

Annual Report and Financial Statements

Task Brasil Trust (1030929)

Year ended 31 December 2007

Task Brasil Trust

Charity Registered No. 1030929

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

CONTENTS

	<u>PAGE</u>
LEGAL & ADMINISTRATIVE DETAILS	2
REPORT OF THE TRUSTEES	3 - 5
STATUTORY AUDITOR'S 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 2007

Lady Charlotte Ponsonby Petsopoulos
Duncan Faraday Innes
Lisa Atkin
Paul Sutcliffe
Ralph Ashenhurst (Appointed in October 2007)
Ligia Ferreira da Silva
Nathalie 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

STATUTORY 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 2007.

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 £26,000.

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

Task Brasil Trust was established in the UK in 1992 in response to the situation of the street children of Brazil. Its projects improve the lives and support the needs of children, teenagers and pregnant teenage girls living on the streets.

Since its establishment as a charity in the UK, Task Brasil Trust has made great progress in helping the street children of Rio de Janeiro. In the early days, the Charity began its work by trying to make contact with children on the streets, by assisting poor families who were not able to provide a home for their children and by helping vulnerable and impoverished young people, against all the odds, to receive a reasonable education.

Task Brasil was given an enormous boost in 1997 when it received a very generous donation from Jimmy Page, the Led Zeppelin rock icon who, whilst playing in Rio de Janeiro, witnessed at first hand the deprivation of the children and troubles in the favelas. The money he donated was used to buy a house in Santa Teresa that has been renovated and extended. The house is now called Casa Jimmy, and has been

REPORT OF THE TRUSTEES

running since 1998, helped by a talented team of child carers, psychologists, administrative staff and volunteers from both Brazil and around the world.

From October 1998 until December 2007 Casa Jimmy assisted and cared for 387 children, teenage girls and their babies. During 2007, 56 children and teenagers and their babies lived at Casa Jimmy. Nine children, four teenagers and two babies were reunited with their families. Seven children were adopted during the year. On 31 December 2007 there were five teenagers, five babies and thirteen children living at Casa Jimmy.

Our partnership with the Prefeitura do Rio de Janeiro (Rio City Council) was renewed in 2006 and 2007. Task Brasil continued to receive valuable support from the Royal Navy, the British Embassy and the British Consulate in Brazil. Local and overseas organisations also provided services and additional funding.

Forest House at Epsom College Farm, located 90 kilometres from Rio de Janeiro, opened on 10 March 2005. The project houses boys between ten and fourteen years of age (entry ages), and offers them opportunities for personal development in a secure, loving and productive environment away from the dangers and temptations of the streets. An Ecotour of nine days duration was run successfully during the year 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. On 31 December 2007 there were seven boys resident at the project.

On 4 April 2006 Task Brasil opened a dedicated facility for adolescent boys from the streets called Casa Roger Turner, as a day centre and overnight shelter. During 2007 Casa Roger Turner offered income-generating workshops and basic schooling for 34 boys from the streets who became residents of the project. The boys had access to health care and cultural activities. Funds of in excess £26,000 from the Federal Government, in partnership with the United Nations, were provided towards the running costs of Casa Roger Turner.

In December 2007, a property to house Casa Charlotte was purchased with funds donated by Hunter Hall Investment, Accenture and Ballymore/Homeless Child. The house is located opposite Casa Roger Turner, and Task Brasil's aim is that the new facility will provide a home for at least fifteen pregnant teenagers or teenage mothers and their babies at any one time. The new facility will also mean that there is more room at Casa Jimmy to care for a greater number of young children. The commencement of operations will depend upon funding for the additional running costs becoming available. It is hoped that the local authorities in Rio will provide assistance to meet these running costs.

Casa Jimena was opened on 1 June 2006 and provides a home for teenaged girls who previously lived at Casa Charlotte. The ownership of the land and the buildings on it is currently in dispute. Task Brasil's position relating to this dispute was strengthened by an appeal being found in the Charity's favour. Task Brasil is waiting for the court's final decision in this matter.

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

In November 2007 the building of an extension to Casa Jimmy commenced. The new building is funded by Ballymore/Homeless Child, an Irish registered charity. For a period of three to four years Homeless Child has agreed to cover 100% of the building and running costs for this new home. The new home will provide additional accommodation for children aged from 6 to 11 years of age.

During the year under review, Ligia da Silva, founder and Trustee of Task Brasil, visited the projects in Rio on a number of occasions to deal with management issues and meet with the Charity's Advisory Committee, in order to ensure that the Charity's projects were being properly administered, and that the activities of the projects were in accordance with the aims and objectives of the Charity.

During the year, the value of donations made through the Charity's Sponsor a Child Programme increased to £47,050. Although the total number of child sponsors fell during the year, the higher value of donations made by the new sponsors meant that the total amount received by the Charity actually increased. Donations made by placement volunteers contributed £8,897 towards the costs of the Charity. This sum is approximately half the amount raised from the same source during the previous year. The runners supporting the Charity at the 2007 London Marathon raised nearly £17,000, which is an increase on the previous year's figure. Trusts income was in excess of £99,000. This figure includes a donation made by

REPORT OF THE TRUSTEES

EMBL of £75,000 and £20,000 from ABC Trust. Income received by the Charity during the year from non-Brazilian companies amounted to £130,494, which was largely made up of donations from Ballymore towards the construction of Casa Irlanda, and the purchase of a suitable property to accommodate Casa Charlotte. In Brazil, the Charity received financial support from the local authority in Rio towards the running costs of Casa Jimmy and from the Federal Government towards the running costs of Casa Roger Turner. In addition, the Charity received a donation of R\$40,000 (£11,236) from Wilson, Sons. Task Brasil Inc. in the US also received and transferred funds towards the cost of the Charity's operations in Brazil from Moneygram, Madeleine Peyroux and other individuals and organizations. The Charity received £39,821 from Schools during the year. This figure includes funds from Epsom College School, St Paul's Colet Court and the Dragon School. Further funds were raised through donations by individuals and other sources such as events. Jimmy Page remains a generous supporter of the Charity and, thanks to his donations during the year, the Charity was able to raise significant funds towards its work.

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 additions 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 31 December 2007 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.

STATUTORY AUDITORS

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

Signed on behalf of the Trustees

Ligia da Silva

Date

STATUTORY 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 2007 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.
Statutory Auditors
International Accountants

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 December 2007

	<i>Unrestricted funds 2007</i>	<i>Restricted funds 2007</i>	<i>Total 2007</i>	<i>Unrestricted funds 2006</i>	<i>Restricted funds 2006</i>	<i>Total 2006</i>
<i>Notes</i>						
INCOMING RESOURCES						
2						
Generated funds -						
<i>Voluntary Income</i>						
Donations and grants	165,156	245,851	411,007	69,879	242,880	312,759
Child Sponsorship	-	47,050	47,050	-	42,231	42,231
<i>Activities for generating funds</i>						
Placements, events & trading	103,550	-	103,550	64,137	9,848	73,985
<i>Investment income</i>	16,220	-	16,220	15,138	-	15,138
TOTAL INCOMING RESOURCES	<u>284,926</u>	<u>292,901</u>	<u>577,827</u>	<u>149,154</u>	<u>294,959</u>	<u>444,113</u>
RESOURCES EXPENDED						
3						
<i>Costs of generating funds</i>						
Fundraising, publicity & events costs	21,420	-	21,420	16,442	-	16,442
UK management and administration	96,457	-	96,457	61,287	-	61,287
Interest expense and bank charges	2,851	-	2,851	2,333	-	2,333
	<u>120,728</u>	<u>-</u>	<u>120,728</u>	<u>80,062</u>	<u>-</u>	<u>80,062</u>
<i>Net resources available for charitable activities</i>	<u>164,198</u>	<u>292,901</u>	<u>457,099</u>	<u>69,092</u>	<u>294,959</u>	<u>364,051</u>
Charitable activities - Brazil project costs	115,388	269,674	385,062	41,093	270,921	312,014
Governance costs	1,432	-	1,432	1,977	-	1,977
TOTAL RESOURCES EXPENDED	<u>237,548</u>	<u>269,674</u>	<u>507,222</u>	<u>123,132</u>	<u>270,921</u>	<u>394,053</u>
Net incoming resources before exchange			70,605			50,060
Exchange (loss) gain	4		57,147			(23,913)
NET INCOMING RESOURCES			<u>127,752</u>			<u>26,147</u>
Total funds brought forward			<u>324,478</u>			<u>298,331</u>
TOTAL FUNDS CARRIED FORWARD			<u><u>452,230</u></u>			<u><u>324,478</u></u>

CONSOLIDATED BALANCE SHEET
 for the year ended 31 December 2007

	<i>Notes</i>	<i>2007</i> £	<i>2006</i> £
FIXED ASSETS			
Tangible assets	5	218,326	150,628
CURRENT ASSETS			
Cash at bank and in hand		260,800	189,438
Other receivables		1,447	825
CREDITORS: amounts falling due within one year	6	(28,343)	(16,413)
NET CURRENT ASSETS		233,904	173.850
TOTAL ASSETS LESS CURRENT LIABILITIES		452,230	324.478
		452,230	324.478
ACCUMULATED FUNDS		452,230	324,478

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 2007
TANGIBLE FIXED ASSETS

	<i>Motor Vehicles</i> £	<i>Property</i> £	<i>Furniture & equipment</i> £	<i>Total</i> £
Cost:				
At 1 January 2007	31,629	153,224	20,031	204,884
Additions	-	50,562	8,537	59,099
Exchange adjustment	5,597	27,115	3,545	36,257
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2007	37,226	230,901	32,113	300,240
Depreciation:				
At 1 January 2007	17,126	33,937	3,193	54,256
Provided during the year	7,809	7,725	2,524	18,058
Exchange adjustment	3,031	6,005	565	9,601
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2007	27,966	47,667	6,282	81,915
Net book value:				
At 31 December 2007	9,260	183,234	25,831	218,326
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2006	14,503	119,287	16,838	150,628
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2007

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\$3.56 (2006 : £1 = R\$4.19)

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 £75,652 (2006: £62,728) collected in Brazil. Income for the UK registered charity was £502,175 for the year (2006: £381,384).

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 2007, included in this amount was £18,058 of non cash costs relating to depreciation (2006: £12,936). The largest component of costs in Brazil is salaries of local staff which totaled R\$825,868 in local currency (2006: R\$726,995). This was equivalent to £231,985 at the year end exchange rate (2006: £173,507).

The key element in Management and Administration costs were UK salaries of £66,781 (2006: £46,467). Total salary costs for UK and Brazil were £298,766 (2006: £219,974). Total UK costs (excluding transfers to Brazil) totaled £119,309 (2006: £81,125).

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 2007

7. PARENT

At 31 December 2007, the parent entity had no assets other than a cash balance of £53,841 (2006 - £31,572), liabilities of £13,339 and receivables of £525.

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.

The trustees continue to adopt 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 2007, restricted funds totalled £331,625 being fixed assets of £218,326 and cash of £113,299 (2006 total of £308,398 being fixed assets of £150,628 and cash of £157,770).

The increase in restricted funds of £23,227 is the net of restricted funds received of £292,901 and restricted funds expended of £269,674.