



Annual Financial Report

Financial year ending
30 June 2021



Barnardos
Australia

Because **every child**
needs a champion

We would like to acknowledge the Traditional owners and custodians of country throughout Australia and recognise our Aboriginal and Torres Strait Islander peoples continued connection to land, waters and community.

We pay our respects to Elders both past and present and acknowledge their ongoing commitment to culture and community. May we also acknowledge past atrocities that were inflicted on our Aboriginal and Torres Strait Islander peoples due to past government policies.

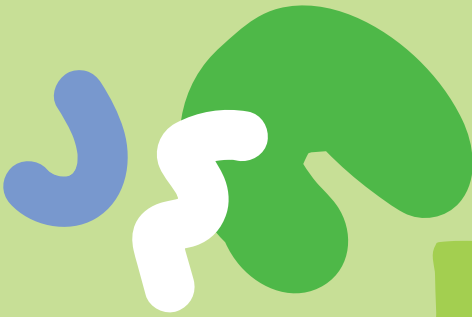
We are committed to approaching culture with humility, respect and curiosity.
Always was, always will be Aboriginal land.

Our vision

To empower every child in Australia to reach their full potential.

Our purpose

We support vulnerable children to recover and thrive. Together, we ensure they reach their brightest future.



Our values

We never give up

We recognise the challenges that children face and put our shared wisdom and experience to work.

We don't give up because we know that we can empower children to achieve their full potential.

We speak up

We listen, act and advocate on behalf of children, always showing compassion and inclusion.

We aim higher

We learn, improve and innovate in everything we do to enrich the well-being of children and their families.

We demand excellence to inspire excellence.

We stand with you

When we unite around a child in need, we prove that they do not have to overcome their challenges alone.

We champion collaboration and cultivate teamwork for the good of children, families and the community.

We do what's right

We build trust with people, partners and our community by being ethical, transparent and accountable.

We take full responsibility and learn from our mistakes.

| | |
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The Directors of Barnardos Australia (Barnardos) present their report together with the annual financial report for the year ending 30 June 2021.

DIRECTORS

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

| Name | Particulars |
|---|---|
| <p>Janett Margaret Milligan</p> <p>Qualifications and experience</p> <p>Special responsibilities</p> | <p>Chair from 1 July 2019</p> <p>Director since October 2016. Janett has over 20 years' experience in executive roles in human service organisations. She was the former Executive Director of Venues NSW and is currently a Director of JMM Group, a consultancy firm providing strategy, policy and governance advice to government and not-for-profit organisations. Janett is currently a Trustee of the NSW Responsible Gambling Fund and a former Board member of Western Sydney Parklands Trust and Venues NSW.</p> <p>Qualifications: 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>Member of the People and Practice Committee; the Governance Committee; and the Finance and Audit Committee.</p> |
| <p>Jane Elizabeth Paskin</p> <p>Qualifications and experience</p> <p>Special responsibilities</p> | <p>Director</p> <p>Director since May 2012. Jane is a former senior partner at Clayton Utz, and is currently a Consultant of the firm. She has over 30 years' experience as a lawyer. These days Jane pursues a career as a non-executive director. During the year she was a director of Railway and Transport Health Fund Limited, Transport Health Pty Ltd, Rice Warner Pty Limited (Chair) and ClearView Life Nominees Pty Limited (Chair).</p> <p>Qualifications: Bachelor of Laws (Hons) (University of Technology, Sydney) Graduate of the Australian Institute of Company Directors ASFA Accredited Investment Fiduciary.</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 May 2014. John has extensive 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. John is currently a Non-Executive Director of AEMO (Australian Energy Market Operator).</p> <p>Qualifications: Bachelor of Science (Newcastle University), Member of the Australian Institute of Company Directors.</p> <p>Chair of the Technology Advisory Council, Chair of the Governance Committee and Member of the Risk Committee, Board Visitor to OOHC NSW.</p> |

| Name | Particulars |
|---|--|
| <p>Professor Emerita Frances Eileen Waugh</p> <p>Qualifications and experience</p> <p>Special responsibilities</p> | <p>Director</p> <p>Director since May 2014. Fran is Professor Emerita, Social Work at the 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 20 years as an academic in the Social Work and Policy Studies Program in the Sydney School of Education and Social Work at the University of Sydney. Fran practice research has included a focus on child emotional abuse, child protection and domestic violence.</p> <p>Qualifications: 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 and 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 until 25 November 2020. 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 Finance and Audit Committee.</p> |
| <p>Sam George Garland</p> <p>Qualifications and experience</p> <p>Special responsibilities</p> | <p>Director</p> <p>Director since May 2017. 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. Sam 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: Bachelor of Arts, Business Economics (University of Leeds), Member Chartered Accountants of Australia and New Zealand, registered external auditor (ASIC).</p> <p>Chair of the Finance and Audit Committee.</p> |

| Name | Particulars |
|---|---|
| <p>Bradley Clifford Cooke</p> <p>Qualifications and experience</p> <p>Special responsibilities</p> | <p>Director until 25 November 2020</p> <p>Director since November 2017. 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 BIG and Indigenous capacity building program.</p> |
| <p>Paul Ireland</p> <p>Qualifications and experience</p> <p>Special responsibilities</p> | <p>Director until 17 February 2021</p> <p>Director since November 2017. 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>Julia-Anne Davenport</p> <p>Qualifications and experience</p> <p>Special responsibilities</p> | <p>Director</p> <p>A Director since May 2019. Julia is a new company director, strategy and marketing advisor with particular experience in implementation of strategic and cultural change. Her career has included governance experience across private and NFP organisations and senior executive roles in the environmental and professional services sector. Julia is the founding director of Davenport Marketing and Advisory, a specialist consultancy with a key focus in the development of innovative strategy. Julia is a passionate advocate for sustainable business practices and a strategically aligned, inclusive and ethical culture.</p> <p>Qualifications: Bachelor of Arts (Information Science) (University of Technology), Graduate Australian Institute of Company Directors.</p> <p>Member of the Engagement Committee, member of the People and Practice Committee and Board Visitor to Sydney Metro Children's Family Centre.</p> |

| Name | Particulars |
|---|---|
| <p>Dr Stephen Mills</p> <p>Qualifications and experience</p> <p>Special responsibilities</p> | <p>Director</p> <p>Director since September 2019. Stephen is an honorary senior lecturer in the School of Social and Political Sciences at the University of Sydney. His previous experience is as a journalist and editor with Fairfax newspapers, political adviser (speechwriter) to Prime Minister Hon R J L Hawke, and corporate affairs adviser in the financial services sector including ASX Ltd. He is the former Chair of Australian Business Foundation and former director of ShareGift Australia.</p> <p>Qualifications: Bachelor of Arts (Hons) University of Melbourne; Master of Public Administration, John F Kennedy School of Government, Harvard University; Doctor of Philosophy, University of Sydney.</p> <p>Member of Risk Committee, member of the Engagement Committee, Board Visitor to OOHC ACT (ACT Together).</p> |
| <p>Amy Kilpatrick</p> <p>Qualifications and experience</p> <p>Special responsibilities</p> | <p>Director</p> <p>Director since September 2019. Amy is a lawyer with a background in public interest law and the higher education sector and is currently a Senior Legal Adviser to the ACT Government. Amy has also led not for profit organisations in the social justice sector. Her key areas of practice are administrative law, governance, human rights and discrimination. Amy is also a non-executive director of Directions Health Service.</p> <p>Qualifications: Barrister and Solicitor of the Supreme Court of the Australian Capital Territory, Bachelor of Law (Hons) (Australian National University), Graduate Diploma in Politics (University of Melbourne), Graduate of the Australian Institute of Company Directors.</p> <p>Member of the Governance Committee and Board Visitor to Canberra Children's Family Centre and Southern NSW Children's Family Centre.</p> |
| <p>Wendy Glasgow</p> <p>Qualifications and experience</p> <p>Special responsibilities</p> | <p>Director</p> <p>Director since March 2021. Wendy has over 15 years' experience in Digital Technology and data management, with extensive knowledge and skill in leading large, diverse and international teams. Wendy has a keen interest in organisational and product transformation and has proven experience in developing business strategy and driving organisational commercial outcomes by delivering products and services to global markets. Wendy is currently the Head of Data at Canva and is an advocate for diversity, equality, building strong teams and developing strong organisational culture.</p> <p>Qualifications: Bachelor of Laws (Queensland University of Technology), Graduate Certificate in Law, Intellectual Property and Internet Law (Queensland University of Technology), Bachelor of Information Technology (Queensland University of Technology), Graduate Australian Institute of Company Directors.</p> <p>Member of Technology Advisory Council.</p> |

| Name | Particulars |
|--|--|
| <p>Gillian McFee</p> <p>Qualifications and experience</p> <p>Special responsibilities</p> | <p>Director</p> <p>A Director since November 2020. Gillian has been a full-time Director since 2012 and is a Graduate and Fellow of AICD.</p> <p>Gillian is Managing Director of Gillian McFee and Associates, providing consulting, advisory and mentoring services in a range of community service sectors. Gillian currently serves on the Boards of Stride Mental Health Ltd and Child and Youth Services Mutual Ltd (trading as Kudos Services in South Australia). Gillian is also an independent advisor on co-operatives and mutuals for Common Equity Housing Ltd (Victoria). Gillian's previous Board roles include Bolton Clarke (aged care), Basketball Australia (sport) and UnitingCare Ageing NSW.ACT (aged care and housing). Prior to her non-executive career, Gillian held CEO and senior executive roles in the non-government and public sectors, including for UnitingCare NSW.ACT (now Uniting), the NSW Departments of Family and Community Services; Ageing Disability and Home Care; Housing NSW and Premier and Cabinet (NSW Office on Ageing).</p> <p>BSocStud (Sydney University). Diploma Urban and Regional Studies (Macquarie University) MBA (Exec) (UNSW).</p> |
| <p>Patrick Kerlin</p> <p>Qualifications and experience</p> | <p>Company Secretary until 5 March 2021</p> <p>Appointed 28 June 1999. Patrick is a Chartered Accountant, who prior to joining Barnardos in 1999 had over 20 years' experience in Commercial Practice, including Business Management, Taxation.</p> <p>Qualifications include: Masters in Policy Studies, School of Education and Social Work (University of Sydney), Graduate Diploma in Company Secretarial Practice with the Governance Institute of Australia.</p> |
| <p>Scott Graham</p> <p>Qualifications and experience</p> | <p>Company Secretary</p> <p>Appointed 8 March 2021.</p> <p>Qualifications include: Bachelor of Arts (Charles Sturt University), Diploma in Law (The legal Practitioners Admissions Board NSW), Graduate Diploma in Applied Corporate Governance (Chartered Secretaries Australia).</p> |

ABOUT BARNARDOS AUSTRALIA

Barnardos Australia believes all children deserve caring families to grow safely and fulfil their potential. We listen, we act, and we advocate for the safety of children at risk of abuse and neglect, providing family support programs and services that empower children to reach their full potential. We keep children safe by supporting families and strengthening communities facing issues such as violence, poverty, mental illness and homelessness. Our wrap-around services provided through our Children's Family Centres, include family support, domestic violence support, youth and family homelessness services, drug and alcohol support, parenting and early learning programs, foster and kinship care and open adoption. 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. We are dedicated to the prevention of trauma in children, and support families to be the best parents they can be. We help children to recover and thrive, and we find safe homes for them through foster care and open adoption where there is a risk of abuse.

REVIEW OF OPERATIONS

The operating loss of the company for year ending 30 June 2021 was \$1.9m (2020 loss: \$2.3m). The result for the year includes a net fundraising contribution of \$3.4m (2020 \$3.4m), with both revenue and net contribution in line with last year. Our recruitment services division, abrs delivered an improved performance contributing net income of \$0.3m (2020 \$0.1m). Sundry revenue includes an amount of \$0.8m in respect of JobKeeper payments (FY2020 \$0.6m). The ACT Together Consortium sustained a loss, with the contract term to finish on 30 June 2022. A new state of the art, purpose-built centre based Early Learning Centre was opened at Ultimo Public School in February 2021. The capital investment in the new facility amounted to \$1.26m.

Social Care

Total Social Care expenditure has increased from \$103.2 million (2020) to \$107.2 million in 2021. Social Care revenue also increased from \$96.9 million in 2020 to \$100.8 million in 2021.

Fundraising

The net contribution from Fundraising activities for the year ending 30 June 2021 was \$3.4 million (2020: \$3.4 million), a result very similar to last year. The direct cost of fundraising over the gross income from fundraising ratio rose marginally to 33.3% (2020: 29.8%).

Recruitment Services

The performance of abrs, a recruitment service providing staff for Barnardos as well as Social Care workers throughout Australia improved. Despite the impact of Covid 19, the net contribution to the Social Care work of Barnardos for the year was an increase in Net Income to \$0.3m (2020 \$0.1m).

Administration

Investment, rental and other income has increased in year end 30 June 2021 to \$1.3m in 2021 (2020: \$1.2m). Property, Administration and Communications expenses have increased during the year to \$1.8m in 2021 (2020: \$1.1m).

CHANGES IN STATE OF AFFAIRS

Barnardos operations have been impacted by the Covid 19 pandemic, both in relation to the way we provide support within the community, and how we manage our dispersed workforce. The use of technology has provided greater flexibility in how we communicate, and we have continued to visit our client base while maintaining appropriate safe practices within the community. Our financial sustainability continues to be sound. We remain confident in our ability to manage the changed environment and to provide essential support to the community.

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.

KEY PERFORMANCE INDICATORS

The annual budget establishes key performance measures that are reviewed through the Board governance model. These include fiscal measures, service outcomes, contract compliance, risk analysis, in addition to best practice standards and accepted industry benchmarks.

Barnardos utilises performance indicators and measures aligned to each area of the Towards 2025, our strategic directions plan. The reporting framework developed in 2020 allows the Board to monitor and report progress towards the outcomes in Towards 2025. The Net Income result for 2021 was better than budgeted and reflects an ongoing commitment to invest in children.

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. In addition to this insurance, directors of the company have been provided with a Deed of indemnity, insurance and access. 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 directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

DIVIDENDS

Under the terms of Barnardos' 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 12 of the financial report.

CORPORATE GOVERNANCE STATEMENT

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

Barnardos conducts its operations in accordance with a Board-approved Governance Charter that includes the role of the Board and Directors, the Code of Conduct for Directors and the role of the Chief Executive Officer.

Barnardos currently has 121 members; they are all of the same class and include all the Company's Directors. There is no limit on the number of members allowed under the Constitution. 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 \$1,210 (121 x \$10).

During the financial year, the Barnardos Board held 8 meetings. In addition, there were meetings of the Governance Committee, Finance and Audit Committee, Risk Committee, People and Practice Committee and Engagement Committee.

The Governance Committee provides advice to the Board on the adequacy of governance 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 is of an appropriate size and composition and providing advice and managing the process for Board succession. In keeping with best practice governance, a full board review will be conducted by an external consultant later in the year.

The Finance and Audit Committee reviews the effectiveness of the internal financial controls and oversees both the external and internal audit programs, ensuring 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.

The Risk Committee provides oversight of the risk management framework within the organisation and monitors the alignment of the Barnardos risk profile and controls with the Board-approved risk appetite. The Risk Committee is also responsible for ensuring the organisation has appropriate insurance with regards to Barnardos circumstances and needs.

The People and Practice Committee provides oversight 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 also ensures 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 Engagement Committee provides advice to the Board on Barnardos Revenue and Giving and Marketing and Communications strategies, in alignment with the Strategic Directions, and the resourcing and effectiveness of these strategies.

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.

A Technology Advisory Council was established in 2019, to support the Barnardos Board and Management with ideas, advice, expertise and insight on technology matters. The Council is chaired by a Director of Barnardos, and the membership includes two external experts. The Technology Advisory Council met three times during year end 30 June 2021.

In addition to the directors, who are members of the above committees, Barnardos is grateful for the valuable contributions of the following external experts, who volunteered their advice and support during the course of the year:

- Anita Paddock (Risk Committee)
- Elizabeth Tregoning (Engagement Committee)
- Paul Ireland (Finance Committee from March 2021) (resigned as a director in February 2021)
- Olaf Pietschner (Technology Advisory Council)
- Wendy Glasgow (Technology Advisory Council) (appointed as a director in March 2021)
- Gareth Chegwiddden (Board Observer and Risk Committee)

MEETINGS OF DIRECTORS

During year end 30 June 2021, 8 Board meetings were held. In addition, 19 Board Sub-Committee meetings were held. Director attendances at these meetings were as follows:

| Director's 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 |
| Janett Milligan | 8 | 8 | 2 | 2 | 3 | 3 |
| Jane Paskin | 8 | 8 | 5 | 5 | | |
| John Pittard | 8 | 5 | | | 3 | 3 |
| Fran Waugh | 8 | 7 | | | | |
| Rhonda Stien | 5 | 5 | 2 | 1 | 2 | 2 |
| Sam Garland | 8 | 7 | 5 | 5 | | |
| Brad Cooke | 5 | 5 | | | | |
| Paul Ireland | 5 | 5 | 5 | 5 | | |
| Julia Davenport | 8 | 7 | | | | |
| Stephen Mills | 8 | 8 | | | | |
| Amy Kilpatrick | 8 | 3 | | | 3 | 1 |
| Wendy Glasgow | 2 | 2 | | | | |
| Gillian Mc Fee | 3 | 2 | | | 1 | 1 |

| Director's Name | Risk Committee | | Engagement Committee | | People and Practice Committee | |
|-----------------|---------------------------|-----------------|---------------------------|-----------------|-------------------------------|-----------------|
| | Number eligible to attend | Number attended | Number eligible to attend | Number attended | Number eligible to attend | Number attended |
| Janett Milligan | | | | | 3 | 3 |
| Jane Paskin | 5 | 5 | | | | |
| John Pittard | 5 | 5 | | | | |
| Fran Waugh | | | | | 3 | 3 |
| Rhonda Stien | | | | | 2 | 2 |
| Sam Garland | | | | | | |
| Brad Cooke | | | 2 | 2 | | |
| Paul Ireland | | | 2 | 2 | | |
| Julia Davenport | | | 3 | 3 | | |
| Stephen Mills | 5 | 5 | 1 | 1 | | |
| Amy Kilpatrick | | | | | | |
| Wendy Glasgow | | | | | | |
| Gillian Mc Fee | | | 1 | 1 | | |

Signed in accordance with a resolution of the Directors.

On behalf of the Board



Janett Milligan Chair

Dated at Sydney this 29th day of October 2021.



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

29 October 2021

Dear Board Members

Auditors' Independence Declaration to 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 2021, 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

Gaile Timperley
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.



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Independent Auditor's Report to the Directors 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 2021, 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 2021.

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 2021 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 2021;
- (c) monies received by Barnardos Australia, as a result of fundraising appeals conducted during the year ended 30 June 2021, 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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.



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 2021 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 Requirements 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 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.

Deloitte.

- 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



Gaile Timperley
Partner
Chartered Accountants
Sydney, 29 October 2021

I, Sam Garland, Director & Chair of the Finance and Audit Committee of Barnardos, 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 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 (Cth);
- 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 1991 (NSW) and its regulations, the Charitable Collections Act 1946 (WA) and the Charitable Collections Regulations 1947 (WA) and the conditions attached to the authority have been complied with; and
- e) The internal controls exercised by Barnardos 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 Melbourne this 29th day of October 2021.

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 (Cth) and in compliance with the Charitable Fundraising Act 1991 (NSW), including compliance with Australian Accounting Standards – Reduced Disclosure Requirement and giving a true and fair view of the financial position and performance of the company.

Signed in accordance with a resolution of the Directors made pursuant to s.60.15 of the Australian Charities and Not-for-profits Commission Regulation 2013 (Cth).

On behalf of the Directors



.....
Sam Garland
Director & Chair Finance & Audit Committee



.....
Janett Milligan
Chair

Dated at Sydney and Melbourne this 29th day of October 2021.

Barnardos Australia
Statement of Profit or Loss and Other Comprehensive Income
for the Financial Year Ended 30 June 2021

| | | 2021 | 2020 |
|---|-------|----------------|----------------|
| | Notes | \$000's | \$000's |
| CONTINUING OPERATIONS REVENUE | | | |
| FUNDRAISING REVENUE | | | |
| Fundraising | 2 | 6,544 | 6,734 |
| GOVERNMENT SUBSIDIES | | | |
| Federal | | 4,683 | 4,367 |
| State – NSW | | 46,682 | 47,944 |
| State – ACT | | 48,914 | 44,120 |
| Local Government and Lead Agencies | | 500 | 518 |
| | | 100,779 | 96,949 |
| OTHER SOCIAL CARE REVENUE | | | |
| User Contributions | | 923 | 695 |
| Social Care Products | | (30) | 37 |
| | | 893 | 732 |
| RECRUITMENT SERVICES | | 4,634 | 3,834 |
| INVESTMENT, RENTAL and OTHER REVENUE | 3 | 1,307 | 1,208 |
| NET GAIN/(LOSS) ARISING FROM FINANCIAL ASSETS | | 373 | (347) |
| TOTAL REVENUE | | 114,530 | 109,110 |
| DEDUCT EXPENDITURE | | | |
| SOCIAL CARE CENTRES | | 107,226 | 103,259 |
| FUNDRAISING | | | |
| Fundraising – salaries and direct costs | | 2,180 | 2,005 |
| Fundraising – administration and indirect costs | | 920 | 1,328 |
| | | 3,100 | 3,333 |
| PROPERTY and ADMINISTRATION | | | |
| Administration and Governance | | 237 | 239 |
| Communication | | 1,450 | 820 |
| Investment Properties | | 82 | 78 |
| | | 1,769 | 1,137 |
| RECRUITMENT SERVICES | | 4,311 | 3,698 |
| TOTAL EXPENDITURE | | 116,406 | 111,427 |
| PROFIT/(LOSS) FOR THE YEAR REPRESENTING TOTAL COMPREHENSIVE INCOME / (LOSS) FOR YEAR | 4 | (1,877) | (2,317) |

Notes to the financial statements are included on pages 22–43.

Barnardos Australia
Statement of Financial Position as at 30 June 2021

| | Notes | 2021 \$000's | 2020 \$000's |
|---|-------|-----------------|-----------------|
| CURRENT ASSETS | | | |
| Cash and Cash at Bank | 7 | 3,253 | 10,822 |
| Receivables | 9 | 1,619 | 3,969 |
| Other Financial Assets | 8 | 290 | 287 |
| Financial Assets at Fair Value through Profit or Loss | 8 | 6,443 | 5,964 |
| Prepayments | | 1,864 | 1,693 |
| TOTAL CURRENT ASSETS | | 13,469 | 22,735 |
| NON-CURRENT ASSETS | | | |
| Property, Plant and Equipment | 10 | 12,063 | 11,274 |
| Right of Use Assets | 10 | 11,361 | 11,130 |
| Investment Property | 11 | 2,684 | 2,716 |
| TOTAL NON-CURRENT ASSETS | | 26,108 | 25,120 |
| TOTAL ASSETS | | 39,577 | 47,855 |
| CURRENT LIABILITIES | | | |
| Payables | 12 | 3,351 | 4,711 |
| Income Received in Advance | | 4,629 | 7,707 |
| Provisions | 13 | 9,275 | 9,770 |
| Lease Liabilities | 16 | 2,350 | 2,372 |
| Other – Funds Held in Trust | 21 | 373 | 1,842 |
| TOTAL CURRENT LIABILITIES | | 19,978 | 26,402 |
| NON-CURRENT LIABILITIES | | | |
| Provisions | 13 | 2,062 | 2,160 |
| Lease Liabilities | 16 | 10,257 | 10,075 |
| Other – Funds Held in Trust | 21 | 223 | 284 |
| TOTAL NON-CURRENT LIABILITIES | | 12,542 | 12,519 |
| TOTAL LIABILITIES | | 32,520 | 38,921 |
| NET ASSETS | | 7,057 | 8,934 |
| EQUITY | | | |
| Reserves | 14 | 73 | 73 |
| Retained Earnings | 15 | 6,984 | 8,861 |
| TOTAL EQUITY | | 7,057 | 8,934 |

Notes to the financial statements are included on pages 22–43.

Barnardos Australia
Statement of Changes in Equity for the Financial Year Ended 30 June 2021

| | Donor Reserve | Retained Earnings | Total |
|--|------------------|----------------------|----------------|
| | \$000's | \$000's | \$000's |
| Balance at 30 June 2019 | 73 | 12,351 | 12,424 |
| Adjustment made to retained earnings as a result of AASB16 "Leases" implementation | – | (1,172) | (1,172) |
| Loss for the year | – | (2,317) | (2,317) |
| Other comprehensive income | – | – | – |
| Total Comprehensive Income / (loss) for the year | – | (3,489) | (3,489) |
| Balance at 30 June 2020 | 73 | 8,861 | 8,934 |
| Loss for the year | – | (1,877) | (1,877) |
| Other comprehensive income | – | – | – |
| Total Comprehensive Income / (loss) for the year | – | (1,877) | (1,877) |
| Balance at 30 June 2021 | 73 | 6,984 | 7,057 |

Notes to the financial statements are included on pages 22–43.

Barnardos Australia
Statement of Cash Flows for the Financial Year Ended 30 June 2021

| | Notes | 2021 \$000's | 2020 \$000's |
|---|-----------|-----------------|-----------------|
| Cash Flows from Operating Activities | | | |
| Receipts from Customers, Donors and Government | | 121,797 | 121,294 |
| Bequests | | 1,742 | 1,720 |
| Interest Received | | (339) | 132 |
| Payments to Suppliers and Employees | | (126,664) | (115,488) |
| Net Cash provided / (used in) by Operating Activities | 18 | (3,464) | 7,658 |
| Cash Flows from Investing Activities | | | |
| Purchase of Property, Plant and Equipment | | (3,016) | (1,550) |
| Receipt / (Payment) of Trust Funds | | 1,530 | 6 |
| Proceeds from disposal of available for sale investments | | 0 | 1,350 |
| Proceeds from Sale of Property, Plant and Equipment | | 873 | 610 |
| Net Cash provided by / (used in) Investing Activities | | (613) | 416 |
| Cash Flows from Financing Activities | | | |
| Lease payments | | (3,487) | (2,947) |
| Net Cash provided by / (used in) Financing Activities | | (3,487) | (2,947) |
| Net increase / (decrease) in cash and cash equivalents | | (7,565) | 5,127 |
| Cash and cash equivalents at the beginning of the financial year | | 11,108 | 5,981 |
| Cash and cash at bank at the end of the financial year | 18 | 3,543 | 11,108 |

Notes to the financial statements are included on pages 22–43.

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 Not-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 not-for-profit company.

The financial statements were authorised for issue by the Directors on 29th October 2021.

Basis of preparation

The financial report has been prepared on the basis of historical cost, other than financial investments which are measured at fair value. 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

Effective from 1 July 2019, the company has adopted these new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are mandatory for the current annual reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the company, and the relevant amending standards are:

Standards and Interpretations issued not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities. Effective from 1 July 2021.

2021-1 Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities. Effective from 1 July 2021.

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (continued)

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. As the majority of bequests do not meet the enforceability and the 'sufficiently specific' criteria under AASB 15, they are recognised once the company controls the relevant asset.

(ii) Donations – Donations received are credited to income in the period in which they are received as they do meet the enforceability and 'sufficiently specific' criteria under AASB 15.

(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.

The value of volunteer hours, including the time of the Board of Directors, volunteer mentors and fundraisers has not been brought into account because the fair value cannot be reliably determined.

Donated goods that are distributed directly to clients have also not been brought into account as revenue and expenditure of the company.

Pro bono services from professional firms might have readily observable market prices. Such pro bono services that would have been purchased if they were not donated are readily identifiable from the company's operational requirements. In such circumstances, the pro bono service is measured and reported at fair value.

(iv) Government Funding Agreements – Government funding agreements are contracted agreements with the Government to provide a variety of Social Care program services 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. Revenue from a contract to provide Social Care services is recognised over time.

(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) Recruitment Services income – The company receives recruitment fees for staff placements and hire of specialist care workers. At contract inception, the company assessed the services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer that is distinct or a series of distinct services that are substantially the same and that have the same pattern of transfer to the customer.

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (continued)

(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.

(d) Financial Instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Non-derivative financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (continued)

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

The company's financial assets include trade receivables measured at amortised cost, investments in units of funds classified as financial assets at fair value through profit or loss, term deposits and cash and cash equivalents.

Derecognition of financial asset

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another company. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Classification of financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. The company's financial liabilities include trade payables measured at amortised cost.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (continued)

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' practice is to cost allocate all corporate costs including administrative support to all functions of the agency, including the provision of Social Care 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 the depreciated replacement cost of an asset.

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

Inventories are valued at the lower of cost or net realisable value using the average cost method.

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (continued)

(j) Income Tax

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

(k) Leasing

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases.

At inception of a contract, the company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The company has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component.

The company has elected to recognise payments for short-term leases and low value leases as expenses on a straight-line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less. Low value assets comprise mainly residential properties.

Right-of-Use Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated company's incremental borrowing rate.

Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (continued)

(l) Going Concern Assumption

As at 30 June 2021, the Company's statement of financial position reported current liabilities greater than current assets (a net current liability position) of \$6,508,600 (2020 \$3,666,000).

In assessing the Company's going concern, the Directors are satisfied that the Company will be able to pay its debts as and when they fall due after considering the following;

- The adoption of Accounting Standard AASB 16 has brought to account a current lease liability of \$2.35 million which is funded by government contracts currently in place.
- Included in current liabilities are employee provisions of \$6.2 million, of this, it is anticipated that \$2.0 million will not be disbursed in full in the next 12 months,
- Included in current liabilities is income received in advance totalling \$4.6 million, of which \$4.25 million relates to future contractual commitments that will be expended gradually over the next 12 months in a planned process.
- There are budgeted cash flows from future fundraising activities that will generate additional cash flows,
- Included in current liabilities is a provision of \$1.6 million for future redress and historical claims, which is classified as current, however it is unlikely that the majority of these will be settled in the next twelve months.
- There are a 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.

(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 is based on straight-line method. For lease term less than 10 years, the asset is depreciated for the duration of the lease. For lease term equal to or greater than 10 years, the asset is depreciated on the basis of 10% per annum.

(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.

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (continued)

(n) Right of Use Assets and Lease Liabilities

Right-of-use asset representing the company's right to use the underlying leased asset and a lease liability representing its obligations to make lease payments for all leases with a term of more than 12 months are recognised, unless the underlying asset is of low value. Details of the accounting policies adopted and its financial impact are outlined above.

(o) 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.

(p) Payables

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

(q) 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.

(r) Statement of Profit or Loss Presentation

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

(s) 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 a company 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.

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (Continued)

(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.

(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 are calculated on either a straight line or diminishing value basis which may not represent the actual usage of the asset.

(ii) Onerous Contract provision

An onerous contract provision has been recognised as at 30 June 2021 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.

(iii) Residential Leases

The Company has a number of short-term residential leases, which are taken out to support residential accommodation for clients. The terms of the leases are short-term and can be broken down by either parties with little notice and no significant penalty. The Directors have considered the agreements and consider they do not meet the definition of a lease for the purposes of AASB 16.

(iv) Provision of Redress and Historical Claims

A provision has been recognised for estimated claims for and payments of redress relating to instances of harm experienced by past clients, including those received through the National Redress Scheme. This estimate requires the Company to make several key assumptions as explained further in note 13.

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (Continued)

Standards and Interpretations issued not yet effective

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below:

| Standard/Interpretation | Effective for annual reporting periods beginning on or after |
|---|---|
| AASB 2018–6 Amendments to Australian Accounting Standards – Definition of a Business | 1 January 2020 |
| AASB 2018–7 Amendments to Australian Accounting Standards – Definition of Material | 1 January 2020 |
| AASB 2019–1 Amendments to Australian Accounting Standards – References to the Conceptual Framework | 1 January 2020 |
| AASB 2019–3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform | 1 January 2020 |
| AASB 2019–5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia | 1 January 2020 |
| AASB 2020–1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non–Current | 1 January 2022 |
| AASB 2020–3 Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments | 1 January 2022 |
| AASB 2020–4 Amendments to Australian Accounting Standards – Covid–19–Related Rent Concessions* | 1 June 2020 |

| NOTE 2: FUNDRAISING | 2021 | 2020 |
|---|----------------|----------------|
| | \$000's | \$000's |
| Donors and Appeals | 4,558 | 4,678 |
| Bequests | 1,742 | 1,720 |
| Bequests received in the form of property | – | – |
| Pro Bono Contributions | 49 | 72 |
| Canberra Branch | 13 | 46 |
| Peter Pan Committee | 110 | 168 |
| Peter Pan Opportunity P/L | 72 | 50 |
| Total Fundraising Income | 6,544 | 6,734 |

| NOTE 3: INVESTMENT, RENTAL AND OTHER REVENUE | 2021 | 2020 |
|--|----------------|----------------|
| | \$000's | \$000's |
| Investment, Rental and Other Revenue | | |
| Interest, dividends and distributions | 141 | 327 |
| Sundry Revenue (i) | 780 | 703 |
| Rental Revenue | 80 | 88 |
| Gain (Loss) on Disposal of Property, Plant and Equipment | 306 | 90 |
| Total Investment, Rental and Other Revenue | 1,307 | 1,208 |

(i) Included in Sundry Revenue was \$780K (2020: \$626K) in respect of JobKeeper.

| NOTE 4: PROFIT / (LOSS) FROM OPERATIONS | 2021 | 2020 |
|---|----------------|----------------|
| | \$000's | \$000's |
| Profit / (Loss) has been arrived at after charging / (crediting) the following income, expenses, gains and losses: | | |
| Depreciation and amortisation of property, plant and equipment | 1,621 | 1,766 |
| Amortisation of Right of Use Assets | 2,666 | 2,476 |
| Depreciation of investment property | 32 | 36 |
| Defined contribution plan expense | 5,348 | 5,031 |
| Operating lease rental expense | 765 | 395 |
| Bad debt expense | 4 | 8 |
| Onerous Contract Expense (Write Back) | 48 | (2,383) |

| NOTE 5: AUDITOR'S REMUNERATION | 2021 | 2020 |
|--|----------------|----------------|
| | \$000's | \$000's |
| Auditor's Remuneration | | |
| Audit of statutory accounting policies matters | 6 | 18 |
| Auditing the Financial Report | 43 | 41 |
| Pro Bono Audit Fee | 49 | 60 |
| | 98 | 119 |

The auditor of Barnardos 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 \$98,000 based on a fee estimate.

NOTE 6: KEY MANAGEMENT PERSONNEL REMUNERATION

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

| | | | |
|-------------------------------------|-----------------|---------------------------------------|-----------------|
| Janett Milligan | (non-executive) | Gillian McFee (appointed 25 Nov 2020) | (non-executive) |
| Stephen Mills | (non-executive) | Jane Paskin | (non-executive) |
| Bradley Cooke (retired 25 Nov 2020) | (non-executive) | John Pittard | (non-executive) |
| Sam Garland | (non-executive) | Rhonda Stien (retired 25 Nov 2020) | (non-executive) |
| Frances Waugh | (non-executive) | Julia-Anne Davenport | (non-executive) |
| Paul Ireland (resigned 17 Feb 2021) | (non-executive) | Wendy Glasgow (appointed 16 Mar 2021) | (non-executive) |
| Amy Kilpatrick | (non-executive) | | |

No Director has received or become entitled to receive any remuneration from the company in their capacity as a director (2020: \$Nil). Any goods purchased by the directors were acquired at commercial rates.

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

Deirdre Cheers – Chief Executive Officer

Scott Graham – Company Secretary (appointed 8th March 2021)

Executive Leaders

Elizabeth Cox – Executive Leader, Practice Quality

Penny Hood – Executive Leader, Children and Families

Patrick Kerlin – Corporate and Financial Services – Company Secretary (retired 5th March 2021)

Sarah Spence – Executive Leader, Engagement and Giving

James Barry – Executive Leader, Finance and Corporate (appointed 10th August 2020)

Rita D'Arcy – Executive Leader, People and Culture (appointed 10th August 2020)

As at 30 June 2021 there were seven Key Management Personnel (2020: seven).

Key Management Personnel Remuneration

The aggregate compensation of the key Management personnel of the company

| | 2021 | 2020 |
|--|------------------|------------------|
| | \$ | \$ |
| | 1,748,017 | 1,683,167 |
| | 1,748,017 | 1,683,167 |

NOTE 7: CASH AND CASH AT BANK

| | 2021 \$000's | 2020 \$000's |
|---|---------------------|----------------------|
| Cash and cash at bank | | |
| Cash on Hand | 99 | 98 |
| Cash at Bank | 1,826 | 7,814 |
| Cash at Bank – "Gift Fund" | 563 | 675 |
| | <u>2,488</u> | <u>8,587</u> |
| Add: Cash Held in Trust– Restricted Cash ^a | 765 | 2,235 |
| | <u>3,253</u> | <u>10,822</u> |

^a Cash at Bank YE 2021 includes \$765,000 as "Restricted Cash".

This is made up of \$355,000 (2020: \$1,825,000) held in Trust on behalf of Barnardos UK in an interest-bearing account. Including accrued interest of \$21,000 the amount held in Trust of Barnardos UK is \$354,560 (2020: \$1,826,138). A further amount of \$410,157 (2020: \$410,157) relates to the ACT Together Consortium commitments.

NOTE 8: OTHER FINANCIAL ASSETS

| | 2021 \$000's | 2020 \$000's |
|--|---------------------|---------------------|
| Current | | |
| Held at cost | | |
| Bank Commercial Bills, "Gift Fund" | 290 | 287 |
| | <u>290</u> | <u>287</u> |
| Financial assets at fair value through profit or loss | | |
| Core Fund – Perpetual Trustee Company Limited | 2,197 | 2,154 |
| Reserve Fund – Perpetual Trustee Company Limited | 4,246 | 3,810 |
| | <u>6,443</u> | <u>5,964</u> |

NOTE 9: RECEIVABLES

| | 2021 \$000's | 2020 \$000's |
|--------------------------|---------------------|---------------------|
| Receivables | | |
| Trade Receivables | 1,013 | 3,716 |
| Other Receivables | 606 | 253 |
| | <u>1,619</u> | <u>3,969</u> |
| Trade Receivables | | |
| Current | 42 | 260 |
| 30–60 days | 757 | 428 |
| 60–90 days | 63 | 193 |
| 90 days + | 151 | 2,835 |
| | <u>1,013</u> | <u>3,716</u> |

NOTE 10: PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS

| Description | Freehold Land at Cost | Buildings at Cost | Leasehold Improvements Partitions and Furnishings at Cost | Plant and Equip at Cost | Motor Vehicles at Cost | Total |
|-----------------------------------|-----------------------|-------------------|---|-------------------------|------------------------|-----------------|
| | \$000's | \$000's | \$000's | \$000's | \$000's | \$000's |
| Gross Carrying Amount | | | | | | |
| Balance at 30 June 2019 | 491 | 4,805 | 4,085 | 1,819 | 9,677 | 20,878 |
| Additions | – | – | 99 | 98 | 1,492 | 1,689 |
| Transfer from Investment Property | 298 | 167 | – | – | – | 465 |
| Disposals | (4) | – | (12) | (76) | (617) | (710) |
| Balance at 30 June 2020 | 785 | 4,972 | 4,172 | 1,841 | 10,552 | 22,322 |
| Additions | – | – | 1,451 | 154 | 1,412 | 3,017 |
| Disposals | – | – | – | (1) | (606) | (607) |
| Balance at 30 June 2021 | 785 | 4,972 | 5,623 | 1,994 | 11,358 | 24,732 |
| Accumulated Depreciation | | | | | | |
| Balance at 30 June 2019 | – | (1,903) | (1,197) | (1,348) | (4,835) | (9,283) |
| Disposals | 4 | – | 12 | 76 | 617 | 710 |
| Depreciation Expense | (4) | (117) | (433) | (294) | (1,626) | (2,475) |
| Balance at 30 June 2020 | – | (2,020) | (1,618) | (1,566) | (5,844) | (11,048) |
| Disposals | – | – | – | 1 | 606 | 607 |
| Depreciation Expense | – | (125) | (434) | (134) | (1,535) | (2,228) |
| Balance at 30 June 2021 | – | (2,145) | (2,052) | (1,699) | (6,773) | (12,669) |
| WDV 30 June 2021 | 785 | 2,827 | 3,571 | 295 | 4,585 | 12,063 |

RIGHT-OF-USE ASSETS

| | 2021 | 2020 |
|--------------------------|---------------|---------------|
| | \$000's | \$000's |
| Right-of-Use Assets | 16,503 | 13,606 |
| Accumulated amortisation | (5,142) | (2,476) |
| | 11,361 | 11,130 |

NOTE 10: PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS (Continued)

The company's leases predominantly consist of office leases.

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

Movement in the Right-of-Use assets

| | 2021 \$000's | 2020 \$000's |
|---|-----------------|-----------------|
| Carrying amount | | |
| Balance at 30 June 2020 | 11,130 | 0 |
| Recognised on account of first-time implementation of AASB 16 | 0 | 12,031 |
| Depreciation for the year | (2,666) | (2,476) |
| Additions | 3,000 | 1,575 |
| Disposals | (103) | |
| Balance at 30 June 2021 | 11,361 | 11,130 |

The amount expensed in the statement of profit or loss in relation to short-term and low-value leases was \$765K (2020: \$395K).

NOTE 11: INVESTMENT PROPERTY

| | 2021 \$000's | 2020 \$000's |
|---|-----------------|-----------------|
| Investment Property | | |
| Balance at the beginning of the financial year | 2,716 | 4,699 |
| Additions | - | - |
| Disposals | - | (1,512) |
| Less depreciation | (32) | (6) |
| Transfer to Property, Plant and Equipment | - | (465) |
| Balance at the end of the financial year | 2,684 | 2,716 |

Barnardos currently holds two investment properties:

- A unit located in Mosman was disposed of during 2020.
- 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 and there is a six month clause within the contract to end the agreement.
- A three-bedroom house in Canberra, bequeathed in the 2019 year and initially classified as an investment, is now being utilised by the ACT Together Consortium, and has been reclassified as Property plant and equipment (\$465,000).

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

| NOTE 12: PAYABLES | 2021 \$000's | 2020 \$000's |
|---------------------------------------|-------------------------------|-------------------------------|
| Payables | | |
| Trade creditors | 1,753 | 2,548 |
| Sundry creditors and accrued expenses | 1,579 | 2,163 |
| Other Creditors | 19 | – |
| | 3,351 | 4,711 |

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

| NOTE 13: PROVISIONS | 2021 \$000's | 2020 \$000's |
|---|-------------------------------|-------------------------------|
| Current | | |
| Employee Provision – Annual Leave | 4,152 | 4,464 |
| Employee Provision – Personal Leave | 46 | 46 |
| Employee Provision – Long Service Leave | 2,045 | 2,100 |
| Employee Provision – Redundancies | 204 | 250 |
| Redress and Historical Claims (iii) | 1,638 | 1,768 |
| Onerous Contract (ii) | 1,190 | 1,142 |
| | 9,275 | 9,770 |
| Non–Current | | |
| Employee Provision – Long Service Leave | 1,083 | 1,456 |
| Provision for Make Good (i) | 979 | 704 |
| Lease incentive | – | – |
| | 2,062 | 2,160 |

(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 for Onerous Contract

The Provision for Onerous Contract to be reported for year ended 30 June 2021 is solely for the remaining term of the ACT Together contract with the Community Services Directorate of the Australian Capital Territory. The contract ends on 30 June 2022 having been extended during the year, on terms that reduced, but that did not eliminate the losses accruing to Barnardos.

In meeting the requirements of the contract, Barnardos has incurred losses in every year since its inception in 2018. These losses are due to the unanticipated variance in the mix of high and low–cost clients, particularly the high and unavoidable costs for a small number of high needs clients. Despite the losses, Barnardos remains committed to providing the highest level of support to the vulnerable clients within the ACT Together Consortium.

NOTE 13: PROVISIONS (Continued)

In developing a budget for the year ended 30 June 2022, Barnardos made assumptions consistent with its experience of costs and revenue over the term of the contract, and with the assumptions made for the organisation generally in relation to expenses, including payroll costs. On the basis of this budget process, Barnardos determined it would incur a loss for the remaining period of the contract of \$1,189,719. The full amount of this loss has been provided in the onerous contract provision.

(iii) Provision for Redress and Historical Claims

The Provision for Redress and Historical Claims represents an estimate of future payments to past clients. Barnardos (initially as a branch of Barnardos UK and, since July 1996 as Barnardos Australia) has operated a large number of residential and non-residential services over a long period of time caring for vulnerable children and young people.

Barnardos accepts that there are cases where clients may have experienced harm and that the possibility of future claims from past clients for compensation exists. This includes the potential for claims to be made through the National Redress Scheme that was established in response to the Royal Commission into Institutional Responses to Child Sexual Abuse.

Barnardos, together with Barnardos UK, were accepted into the scheme in December 2019. The Redress Scheme allows for redress of up to \$150,000 for each individual claim.

Where claims have been received by Barnardos, these have been assessed for their likely outcome and provision made as required. In addition, an estimate has been made of possible future claims payable both under the Redress Scheme and as legal settlements.

The Provision for Redress and Historical Claims is estimated by taking into account the following matters in determining the key assumptions,

- An acknowledgement by Barnardos and Barnardos UK, that despite the best intentions, there are instances where past practices have resulted in significant damage to clients,
- The guidelines of the Redress Scheme,
- The agreement between Barnardos UK and Barnardos, that Barnardos UK will meet any liability for matters prior to 1975. There is a contingent liability to Barnardos should Barnardos UK be unable to meet these claims,
- The total number of past clients and prior settlements,
- The various insurances against such matters maintained since the early 1970's which would be likely to offset a significant amount of any potential liability.

Based on the above assumptions, the provision for Barnardos' Historical Claims is \$1,638,000.

| NOTE 14: RESERVES | 2021 \$000's | 2020 \$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 7.

| NOTE 15: RETAINED EARNINGS | 2021 \$000's | 2020 \$000's |
|---|-----------------|-----------------|
| Balance at beginning of financial year | 8,861 | 12,350 |
| Adjustment made to retained earnings as a result of AASB16 implementation | – | (1,172) |
| Profit / (Loss) for the year | (1,877) | (2,317) |
| Balance at end of financial year | 6,984 | 8,861 |

| NOTE 16A: LEASE LIABILITIES | 2021 \$000's | 2020 \$000's |
|-----------------------------|-----------------|-----------------|
| Current | | |
| Lease Liabilities | 2,350 | 2,372 |
| | 2,350 | 2,372 |
| Non-Current | | |
| Lease Liabilities | 10,257 | 10,075 |
| | 10,257 | 10,075 |

These leases are for commercial office spaces utilised for both service delivery staff and office-based support staff.

| NOTE 16B: CAPITAL AND LEASING COMMITMENTS | 2021 \$000's | 2020 \$000's |
|---|-----------------|-----------------|
| (a) Rentals charged to operating expenses | 765 | 395 |
| (b) Lease Commitments | | |
| Non-cancellable leases: | | |
| Less than one year | 2,350 | 2,372 |
| Between one year and five years | 8,641 | 9,125 |
| More than five years | 1,616 | 950 |
| | 12,607 | 12,447 |

The non-cancellable leases are mostly for Special Purpose Children's Social Care and the head office of Barnardos located at Bay Street, Ultimo.

NOTE 17: SEGMENT INFORMATION

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

NOTE 18: NOTES TO THE STATEMENT OF CASH FLOWS

| | 2021 \$000's | 2020 \$000's |
|---|-----------------|-----------------|
| Profit / (Loss) for the year | (1,877) | (2,317) |
| Depreciation and amortisation – property, plant and equipment | 1,621 | 1,766 |
| Amortisation of Right of Use Assets | 2,666 | 2,476 |
| Depreciation and amortisation – investment property | 32 | 36 |
| Net (gain)/loss on disposal of property, equipment and motor vehicles | 306 | 90 |
| Net (gain)/loss on disposal of investments available for sale | – | 132 |
| Net (gain)/loss on Perpetual Investments | (374) | 215 |
| –Bequest distribution received as investment available for sale | – | – |
| Interest received on Funds held in Trust | (61) | 6 |
| Changes in Assets and Liabilities: | | |
| (Increase)/Decrease in receivables | 2,349 | 1,888 |
| Decrease/(increase) in prepayments | (171) | (435) |
| Increase/(decrease) in income received in advance | (3,078) | 2,264 |
| (Decrease)/increase in provisions | (841) | 4,339 |
| Increase/(decrease) in sundry creditors | (4,036) | (2,802) |
| Net cash provided / (used in) Operating Activities | (3,464) | 7,658 |
| Reconciliation of Cash and Cash at Bank | | |
| Cash balance comprises: | | |
| Cash At-Call (note 7) | 3,253 | 10,822 |
| Bank Commercial Bills – “Gift Fund” (note 8) | 290 | 286 |
| Cash Balance as per Cash Flow Statement | 3,543 | 11,108 |

NOTE 19: CONTINGENT LIABILITIES

As at 30 June 2021, the Commonwealth Bank has issued bank guarantees totalling \$682,918 to guarantee various commercial leases entered into by Barnardos. For Contingent liabilities in respect to redress and legal claims please refer to note 13.

NOTE 20: SUBSEQUENT EVENTS

Barnardos operations have been impacted by the Covid 19 pandemic, both in relation to the way we provide support within the community, and how we manage our dispersed workforce. The use of technology has provided greater flexibility in how we communicate, and we have continued to visit our client base while maintaining appropriate safe practices within the community. Our financial sustainability continues to be sound, we are confident that we will be able to manage the fluctuations and continue to provide support to the Community.

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.

NOTE 21: FINANCIAL INSTRUMENTS

| | 2021 \$000's | 2020 \$000's |
|---|-----------------|-----------------|
| The following Financial Assets and Liabilities are held | | |
| Financial Assets | | |
| Cash and cash at bank | 3,253 | 10,822 |
| Receivables | 1,619 | 3,969 |
| Other Financial Assets | 290 | 287 |
| Financial assets at fair value through profit or loss | 6,443 | 5,964 |
| Financial Liabilities | | |
| Payables | 3,351 | 4,711 |
| Income received in advance | 4,629 | 7,707 |
| Other – funds held in trust ^a | 596 | 2,126 |

^a Other for FY2021 – includes funds held in Trust on behalf of Barnardos UK: \$373,097 and an estate held on behalf of clients: \$222,651.

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 22: INFORMATION TO BE FURNISHED
UNDER THE CHARITABLE FUNDRAISING ACT 1991**

| | 2021 \$000's | 2020 \$000's |
|---|-----------------|-----------------|
| i) Details of aggregate gross income and total expenses of Fundraising Appeals | | |
| Gross proceeds from Fundraising Appeals: | | |
| Mail Appeals | 3,261 | 2,520 |
| Other Appeals | 1,297 | 2,156 |
| Bequests | 1,742 | 1,720 |
| Auxiliaries | 195 | 266 |
| Pro-bono Contributions | 49 | 72 |
| Total Gross Proceeds from Fundraising Appeals | 6,544 | 6,734 |
| (Less): Direct Costs of Fundraising Appeals | (2,180) | (2,005) |
| Surplus obtained from Fundraising Appeals | 4,364 | 4,729 |
| (Less): administrative and indirect fundraising costs | (920) | (1,328) |
| Net Surplus from Fundraising | 3,444 | 3,401 |

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 | 3,444 | 3,401 |
| Total Net Surplus | 3,444 | 3,401 |

2) This was applied to Charitable purposes in the form of expenditure on direct Social Care services as set out in note 22 to the Financial Statements.

iv) Fundraising appeals conducted during the financial year.

Mail Appeals, Other Appeals, Auxiliaries and Special Events.

NOTE 22: INFORMATION TO BE FURNISHED UNDER THE CHARITABLE FUNDRAISING ACT 1991

v) Comparisons of certain monetary figures and percentages

| Comparison Descriptions | 2021 \$ '000 | | 2021 % | 2020 \$ '000 | | 2020 % |
|--|-----------------|----------------|--------------|-----------------|----------------|--------------|
| | Direct cost | Gross Income | | Direct cost | Gross Income | |
| Total direct cost of Fundraising / Gross Income from Fundraising | 2,180 | 6,544 | 33.3% | 2,005 | 6,734 | 29.8% |
| Surplus from Fundraising / Gross Income from Fundraising | 4,364 | 6,544 | 66.7% | 4,728 | 6,734 | 70.2% |
| Total cost of Fundraising / Gross Income from Fundraising | 3,100 | 6,544 | 47.4% | 3,334 | 6,734 | 49.5% |
| Net Surplus from Fundraising / Gross Income from Fundraising | 3,444 | 6,544 | 52.6% | 3,400 | 6,734 | 50.5% |
| Total costs of services / total expenditure (excluding fundraising and merchandising expenditure) | 107,226 | 113,307 | 94.6% | 103,259 | 108,094 | 95.5% |
| Total costs of services / total income received (net of fundraising and merchandising expenditure) | 107,226 | 111,804 | 95.9% | 103,259 | 105,992 | 97.3% |

vi) The Charitable Fundraising Act Declaration is included on Page 16.

NOTE 23: ADDITIONAL INFORMATION

Barnardos 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 2021 the number of members was 121 (2020: 121). 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 2021 was \$1,210 (full amount) (2020: \$1,210 (full amount)).

Principal place of business and registered office:

60 – 64 Bay Street,
Ultimo, NSW 2007
Australia

CHAIR

Janett Milligan, B Social Science (Hons) (UNE), MBA (Sydney), GAICD

OTHER DIRECTORS

Bradley Cooke (until 25th Nov 2020)

Julia–Anne Davenport, B.A (Information Science) (University of Technology), GAICD

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

Paul Ireland, B Eng (Sydney), B SocSc (Hons) (Sydney), MBA, CFA, Dip Adult Education (until 17th Feb 2021)

Amy Kilpatrick, B of Law (Hons) (ANU), B.A (Politics and Sociology) USA, Grad Dip in Politics (University of Melbourne), GAICD.

Dr Stephen Mills BA (Hons) (Melbourne), MPA (Harvard), PhD (Sydney)

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

John Pittard, BSc. MAICD

Rhonda Stien, MBA, (Macquarie), Master Social Work (UNSW) BA Social Work (UNSW) (until 25th Nov 2020)

Emerita Professor Fran Waugh, GradCertTeaching (HE)(Sydney), BSW (UNSW), PhD (Sydney).

Wendy Glasgow, B of Law (QUT) GradCertLaw, IP and Internet Law (QUT), B of Info Tech(QUT). GAICD.

Gillian McFee, BSocStud (Sydney). Dip Urban and Reg Studies (Macquarie) MBA (Exec) (UNSW), FAICD.

EXECUTIVE OFFICERS

CHIEF EXECUTIVE

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

COMPANY SECRETARY

Scott Graham B.A (Charles Sturt University), Diploma in Law (The legal Practitioners Admissions Board NSW), Graduate Dip.in Applied Corporate Governance (Chartered Secretaries Australia)

EXECUTIVE LEADERS

| | |
|-----------------------|--|
| Children and Families | Penny Hood, BA Arts (BA), Bachelor of Laws (LLB), Masters of Policy Studies (UNSW), Specialist Certificate, Implementation Science (Melb Uni). |
| Practice Quality | Elizabeth Cox, B. Social Science, MBA. |
| Engagement 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 Culture | Rita D’Arcy, B Comm (Major HRM and IR Law), Masters OD and Strategic HRM, Masters Leadership (Major Change Management), Cert IV Training and Assessment, CFAHRI, FCIPD, GAICD. |
| Finance and Corporate | Patrick Kerlin, CA, B Bus, Grad. Dip.CSP, ACIS, MPS Social Work, MAICD. (until 5 October 2020) James Barry, FCA, B BS (Hons), GAICD. |

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