BSc. MAICD

Rhonda Stien, MBA, (Macquarie), Master Social Work (UNSW) BA Social Work (UNSW)

Fran Waugh, GradCertTeaching (HE)(Sydney), BSW (UNSW), PhD (Sydney)

EXECUTIVE OFFICERS

CHIEF EXECUTIVE

Deirdre Cheers, B Soc Stud Hons, Grad. Dip. Couns, MSW (Res), M Pub Admin, MAASW, GAICD.

EXECUTIVE MANAGERS

Safety and Prevention Metropolitan NSW	Melanie Andrews BA Social Work Hon, CIV Training and Assessment, Dip Community Services, Cert Executive Coaching
Safety and Prevention Regional / Rural NSW and ACT	Kerry Moore, B.AppSc OT, BA Social Work, Ma.Public Admin
Out-Of-Home Care NSW / ACT	Elizabeth Cox, B. Social Science, MBA.
Engagement Partnerships and Giving	Sarah Spence, B Edu, CIV Training and Assessment, M Adult Education and Business, Grad Dip. Marketing and Communications, M Business Management
People and Practice	Penny Hood, BA Arts (BA), Bachelor of Laws (LLB), Masters of Policy Studies (UNSW), Specialist Certificate, Implementation Science (Melb Uni).
Corporate and Financial Services	Patrick Kerlin, CA, B Bus, Grad. Dip.CSP, ACIS, MPS Social Work, MAICD.

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Barnardos
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