

Annual Report and Financial Statements

Task Brasil Trust (1030929)

Year ended 31 December 2006

Task Brasil Trust

Charity Registered No. 1030929

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

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Task Brasil Trust

Charity Registered No. 1030929

LEGAL & ADMINISTRATIVE DETAILS

STATUS

The organisation is a charity established under a Trust Deed and is registered with the Charity Commission.

TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2006

Lady Charlotte Ponsonby Petsopoulos

Duncan Faraday Innes

Lisa Atkin

Paul Sutcliffe

Ligia Ferreira da Silva

Natalie Dufresne Smith

HEAD OFFICE

Unit 10

Kennington Workshops

42 Braganza Street

London SE17 3RJ

BANKERS

In the UK:

Banco do Brasil

34 King Street

London EC2V 8ES

Barclays Bank

Leicester

LE87 2BB

In Brazil:

Banco do Brasil

Rua do Catete, 244

22220-001 - Rio de Janeiro

INDEPENDENT AUDITORS

Lennox Thompson & Co

Registered Auditors

323-327 Railton Road

Herne Hill

London SE24 OJN

TRUSTEES' REPORT

The Trustees present their Annual Report and Financial Statements for the year ended 31 December 2006.

OBJECTS, GOVERNANCE AND MANAGEMENT

Task Brasil acts to advance the education and well-being of impoverished children in Brazil. Its mission is to provide a loving and supportive home environment for both street children and adolescents, ensuring that all of their basic needs are met and providing them with the tools to go on to lead rich and fulfilling lives. Task Brasil also operates 'outreach' programmes for children still living on the streets. Task Brasil is a non-partisan organisation operating on ethical and humane principles shared by people of any or no religious faith. It does not engage in political activity.

Trustees have been recruited by existing board members by invitation. This process has taken into consideration the required skills, qualification and level of past involvement offered to the Trust. Additionally, they need to be in agreement with Task Brasil's ethos, values and philosophy; including its aims, objectives and vision.

FUTURE STRATEGY

In the forthcoming years, subject to satisfactory funding arrangements, the charity plans to continue running its projects for the benefit of children at risk in Brazil.

In so doing, it aims to:

1. Maintain or reduce the cost levels per beneficiary with a particular emphasis on improving synergies within and between existing projects.
2. Maintain or improve the level of beneficiary service provision in Brazil.
3. Maintain or improve the proportion of funding income spent on the projects in Brazil while taking into account the investment required to increase Task Brasil's funding base in the short term.
4. Achieve the adequate mix between low value high volume donors and high value low volume donors to mitigate risk levels through the economic cycle to sustain existing projects.
5. Work diligently to enhance all stakeholder relationships that enhance Task Brasil's ability to further these aims.

RISK MANAGEMENT

The trustees have examined the major strategic, business and operational risks which the charity faces and confirm that systems have been established to enable regular reports to be produced so that the necessary steps can be taken to lessen these risks.

No employee received emoluments of more than £22,000.

During the year a number of Inspection visits were conducted by funders, trustees and supporters. The trustees are pleased to report that the charity has maintained or improved its level of innovative and caring service. The charity also surveys users and in particular the Juvenile Judge of Rio de Janeiro highly praised the service provided by Task Brasil.

REVIEW OF PROGRESS AND ACHIEVEMENTS

During the year Casa Jimmy, Task Brasil's home in Rio on average cared for fifteen children, five pregnant girls and their babies per day. Casa Jimmy offers children and teenagers support in order to refer them to healthcare services and shelters, locating families and arranging their documentation to enable them to become part of civil society. Task Brasil's main aims are to reunite children and teenagers with their families and to offer them positive opportunities.

From October 1998 until December 2006 Casa Jimmy assisted and cared for 354 children, teenage girls and their babies. In 2006, 59 children and teenagers and their babies lived at Casa Jimmy. Fourteen children, two teenagers and one baby were reunited with their families. One child was adopted in September 2006. On 1st January 2006 there were five teenagers and fourteen children living at Casa

TRUSTEES' REPORT

Jimmy and on 31st December 2006 there were five teenagers and fifteen children and four babies resident at the project.

Our partnership with the Prefeitura do Rio de Janeiro (Rio City Council) was renewed in 2006. Task Brasil continued to receive the valuable support of the Royal Navy, British Embassy and British Consulate in Brazil. Local and overseas organisations also provided services and additional funding.

Forest House at Epsom College Farm, located 90 kilometres from the city of Rio de Janeiro houses boys between ten and fourteen years of age, offering them opportunities for personal development in a secure, loving and productive environment away from the dangers of the streets. During the year an Ecotour of nine days duration and a Mini-ecotour of five days duration were run successfully raising funds towards the running costs of the organic farm. Ecotour participants volunteer their time to help in specific projects aimed at developing the farm for the boys. Furthermore, during the year the farm took delivery of a new Kombi van previously funded by a private donor and by an overseas government's development committee. Furthermore, following a donation by British Airways, solar panels were installed at the farm during 2006. Moreover, a fish farming operation was started at the farm, the farm's access road was improved, renovations were carried out to the buildings at the farm and the range of livestock of the farm was expanded. During the year nine boys were cared for at the project. On 31st December 2006 there were five boys resident at the project. During the year one boy was reunited with his family in the local community.

In 4 April 2006 Task Brasil opened a dedicated facility for adolescent boys called Casa Roger Turner. Donations from the Beanfeast charity (www.beanfeast.org) and ABC Trust (www.abctrust.org.uk) were vital in funding the extensive building and refurbishment work necessary to enable the use of Casa Roger Turner, and EMBL contributed its first year's running costs. The house now functions as a day centre and overnight shelter as well as providing income-generating workshops and basic schooling for the boys residents at the project as well as those living on the streets and those currently attending the Street Approach project. On opening, in April 2006 four boys arrived at Casa Roger Turner. On 31 December 2006 seven boys were living at the project. Between April 2006 and the end of the year the project provided support to two boys whilst they attended a local young offenders institution after having lived at Casa Roger Turner. During the year 25 boys made use of Casa Roger Turner as a Day Centre. These boys voluntarily returned to the facility on 141 different occasions during the year to make use of it as an overnight shelter.

Following the receipt of funds from Hunter Hall Investment, Accenture and Homeless Child, Task Brasil started to look for a suitable building to house Casa Charlotte. Task Brasil's aim is that the new facility will provide a home for fifteen pregnant teenagers and teenage mothers and their babies. The new facility will also mean that there is more room at Casa Jimmy to care for a greater number of young children at such time as funding for the additional running costs become available. It is hoped that the local authorities in Rio will provide assistance with meeting these running costs.

Casa Jimena was opened on 1 June 2006 and provides a home for a teenager who previously lived at Casa Charlotte. The ownership of the land and the buildings on it is currently under dispute. Task Brasil's position relating to this dispute was strengthened by the second appeal being found in our favour. However, this matter has not yet been resolved because the other party has appealed again.

There were visits to our projects by the Royal Navy, who transported to Brazil valuable donated items from the UK as well as providing vital support and help at Casa Jimmy and other Task Brasil buildings by crew members. British Airways and DHL maintained their support, donating essential air tickets and courier services respectively. In addition, the Irish Navy visited our projects and provided generous practical and financial assistance to our work.

During the year, Task Brasil entered into a contract with Homeless Child, an Irish charity. For a period of three to four years Homeless Child has agreed to cover 100% of the building and running costs for a new home that will accommodate 20 children between 6 and 11 years of age. This new facility will provide a continuation to the work that we do with younger children at Casa Jimmy.

In March 2006 Paul Sutcliffe and Duncan Innes, two of Task Brasil's trustees, visited the projects in Rio and met with the Charity's Advisory Committee, in order to ensure that the projects were being properly

TRUSTEES' REPORT

administered, and that the activities of the projects were in accordance with the Aims and Objectives of the Charity. Additionally Ligia da Silva, Founding Trustee, made a number of visits to Rio to deal with management issues.

Child sponsorship increased to £42,231 raised by 255 sponsors. Donations from placements contributed £16,747, while the runners supporting the charity at the London Marathon raised £13,634. Trusts income was in excess of £151,600. Income from companies was £31,406. Further funds were raised through donations by individuals, schools and other sources such as events.

CONTRACTS WITH TRUSTEES

There were no contracts or agreements existing during or at the end of the financial year in which a trustee of the charity is or was materially interested and which is or was significant in relation to the business of the charity.

In July 2007, the charity hired Neil Sutcliffe, the brother of the trustee Paul Sutcliffe, on a short term contract for four weeks to meet an urgent staffing need. Following the completion of this contract, the charity contracted Neil Sutcliffe as a full time fundraising officer.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are required by law to prepare financial statements which give a true and fair view of the state of the Charity at the end of the financial period. The financial statements must be prepared in accordance with the required formats and disclosures of the Charities Act 1993 and with applicable accounting standards. In addition the Trustees are required:-

- To select suitable accounting policies and apply them consistently;
- To make adjustments and estimates that are reasonable and prudent;
- To take account of expenses and income relating to the period reported on, whether or not they have been paid or received in that period;
- To state where applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- To prepare financial statements on a going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees confirm that the financial statements comply with the above requirements. The Trustees are also responsible for maintaining adequate accounting records to enable them to ensure that the financial statements comply with the requirements of the Charities Act 1993. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FINANCES

The attached financial statements show the state of finances at 31st December 2006 which the Trustees consider to be sound. The Charity's bankers are Barclays and Banco do Brasil in the United Kingdom and Banco do Brasil in Brazil.

INDEPENDENT AUDITORS

Lennox Thompson & Co. have indicated their willingness to accept reappointment for a further term as Independent Auditor of the Charity.

Signed on behalf of the Trustees

Ligia da Silva

Date

INDEPENDENT AUDITOR'S REPORT to the Trustees of Task Brasil Trust

This report is made solely to the charity's members as a body. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any one other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinion we have formed.

We have audited the financial statements on pages 7 to 9, in accordance with auditing standards.

Respective responsibilities of trustees and auditors

As described on page 5 the charity's trustees are responsible for preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the charity at 31 December 2006 and of its results for the year then ended and have been properly prepared in accordance with the charity's constitution and comply with the provisions of the Charities Act 1993.

Date

323-327 Railton Road
Herne Hill
London SE24 OJN

LENNOX THOMPSON & CO.
International Accountants
Registered Auditors

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 December 2006

	<i>Unrestricted funds 2006</i>	<i>Restricted funds 2006</i>	<i>Total 2006</i>	<i>Unrestricted funds 2005</i>	<i>Restricted funds 2005</i>	<i>Total 2005</i>
<i>Notes</i>						
INCOMING RESOURCES						
2						
Generated funds -						
<i>Voluntary Income</i>						
Donations and grants	69,879	242,880	312,759	65,587	182,618	248,205
Child Sponsorship	-	42,231	42,231	2,209	33,477	35,686
<i>Activities for generating funds</i>						
Placements, events & trading	64,137	9,848	73,985	73,646	14,700	88,346
<i>Investment income</i>	15,138	-	15,138	3,725	-	3,725
TOTAL INCOMING RESOURCES	<u>149,154</u>	<u>294,959</u>	<u>444,113</u>	<u>145,166</u>	<u>230,795</u>	<u>375,961</u>
RESOURCES EXPENDED						
3						
<i>Costs of generating funds</i>						
Fundraising, publicity & events costs	16,442	-	16,442	12,708	-	12,708
UK management and administration	61,287	-	61,287	69,880	-	69,880
Interest expense and bank charges	2,333	-	2,333	1,321	-	1,321
	<u>80,062</u>	<u>-</u>	<u>80,062</u>	<u>83,909</u>	<u>-</u>	<u>83,909</u>
<i>Net resources available for charitable activities</i>	<u>69,092</u>	<u>294,959</u>	<u>364,051</u>	<u>61,257</u>	<u>230,795</u>	<u>292,052</u>
Charitable activities - Brazil project costs	41,093	270,921	312,014	-	222,981	222,981
Governance costs	1,977	-	1,977	1,957	-	1,957
TOTAL RESOURCES EXPENDED	<u>123,132</u>	<u>270,921</u>	<u>394,053</u>	<u>85,866</u>	<u>222,981</u>	<u>308,847</u>
Net incoming resources before exchange			50,060			67,114
Exchange (loss) gain	4		(23,913)			36,309
NET INCOMING RESOURCES			<u>26,147</u>			<u>103,423</u>
Total funds brought forward			<u>298,331</u>			<u>194,908</u>
TOTAL FUNDS CARRIED FORWARD			<u><u>324,478</u></u>			<u><u>298,331</u></u>

CONSOLIDATED BALANCE SHEET
for the year ended 31 December 2006

	<i>Notes</i>	<i>2006</i> £	<i>2005</i> £
FIXED ASSETS			
Tangible assets	5	150,628	124,379
CURRENT ASSETS			
Cash at bank and in hand		189,438	184,632
Other receivables		825	607
CREDITORS: amounts falling due within one year	6	(16,413)	(11,287)
NET CURRENT ASSETS		173,850	173,952
TOTAL ASSETS LESS CURRENT LIABILITIES		324,478	298,331
		324,478	298,331
ACCUMULATED FUNDS		324,478	298,331

For an analysis of Restricted Funds, see Note 8.

Approved by the Board of Trustees and signed on its behalf by :-

Ligia da Silva

Date

The Notes on pages 10 and 11 form part of these financial statements.

TANGIBLE FIXED ASSETS SCHEDULE
 for the year ended 31 December 2006
TANGIBLE FIXED ASSETS

	<i>Motor Vehicles</i> £	<i>Property</i> £	<i>Furniture & equipment</i> £	<i>Total</i> £
Cost:				
At 1 January 2006	30,620	126,327	10,606	167,553
Additions	2,324	32,324	9,880	44,528
Exchange adjustment	(1,315)	(5,427)	(456)	(7,198)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2006	31,629	153,224	20,031	204,884
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation:				
At 1 January 2006	11,496	29,459	2,219	43,174
Provided during the year	6,124	5,743	1,069	12,936
Exchange adjustment	(494)	(1,266)	(95)	(1,855)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2006	17,126	33,937	3,193	54,256
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value:				
At 31 December 2006	14,503	119,287	16,838	150,628
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2005	19,124	96,868	8,387	124,379
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2006

1. ACCOUNTING POLICIES

General

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and the Statement of Recommended Practice on Accounting by Charities.

Foreign exchange

The Trust has activities in Brazil. All Brazilian Real amounts in both the Balance Sheet and the Statement of Financial Activities are converted at the year end exchange rate of £1 = R\$4.19 (2005 : £1 = R\$4.01)

Consolidation

The financial statements are a consolidation of two entities, Task Brasil Trust, the UK registered charity, and its controlled entity of the same name registered in Brazil. Consolidation of the two entities has been prepared on a line by line basis, with intra group transactions being eliminated in accordance with the applicable elements of FRS2.

2. INCOMING RESOURCES

Incoming resources include £62,728 (2005: £33,643) collected in Brazil. Income for the UK registered charity was £381,384 for the year (2005: £342,318).

3. RESOURCES EXPENDED

Direct charitable expenditure primarily relates to salaries and other running costs of the “Casa Jimmy” children’s home and other projects in Rio de Janeiro, Brazil. In 2006, included in this amount was £12,936 of non cash costs relating to depreciation (2005: £20,592). The largest component of costs in Brazil is salaries of local staff which totaled R\$726,995 in local currency (2005: R\$479,112). This was equivalent to £173,507 at the year end exchange rate (2005: £119,479).

The key element in Management and Administration costs were UK salaries of £46,467 (2005: £51,475). Total salary costs for UK and Brazil were £219,974 (2005: £170,954). Total UK costs (excluding transfers to Brazil) totaled £81,125 (2005: £82,755).

4. EXCHANGE (LOSS) GAIN

These are due to movements in value of the Brazilian currency; and is principally driven by the retranslation of Brazilian cash and fixed assets at closing exchange rates, and exchange differences on cash transfers made to Brazil.

5. TANGIBLE FIXED ASSETS

- a) Fixed assets are as shown in the tangible fixed assets schedule.
- b) Depreciation has been provided so as to write off the cost of tangible fixed assets, less their estimated residual value, over their estimated useful lives. Assets located in Brazil are held in local currency.

6. CREDITORS

Creditors principally comprise Brazilian payroll taxes, which are paid one month in arrears.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2006

7. PARENT

At 31 December 2006, the parent entity had no assets other than a cash balance of £31,572 (2005 - £141,862), liabilities of £965 and receivables of £803.

8. RESTRICTED FUNDS

Restricted funds are held in the form of cash in the UK and Brasil and fixed assets in Brazil which have been acquired under restriction. Restrictions are in the form of both donations made specifically to cover general running costs in Brazil and also donations made for the acquisition of specific items.

In 2006, the trustees agreed a policy that all restricted cash should be transferred to the trust's bank account in Brazil on receipt in order to mitigate foreign exchange risk.

The trustees consider that all fixed assets should be treated as restricted funds by the trust.

At 31 December 2006, restricted funds totalled £308,398 being fixed assets of £150,628 and cash of £157,770 (2005 total of £284,360 being fixed assets of £124,379 and cash of £159,981).

The increase in restricted funds of £24,668 is the net of restricted funds received of £294,959 and restricted funds expended of £270,921.