

Registered number: 03489665
Charity number: 1069022

ACTION FOR BRAZIL'S CHILDREN TRUST
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Trustees

Ross Kemp
Jimena Paratcha

Company registered number

03489665

Charity registered number

1069022

Registered office

Unit E, Sirius House, Seafarer Way,
Plough Way, Surrey Quays
London
SE16 7DR

Company secretary

Robin Ramphal

Independent auditor

Crowe Clarke Whitehill
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EC4Y 8EH

Bankers

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25 Kings Hill Avenue
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Coutts and Co
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London
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**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016**

The trustees present their report and the audited financial statements for the year ended 31st August 2016.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with the current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS102) (effective 1 January 2015).

Structure, governance and management

ABC Trust is governed by a Board of Trustees, a subsidiary of Childreach International, chosen for their range of skills sets that are complimentary to the charity's requirements. The Chief Executive reports into the Board of trustees and is responsible for the management of the organisation and its employees.

In August 2016, the board of trustees agreed a full merger of ABC Trust into Childreach International. As such, ABC Trust is now a wholly owned subsidiary of Childreach International.

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Recruitment of Trustees

All prospective trustees, undergo interviews with both the chair, other trustees and the Executive Director are selected based upon the skills and experience they can bring to ABC Trust. As part of their training and induction they are provided with a set of the charity's accounts, management accounts, and introductions to the rest of the board.

As part of the merger with Childreach International, some trustees transferred from the ABC Trust board to the Childreach International board and some Childreach International Trustees to the ABC Trust board.

Public Benefit

Childreach's charitable aims and objects are enshrined within its memorandum and articles and as such the trustees ensure that the charity's activities are carried out for the public benefit through its strategic priorities. This is done primarily through the delivery of services aimed at children and young people in Brazil. This report allows us to show how our charitable funds are spent and the impact and benefits that has on children and young people in Brazil.

Risk management

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. The Trustees regularly assess the major risks to which the charity is exposed on an on-going basis, those related to the operations and finances of the Trust.

Due to ongoing concerns over the charity's unrestricted cash flow, prior to the merger with Childreach International, a monthly director's report, profit and loss and cash flow report have been implemented to ensure the treasurer and trustees are aware of ABC Trust's financial position.

The parent charity holds a risk register where all risks are recorded. The Trustees and management have identified risks and ranked these by likelihood and impact. Key risks are regularly reviewed and monitored by the CEO and Programme Manager as part of ongoing risk management throughout the year, while the trustees review the major risks that face the organisation on at least a quarterly basis and more often if needed. The Board has established systems and clear reporting mechanisms to monitor, manage and mitigate the exposure to risk.

The Programme Manager based in London visits all field offices at regular intervals and most projects at least once a year. Trustees are also encouraged to visit programmes when appropriate and practicable. Finances are monitored by the management regularly using a system of monthly checks and reviews. Board meetings are held quarterly and reports on progress in programmes and finances are presented in formats approved by the Board.

The CEO and senior management are responsible for mitigating these risks and reporting to the board on measures taken to reduce exposure to risk but it is noted that since the activities and responsibility have been taken on by the parent company, the company has effectively become dormant post year-end and no longer faces any specific principle risks itself.

CHARITABLE ACTIVITIES

Vision

A Brazil in which every child has the right to, and the reality of, a safe childhood, a good education and opportunities to reach her or his potential.

Mission

To protect and empower at risk children and young people through providing local community services and positive role models in their lives.

Established in 1998, we have worked in Brazil for 18 years and supported thousands of children & their families.

By raising awareness and funding ABC Trust supports the work of local, community-led organisations, which give children, their families and communities the education, support and inspiration that they need to transform their lives. ABC Trust's work focuses on prevention projects that stop children from reaching the streets or getting involved in gangs or drugs.

Every hour in Brazil a child or teenager is murdered. (Mapa da Violencia 2012, Brazilian Latin American Faculty of Social Sciences -FLACSO)

Brazil is home to the biggest crack market in the world (INPAD & UNIFESP, 2012: p. 17)

Brazil has 16 out of 50 of the most violent cities in the world. Six of those cities hosted World Cup games – Fortaleza, Natal, Salvador, Manaus, Recife and Belo Horizonte (Seguridad, Justicia y Paz, a Mexican NGO, 2013)

Our aim is to help structure and grow community projects, enabling them to reach out to thousands more young people. Ideally we look to invest in pilot projects that, once proven, will be taken on by the government or grown to a larger scale.

We have strong networks and, in many cases, have supported projects over several years, building a deep bond and understanding of the issues each face. We look for committed community leaders who are capable of mobilising support, putting ideas into action and reaching out to the most marginalised.

To help projects to develop their own capabilities and make a difference to children's lives, we assess which projects to support per the following criteria:

- ✓ Mission – a clear definition of the issue to be tackled and why
- ✓ Strategy/Approach – scale, potential for growth and longer-term sustainability (e.g. adoption by government)
- ✓ Activities – showing clear links between activities and objectives
- ✓ Results – ability to measure impact with clear outputs and outcomes based on children's needs
- ✓ Project management capacity – skills and experience in project management

Our Projects:

Football and Citizenship

Implemented by: ACER Implementing partner: Coaches Across Continents

Working in the Eldorado community of Sao Paulo, our Football and Citizenship project utilises the Sport for Social Impact approach by Coaches Across Continents to empower children, work for gender equality and encourages them to engage further with education.

Family Guardian

Implemented by: ACER

When removed from their parent's custody, a child has the right to remain with members of their family. We work to guarantee this right for a child to be raised by their extended family and to strengthen essential family and community bonds in Santo Anre and Diadema. Many of the children we work with go on to live with their grandmothers. Through regular home visits, we ensure that families can access the governments services, apply for school places and claim their legal rights as guardians. We also offered financial support to 86 lower income families to help them make the transition to becoming guardians.

Animation Project

Implemented by: Cinema Nosso

We use animation and audio-visual media as a way for children and young people to discuss their lives in the vulnerable communities of Rio de Janeiro. Through playful learning experiences, we broaden their critical skills and understanding of the social climate in Brazil. This year, the children have benefitted from cine-clubs and an extended audio-visual course to improve the quality of their animation work.

Social Circus

Implemented by: Crescer e Viver

Our goal is to boost the social and individual development of children, teenagers and young people through circus skills and art. Our Social Circus project instils in young people the will to transform society and the conditions in which they live, whilst also educating them on their rights as citizens. The children engage in talent shows, circus presentations and guided reading to develop their creativity. We enable them to explore new communities and social settings, and strengthen the bonds with their families by engaging parents in the project.

Our Group

Implemented by Fazenda Historia

Our Group supports young people leaving the care system, helping them to find jobs and their own homes. We create a peer support group, which forms before they leave the shelters and works closely with them for three years. By giving young people emotional, financial and vocational support, we help to build practical skills and prepare them for the challenges they will face.

Creating My Story

Implemented by Fazenda Historia

We use art and storytelling to help children living across eight shelters to overcome trauma, improve their literacy levels, understand their history and goals for the future. This year we have helped to strengthen the shelters' ability to provide tailored care for the children, supporting their emotional and cognitive development. We empowered the children and young people to build positive relationships and take ownerships for their life decisions.

Healthy Choices

Implemented by Viva A Vida

Healthy Choices transforms the lives of young people and children at risk of drug abuse and violence, empowering them to make healthier choices in their lives. Through education and arts, teenagers learn to make positive decisions, to avoid drug use and gangs, and to become agents of change in their own communities. We helped 112 students to develop their own life plans, and empowered 24 young people to form a leadership group that raises important issues such as bullying, racism, violence, drugs and homophobia. Our theatre classes not only teach drama skills, but they also reduce the risk of drug abuse by creating strong bonds between the students, allowing them to freely express themselves and share their concerns.

**Children's Cultural Centre
Implemented by INATOS**

This project provides children aged 4-10 years with the opportunities to further engage with the arts, cultural activities, IT, and music, as well as classes in English and Portuguese. We focus on their freedom of choice and ability to express themselves. They are taught their rights and duties as citizens, invoking an interest in learning.

British Airways have produced a short film to be screened on all BA flights from February 2016 with an estimated 1 million views per month.

Strikers for Peace

Implemented by: Terra Dos Homens Implementing partner: Coaches Across Continents

In March 2016, we launched a new 3-year project in the Mangueirinha community in Rio de Janeiro. Strikers for Peace reduces violence between children and adolescents through a Sport for Social Impact approach. Not only do we provide sport activities, we also take the opportunity to address conflict resolution, human rights and social development. Between March and August 2016, we held two football classes a week with 72 children.

FINANCIAL REVIEW 2015-2016

ABC Trust performed in line with budget, with income totalling £270,468 (2015: £673,333) and a deficit recognised of £33,336 (2015: £176,828) for the year.

Key activities were in line with expectation including £176,099 Comic Relief grant to receive over 3 years for Terra dos Homens project in Rio and a BT Supporters Club grant (£100,000 over 2 years) was confirmed for ACER in Sao Paulo. Corporate and UK events were lower than budgeted but costs were accordingly as to not have a negative impact in the period.

Total funds have decreased because of the above from £65,374 to £32,038 but remain in a positive position. The company's largest receivable is from its parent entity and it is noted that after the year end all activities were transferred to Childreach International.

The Trustees intend to transfer all the assets and liabilities of the charitable company to Childreach International (which is part of the same charitable group) and cease activities within the next 12 months. As required by UK accounting standards, the Trustees have prepared the financial statements on the basis that the company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

Reserves policy

At 31 August 2016, total reserves stood at £32,038 (2015: 65,374). After taking account of restricted funds of £56,344, total unrestricted or free reserves stood at a deficit of £24,306 (2015: 2015: surplus of £49,551).

The Trustees have set a reserves policy such that sufficient unrestricted reserves should be available to cover any committed future project funding and meet three months of UK operating expenditure. It is noted that at the end of the year unrestricted reserves were in a deficit position. Despite the negative position, due to the merger with Childreach international, the trustees are comfortable that three months of UK operating expenditure can be cover, due to

the overall reserves level. This was a factor in the decision to merge with Childreach International, moving all activities across to the parent company.

Restricted funds are grants and donations to be used in accordance with specific restrictions imposed by the donor or those funds raised by the charity for a purpose; these may be project specific or more broadly restricted to a specific theme or country.

The cost of raising and administering such funds are charged against the specific fund. Details of restricted funds are set out in Note 13.

Events

- **Crescer e Viver—Social Circus**

The social circus performed to an audience of over 200 people, which celebrated the 12th year of the project. The youth led on the creative process of the event; choosing the themes, costumes, make-up and even the marketing.

- **Fazendo Historia—Creating my Story**

This project has launched a Portuguese phone app designed to offer support with life-stories and advice from the project staff.

- October 2015 Big City Sleep, held in partnership with Street Child United, was a great success with a silent disco, film screening and around 40 people taking to their sleeping bags for the night. Thanks to Spitalfields market for hosting us again.
- Challenge events and community fundraisers – as always, ABC Trust was overwhelmed by people's commitment and energy in raising money using their own unique talents and creativity.
- Amazon challenge event – July 2016, pre-Olympics. Being sold into universities by Childreach student Engagement Team.
- Merger celebration event October 2015

Thanks to our dedicated supporters

Corporate partnerships

It was another fantastic year of support from a range of high profile Corporate Foundations: St James's Place Foundation, BT Sport (BT Supporters Club) and Vila Nova, an investment advisory company in São Paulo.

A large thank you to Cabana restaurants, a long-term supporter of ABC Trust, who ran a cause related marketing campaign and raised £28K.

Charitable Trusts

Comic Relief continued to be a major supporter of ABC Trust's work in Brazil, funding six different projects. JA Clark Charitable Trust also continued to support AA Crianca in Sao Paulo.

Future Plans

Following the agreement to merge with Childreach International, the activities of ABC will be continued by Childreach International. Childreach International will continue to fund active projects in Brazil and look to continue its work in the country. For the time being, ABC will remain in existence.

Statement of responsibilities of the trustees

The trustees (who are also directors of Action for Brazil's Children Trust for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP 2015 (FRS102);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enables them to ensure that the financial statements comply with the Companies Act 2006. The trustees 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.

The members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31st August 2016 was one. The trustees have no beneficial interest in the charity.

Auditors

Crowe Clark Whitehill have expressed their willingness to continue in that capacity.

Approved by the trustees on 31 August 2017 and signed on its behalf by:



Trustee
Ross Kemp

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACTION FOR BRAZIL'S CHILDREN TRUST FOR THE YEAR ENDED 31 AUGUST 2016

We have audited the financial statements of Action for Brazil's Children Trust for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheets and the related notes numbered 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the charitable company's trustees as a body in accordance with section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members and trustees 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 anyone other than the charitable company, the charitable company's members as a body and the charitable company's trustees as a body for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 151 of the Charities Act 2011 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACTION FOR BRAZIL'S CHILDREN TRUST
FOR THE YEAR ENDED 31 AUGUST 2016**

EMPHASIS OF MATTER – GOING CONCERN

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1.4 to the financial statements concerning the charitable company's ability to continue as a going concern. The Trustees intend to transfer all the assets and liabilities of the charitable company to Childreach International (which is part of the same charitable group) and cease activities within the next 12 months. As required by UK accounting standards, the Trustees have prepared the financial statements on the basis that the company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the charitable company has not kept adequate accounting records; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees Annual Report.



Naziar Hashemi
Senior statutory auditor

for and on behalf of
Crowe Clarke Whitehill
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

Date: 31 August 2017

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

		Unrestricted funds Year ended 31 August 2016 £	Restricted funds Year ended 31 August 2016 £	Total funds Year ended 31 August 2016 £	Total funds 17 months to 31 August 2015 £
	Note				
INCOME FROM:					
Donations and legacies	2	19,199	-	19,199	128,147
Raising funds	3	3,091	-	3,091	57,369
Charitable activities	4	-	244,415	244,415	487,375
Investments and other income		3,763	-	3,763	442
TOTAL INCOME		26,053	244,415	270,468	673,333
EXPENDITURE ON:					
Raising funds	5	1,852	-	1,852	83,729
Charitable activities	6	98,058	203,894	301,952	766,432
TOTAL EXPENDITURE		99,910	203,894	303,804	850,161
NET MOVEMENT IN FUNDS		(73,857)	40,521	(33,336)	(176,828)
RECONCILIATION OF FUNDS:					
Total funds brought forward		49,551	15,823	65,374	242,202
TOTAL FUNDS CARRIED FORWARD		(24,306)	56,344	32,038	65,374

All activities relate to continuing operations.

The notes on pages 12 to 23 form part of these financial statements.

The full comparative Statement of Financial Activities is presented in note 17 to these accounts.

BALANCE SHEET
AS AT 31 AUGUST 2016
REGISTERED NUMBER: 03489665

	Note	£	2016 £	£	2015 £
CURRENT ASSETS					
Debtors	11	44,060		144	
Cash at bank and in hand		<u>3,041</u>		<u>91,075</u>	
		47,101		91,219	
CREDITORS: amounts falling due within one year	12	<u>(15,063)</u>		<u>(25,845)</u>	
NET CURRENT ASSETS			<u>32,038</u>		<u>65,374</u>
NET ASSETS			<u>32,038</u>		<u>65,374</u>
CHARITY FUNDS					
Restricted funds	13	56,344		15,823	
Unrestricted funds	13	<u>(24,306)</u>		<u>49,551</u>	
TOTAL FUNDS			<u>32,038</u>		<u>65,374</u>

The notes on pages 12 to 23 form part of these financial statements.

The financial statements were approved by the Trustees on 31 August 2017 and signed on their behalf by:


Trustee
 Ross Kemp

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

Action for Brazil's Children Trust is a Registered Charity (number 1069022) with the Charity Commission in England and Wales, and a Registered Company (number 03489665) with the Registrar of Companies. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The charity has also taken advantage of early adoption of the Charities SORP (FRS102) Update Bulletin 1 issued on 2 February 2016, which allows charities of this size not to prepare a Statement of Cash Flows.

Action for Brazil's Children Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The financial statements are prepared in sterling which is the functional currency of the Charity and rounded to the nearest pound.

The Charity adopted SORP (FRS 102) with effect from the 1 September 2014 and an explanation of how transition to SORP (FRS 102) has affected the reported financial position is given in Note 1.2.

1.2 Reconciliation with previous Generally Accepted Accounting Practice

In preparing these accounts, the Trustees have considered whether in applying the accounting policies required by SORP (FRS 102) the restatement of comparative items was required.

They concluded that no material transitional adjustments or restatements of comparative items was required.

1.3 Company status

The company is a company limited by guarantee. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

1.4 Going concern

The Trustees intend to transfer all the assets and liabilities of the charitable company to Childreach International (which is part of the same charitable group) and cease activities within the next 12 months. As required by UK accounting standards, the Trustees have prepared the financial statements on the basis that the company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.5 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

1.6 Income

All incoming resources are recognised in the Statement of Financial Activities when the Charity is legally entitled to the income after performance related conditions, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants Receivable

Grant income is recognised in accordance with the terms of the grant and is included in the accounts when there is demonstrable evidence that Action for Brazil's Children Trust is entitled to it. In the case of conditional grants, the income is recognised when meeting the conditions is within the control of Action for Brazil's Children Trust and there is evidence that the conditions will be met.

Voluntary Donations

All incoming resources are included in the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with virtual certainty.

Gifts in Kind

Gifts in kind and donated services are included in the Statement of Financial Activities at the value at which the charity would be prepared to pay in the open market for services or facility of equivalent value to the charity. Where such services would normally have been used by the charity, these gifts and services have not been included in the Statement of Financial Activities.

Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity. This is normally upon notification of the interest paid or payable by the bank.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.7 Expenditure

Expenditure is accounted for on an accruals basis. Irrecoverable VAT is allocated based on expenditure. The majority of costs are directly attributable to specific activities; where costs cannot be directly attributed to specific headings they have been allocated to activities on a basis consistent with the use of resources.

Allocation of support salary costs between Governance, Costs of Raising Funds, and Charitable Expenditure is on the basis of time spent by individuals in the relevant departments.

Cost of Raising Funds

These costs include the salaries, direct expenditure and overhead costs of the staff in UK offices who promote fundraising, including events and provision of some support services to the Challenge Event programme.

Charitable Expenditure

These costs include the programmatic costs of all international development work, including grants made to overseas partners and affiliates and the development experience programme.

The cost of project management staff in the UK who assess applications for funding and monitor and evaluate charitable spending is also included, as well as a portion of overheads.

Governance

Governance costs are those associated with the governance arrangements of the Charity. These costs are associated with constitutional and statutory requirements. A proportion of overhead costs are also included.

Grants Payable

Direct expenditure is made by way of grants payable to associated overseas programmes in Brazil.

Grants are made on the basis of a project proposal's adherence to our rigorous selection process. This includes measuring suitability against criteria including, but not limited to, alignment to the key themes of the charity's work in Brazil, and the number of beneficiaries that will be reached.

Grants are only made to recognised institutions. The progress and success of individual projects is assessed regularly.

1.8 Debtors and Creditors receivable / payable within one year

Debtors are recognised when the charity is legally entitled to the income after any performance conditions have been met the amount can be measured reliably and it is probable that the income will be received.

Creditors are recognised when the charity has a present legal or constructive obligation resulting from a past event and the settlement is expected to result in an outflow of economic benefits.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.9 Financial instruments

The Company only holds basic Financial Instruments. The financial assets and financial liabilities of the Company are as follows:

Debtors: trade and other debtors (including accrued income) are financial instruments and are debt instruments measured at amortised cost as detailed in Note 11. Prepayments are not financial instruments.

Cash at bank and short term deposits are classified as financial instruments and are measured at face value.

Liabilities: trade creditors, accruals and other creditors are classified as financial instruments, and are measured at amortised cost as detailed in Note 12. Taxation and social security are not included in the financial instruments disclosure. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is simply an obligation to deliver services rather than cash or another financial instrument.

1.10 Taxation

The Charity is an exempt Charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

1.11 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of Financial Activities.

1.12 Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are no critical accounting estimates and assumptions.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

2. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds Year ended 31 August 2016 £	Restricted funds Year ended 31 August 2016 £	Total funds 2016 £	Total funds 17 months to 31 August 2015 £
Donations	19,199	-	19,199	105,652
Legacies	-	-	-	11,495
Gifts in kind	-	-	-	11,000
Total donations and legacies	<u>19,199</u>	<u>-</u>	<u>19,199</u>	<u>128,147</u>

In the 17 months to 31 August 2015, all income from donations and legacies was to unrestricted funds.

There were no gifts in kind in the year (2015 - £5,000 Legal Fees, £6,000 payroll services).

3. INCOME FROM RAISING FUNDS

	Unrestricted funds Year ended 31 August 2016 £	Restricted funds Year ended 31 August 2016 £	Total funds 2016 £	Total funds 17 months to 31 August 2015 £
Fundraising events and corporate sponsorship	<u>3,091</u>	<u>-</u>	<u>3,091</u>	<u>57,369</u>

In the 17 months to 31 August 2015, all income from raising funds was to unrestricted funds.

4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds Year ended 31 August 2016 £	Restricted funds Year ended 31 August 2016 £	Total funds 2016 £	Total funds 17 months to 31 August 2015 £
Grants	<u>-</u>	<u>244,415</u>	<u>244,415</u>	<u>487,375</u>

In the 17 months to 31 August 2015, of the total income from charitable activities, £80,262 was to unrestricted funds and £407,113 was to restricted funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

5. RAISING FUNDS

	2016 £	2015 £
Direct costs	1,852	62,566
Support costs	<u>-</u>	<u>21,163</u>
Total	<u><u>1,852</u></u>	<u><u>83,729</u></u>

In the 17 months to 31 August 2015 all expenditure on raising funds was unrestricted.

6. ANALYSIS OF EXPENDITURE BY CHARITABLE ACTIVITIES

	2016 £	2015 £
Direct costs	56,443	91,546
Grant funding of activities	183,566	608,226
Support costs	<u>61,943</u>	<u>66,660</u>
Total	<u><u>301,952</u></u>	<u><u>766,432</u></u>

In the 17 months to 31 August 2015, of the total expenditure on charitable activities, £152,379 was to unrestricted funds and £617,842 was to restricted funds.

7. SUPPORT COSTS

	2016 £	2015 £
Rent, rates and service charges	59,897	38,969
Depreciation and loss on disposal	-	2,019
Other	<u>2,046</u>	<u>46,835</u>
Total	<u><u>61,943</u></u>	<u><u>87,823</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	Year ended 31 August 2016 £	17 months ended 31 August 2015 £
Depreciation of tangible fixed assets: - owned by the charity	-	546

During the year, no Trustees received any remuneration (2015 - £NIL).

During the year, no Trustees received any benefits in kind (2015 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2015 - £NIL).

9. AUDITORS' REMUNERATION

Crowe Clark Whitehall have been appointed as auditors. The audit fee was borne by the parent company, Childreach International.

10. STAFF COSTS

Staff costs were as follows:

	Year ended 31 August 2016 £	17 months ended 31 August 2015 £
Wages and salaries	49,543	144,571
Social security costs	4,599	10,625
	<u>54,142</u>	<u>155,196</u>

The average number of persons employed by the company during the year was as follows:

<u>2.0</u>	<u>3.4</u>
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No employee received remuneration amounting to more than £60,000 in either year.

The Charity considers its Key Management Personnel comprise the Trustees as named on page 1. The trustees were not remunerated.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

11. DEBTORS

	2016 £	2015 £
Amounts owed by group undertakings	44,060	-
Other debtors	-	144
	<u>44,060</u>	<u>144</u>

12. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	-	20,000
Amounts owed to group undertakings	-	4,827
Other taxation and social security	-	1,018
Accruals and deferred income	15,063	-
	<u>15,063</u>	<u>25,845</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

13. STATEMENT OF FUNDS

	As at 1 September 2015 £	Income £	Expenditure £	As at 31 August 2016 £
Unrestricted funds				
General Funds	49,551	26,053	(99,910)	(24,306)
Restricted funds				
Comic Relief	7,495	-	(7,495)	-
Aberdeen Asset Management	828	-	(828)	-
Future for Kids	7,500	-	(7,500)	-
ACER (FC)	-	32,840	(30,652)	2,188
Cinema Nosso Animated School	-	29,987	(23,387)	6,600
CEACA / INATOS	-	29,987	(29,987)	-
ACER (FG)	-	29,987	(29,987)	-
Fazendo Historia Group	-	17,987	(11,387)	6,600
Crescer e viver	-	29,987	(19,850)	10,137
Fazendo Historia FMH	-	12,000	(12,000)	-
ABTDH - Strikers for Peace	-	61,640	(30,821)	30,819
	15,823	244,415	(203,894)	56,344
Total of funds	65,374	270,468	(303,804)	32,038

	As at 1 April 2014 £	Income £	Expenditure £	As at 31 August 2015 £
Unrestricted funds				
General Funds	15,650	266,220	(232,319)	49,551
Restricted funds				
Comic Relief	163,975	265,935	(422,415)	7,495
Aberdeen Asset Management	34,236	72,118	(105,526)	828
Future for Kids	-	15,600	(8,100)	7,500
JA Clark Foundation (AA Crianca)	8,341	-	(8,341)	-
Little Way Association	-	8,660	(8,660)	-
St James' Place Foundation	20,000	44,800	(64,800)	-
	226,552	407,113	(617,842)	15,823
Total of funds	242,202	673,333	(850,161)	65,374

More details of the projects funded by restricted funds are given in the Trustees report.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	Total funds £
As at 31 August 2016			
Current assets	(9,243)	56,344	47,101
Current liabilities	<u>(15,063)</u>	<u>-</u>	<u>(15,063)</u>
Total	<u>(24,306)</u>	<u>56,344</u>	<u>32,038</u>
 As at 31 August 2015			
Current assets	75,395	15,823	91,218
Current liabilities	<u>(25,844)</u>	<u>-</u>	<u>(25,844)</u>
Total	<u>49,551</u>	<u>15,823</u>	<u>65,374</u>

15. RELATED PARTY TRANSACTIONS

The company is taking the exemption under paragraph 33.1A of FRS102 not to disclose inter-group transactions with the parent company.

There have been no other related party transactions in the year.

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate holding company is Childreach International, a company limited by guarantee, registered in England and Wales.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

**17. STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE
ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2015**

		Unrestricted funds 17 months to 31 August 2015 £	Restricted funds 17 months to 31 August 2015 £	Total funds 17 months to 31 August 2015 £
	Note			
INCOME FROM:				
Donations and legacies	2	128,147	-	128,147
Raising funds	3	57,369	-	57,369
Charitable activities	4	80,262	407,113	487,375
Investments and other income		<u>442</u>	<u>-</u>	<u>442</u>
TOTAL INCOME		<u>266,220</u>	<u>407,113</u>	<u>673,333</u>
EXPENDITURE ON:				
Raising funds	5	83,729	-	83,729
Charitable activities	6	<u>148,590</u>	<u>617,842</u>	<u>766,432</u>
TOTAL EXPENDITURE		<u>232,319</u>	<u>617,842</u>	<u>850,161</u>
NET MOVEMENT IN FUNDS		33,901	(210,729)	(176,828)
RECONCILIATION OF FUNDS:				
Total funds brought forward		<u>15,650</u>	<u>226,552</u>	<u>242,202</u>
TOTAL FUNDS CARRIED FORWARD		<u>49,551</u>	<u>15,823</u>	<u>65,374</u>