

Task Brasil Trust (1030929)

Annual Report and Financial Statements

Year ended 31 December 2005

Task Brasil Trust

Charity Registered No. 1030929

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

CONTENTS

	PAGE
LEGAL & ADMINISTRATIVE DETAILS	2
REPORT OF THE TRUSTEES	3 - 5
INDEPENDENT AUDITORS' REPORT	6
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES	7
CONSOLIDATED BALANCE SHEET	8
TANGIBLE FIXED ASSETS SCHEDULE	9
NOTES TO THE FINANCIAL STATEMENTS	10 - 11

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 2005

Lady Charlotte Ponsonby Petsopoulos
Jimena Gomez-Paratcha (resigned 25/11/2005)
Geoffrey Want (resigned 13/09/2005)
Carlos Rache (resigned 4/4/2005)
Duncan Faraday Innes
Lisa Atkin
Paul Sutcliffe
Ligia Ferreira da Silva

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

In Brazil:

Banco do Brasil
Rua do Catete, 244
22220-001 - Rio de Janeiro

Barclays Bank
Leicester
LE87 2BB

INDEPENDENT AUDITORS

Lennox Thompson & Co
Registered Auditors
323-327 Railton Road
Herne Hill
London SE24 OJN

REPORT OF THE TRUSTEES

The Trustees present their Annual Report and Financial Statements for the year ended 31 December 2005.

OBJECTS, GOVERNANCE AND MANAGEMENT

Task Brasil acts to advance the education and well-being of impoverished children in Brazil with a mission to provide a loving and supportive home environment for both street children and adolescents, ensuring that all of their basic needs are met including 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 near 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

In 2005 the Casa Jimmy home in Rio on average per day cared for 15 children, 5 pregnant girls and their babies. 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. The main aim is to reintegrate children and teenagers back to their families and offer them positive opportunities.

REPORT OF THE TRUSTEES

From October 1998 until December 2004 Casa Jimmy had assisted and cared for 314 children, teenage girls and their babies. In 2005, 56 children and teenagers and their babies lived at Casa Jimmy. Fourteen children, four teenagers and three babies were reintegrated with their families. Eight children were adopted. On 1st January 2005 there were 6 teenagers, 4 babies and 18 children living at Casa Jimmy and on 31st December 2005 there were 5 teenagers and 14 children.

Partnership with the Prefeitura do Rio de Janeiro (Rio city Council) was not renewed in 2005. Although Rio's Local Authority (the Prefeitura) had made a commitment to renew its partnership, this did not in fact happen, forcing us to seek alternative sources of funding while we negotiated renewal with the Local Authority. Task Brasil continued to receive the valuable support of the Royal Navy, British Embassy and British Consulate in Brazil. Local and overseas organisations provided services and additional funding.

Forest House at Epsom College Farm, located just outside the city of Rio de Janeiro, opened its door on 10th March 2005 thanks to funds received towards part of running cost from ABC Trust (UK).

It houses 10 to 14 years old boys, offering them the opportunity for personal development in a productive environment away from the dangers of the streets. Two Ecotours of one week's duration each were run successfully raising funds towards running costs of the organic farm. In the Ecotour participants volunteer their time helping in a specific project developing the farm for the boys. Funds for a new Kombi van were donated by a private donor and British Airways donated funds for the solar panels at the farm. The EMBL (Emerging Markets Benefit Limited) also contributed with funds for a new water system at the farm. In 2005, 8 boys lived at Forest House. On 10th March 2005, 4 boys started living at the house and on 31st December 2005 there were 5.

Efforts with our Outreach Programme (referred to as the Street Approach) were revitalized through the introduction of an improved facility in a designated area called Casa Roger Turner to be open for boys living on the streets. Thanks to Beanfeast charity (www.beanfeast.org) and ABC Trust (www.abctrust.org.uk) building refurbishment work commenced for Casa Roger Turner. The house is expected to open as a day centre providing workshops for the boys living on the streets and those currently attending the Street Approach project, and overnight shelter. Casa Roger Turner Day Centre will provide income-generating workshops for the children and adolescents and also basic schooling. EMBL – The Emerging Markets Benefit Limited - donated £61,000 towards its first year running cost.

Funds received from Hunter Hall Investment towards Casa Charlotte are hoped to be complemented by further donations to enable the construction of a house in Casa Jimmy's adjacent plot of land or the purchase of a new property for pregnant teenage girls and their babies. It will be a shelter for 10 pregnant teenagers and teenage mothers. It will also mean more room in Casa Jimmy to take in a greater number of young children from the streets when funding for running costs becomes available. The Rio local authorities had previously assured us that they would finance Casa Charlotte's running costs however, this has not yet materialised.

Our rights over the other piece of land, containing 8 flats, on which we planned to open Casa Jimena (a hostel for teenager mothers aged 18 to 22 years and their babies), were disputed in court, in 2004, by previous tenants, after completion of the purchase by Task Brasil. Despite the court action, Task Brasil was able to continue to use two of the flats to accommodate its foreign volunteers. Previous tenants who continue to live at the properties won the case. On the first appeal, Task Brasil was given the right to the property and gained access to the other 2 empty flats which due to this dispute could not be used by either party. Task Brasil is still awaiting results on the second Appeal raised in court by previous tenants.

There were visits by Royal Navy ships taking over valuable donated items from the UK as well as vital support and help for 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.

Child sponsorship rose to over £35,687. Donations from placements contributed over £17,000, while the runners supporting the charity at the London Marathon, raised over £12,000. Trusts income was in excess of £156,000. Further funds were raised through donations by individuals, schools and other sources such as events and corporate businesses.

REPORT OF THE TRUSTEES

CONTRACTS WITH TRUSTEES

There were no contracts or agreements subsisting 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.

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 additions the Trustees are required:-

- To select suitable accounting policies and apply them consistently;
- To make adjustments and estimates that is 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 current state of finances which the Trustees consider to be sound. The Charity's bankers are Barclays Plc and Banco do Brasil in the United Kingdom and Banco do Brasil in Brazil.

Income includes £28,734 (2004: £55,754) collected in Brazil. Income for the UK registered charity was £347,227 for the year, above the threshold for which an audit is required.

INDEPENDENT AUDITORS

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

Signed on behalf of the Trustees

Signature Ligia da Silva

Date 8 December 2006

INDEPENDENT AUDITORS' 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.

We were unable to satisfy ourselves regarding the split of the funds balance carried to the balance sheet in the consolidated statement of financial activities between unrestricted and restricted funds neither were we able to similarly satisfy ourselves regarding the split between the unrestricted and restricted element of tangible fixed assets.

Our opinion is not qualified in these respects.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the charity at 31 December 2005 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 13 December 2006

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 2005

	<i>Unrestricted</i>	<i>Restricted</i>	<i>Total</i>	<i>Total</i>
	<i>funds</i>	<i>funds</i>	<i>2005</i>	<i>2004</i>
<i>Notes</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
INCOMING RESOURCES	2			
Donations and grants	29,673	182,618	212,291	177,346
Child Sponsorship	2,209	33,477	35,686	31,148
Other Fundraising Receipts	97,652	26,607	124,259	74,062
Bank Interest Received	3,725	-	3,725	2,244
TOTAL INCOMING RESOURCES	<u>133,259</u>	<u>242,702</u>	<u>375,961</u>	<u>284,800</u>
RESOURCES EXPENDED	3			
Direct charitable expenditure	-	222,981	222,981	131,134
Fundraising and publicity	12,708	-	12,708	20,447
Management and administration	71,837	-	71,837	59,805
Interest expense and bank charges	1,321	-	1,321	-
TOTAL RESOURCES EXPENDED	<u>85,866</u>	<u>222,981</u>	<u>308,847</u>	<u>211,386</u>
Exchange gain & other non cash movements	4		36,309	6,126
NET INCOMING RESOURCES			<u>103,423</u>	<u>79,540</u>
Total funds brought forward			<u>194,908</u>	<u>115,368</u>
FUNDS BALANCE TO BALANCE SHEET			<u><u>298,331</u></u>	<u><u>194,908</u></u>

CONSOLIDATED BALANCE SHEET
 at 31 December 2005

	<i>Notes</i>	<i>2005</i> £	<i>2004</i> £
FIXED ASSETS			
Tangible assets	5	124,379	101,491
CURRENT ASSETS			
Cash at bank and in hand		184,632	99,762
Other receivables		<u>607</u>	<u>450</u>
		185,239	100,212
CREDITORS: amounts falling due within one year	6	11,287	6,795
NET CURRENT ASSETS		<u>173,952</u>	<u>93,417</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>298,331</u>	<u>194,908</u>
		<u>298,331</u>	<u>194,908</u>
ACCUMULATED FUNDS		<u>298,331</u>	<u>194,908</u>

For an analysis of Restricted Funds, see Note 8.

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

Signature Ligia da Silva

Date 8 December 2006

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

TANGIBLE FIXED ASSEST SCHEDULE
 at 31 December 2005
TANGIBLE FIXED ASSETS

	<i>Motor Vehicles</i> £	<i>Property</i> £	<i>Furniture & equipment</i> £	<i>Total</i> £
Cost:				
At 1 January 2005	15,912	100,686	2,753	119,351
Additions	10,423	-	7,070	17,493
Exchange adjustment	4,286	25,641	783	30,710
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2005	30,621	126,327	10,606	167,554
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation:				
At 1 January 2005	5,316	11,550	995	17,861
Provided during the year	4,775	14,856	960	20,591
Exchange adjustment	1,406	3,053	264	4,723
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2005	11,497	29,459	2,219	43,175
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value:				
At 31 December 2005	19,124	96,868	8,387	124,379
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2004	10,596	89,136	1,759	101,491
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

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\$4.01 (2004 : £1 = R\$5.09)

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 £28,734 (2004: £55,754) collected in Brazil, of which £0 (2004: £34,935) was a contribution by the local town council towards employee salaries.
Income for the UK registered charity was £347,227 for the year.

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 2005, included in this amount was £20,591 of non cash costs relating to depreciation (2004: £6,444). The largest component of costs in Brazil is salaries of local staff which totalled R\$479,112 in local currency (2004: R\$359,928). This was equivalent to £119,479 at the year end exchange rate (2004: £70,713).

The key components of Fundraising costs were £4,456 which was spent on events organization and £6,152 spent on postage and printing costs.

The key element in Management and Administration costs were UK salaries of £51,475 (2004: £44,038). Total salary costs for UK and Brazil were £170,954 (2004: £114,751). Total UK costs (excluding transfers to Brazil) totalled £84,545 (2004: £83,432).

4. EXCHANGE GAIN

The gain in 2005 is due to the fall 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.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

6. CREDITORS

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

7. PARENT

At 31 December 2005, the parent entity had no assets other than a cash balance of £141,862, and no liabilities.

8. RESTRICTED FUNDS

Restricted funds are held in the form of cash in the UK and Brasil and the fixed assets corresponding to relevant property purchases. At 31 December 2005, restricted funds held in cash totalled £159,981 (2004 £54,350).