

Company registration number: 2132178 England and Wales
Charity registration number: 327461

THE KARUNA TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2009 TO 31 MARCH 2010

THE KARUNA TRUST

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THE KARUNA TRUST

LEGAL AND ADMINISTRATIVE DETAILS

Charity name	The Karuna Trust
Charity registration number	327461
Company registration number	2132178
Principal office	72 Holloway Road, London N7 8JG
Registered office	72 Holloway Road, London N7 8JG
Trustees	Dr William Stones David Zukas Ulla Brown, Chair Dominic Houlder Ruth Hartlein Dharmachari Lokabandhu Tania Roe Zoe Stephenson
Director	David Francis
Patron	Dame Judi Dench DBE
Solicitors	Bates Wells and Braithwaite Cheapside House 138 Cheapside London EC2V 6BB Edward Harte & Co 6 Pavillion Parade Brighton East Sussex BN2 1RA

THE KARUNA TRUST

LEGAL AND ADMINISTRATIVE DETAILS

Bankers

Clydesdale Bank plc
92 Gresham Street
London
EC2V 7NX

Abbey National
Abbey House
Carfax
Oxford
OX1 1HB

Auditor

Carter Backer Winter LLP
Enterprise House
21 Buckle Street
Aldgate East
London
E1 8NN

THE KARUNA TRUST

TRUSTEES' REPORT

Report of the trustees for the year ended 31st March 2010

The trustees present their report along with the financial statements of the charity for the year ended 31st March 2010. The financial statements comply with the charity's trust deed, the Charities Act 1993 and the Statement of Recommended Practice: Accounting and Reporting by Charities 2005. The accounting year end as been changed from 31st December to 31st March. This report therefore covers 1 January 2009 – 31st March 2010 a period of 15 months.

Structure, Governance and Management

The charity is a company limited by guarantee and registered with the Charity Commission as a charity. The registration number is 327461. It was founded in 1987 to raise money for social, humanitarian and religious projects, working especially with the dalit Buddhist communities of Maharashtra and other parts of India. The Trust's main activities are fundraising and grant making to overseas project partners working to provide educational opportunities to people from the most deprived communities in India, Nepal and Tibet

The Trustees who are also the directors give their time on a voluntary basis to the management and governance of the charity. They meet every two months to review the progress of the charity in all its activities, and to make major decisions regarding direction, policy, staffing and grants to project partners. When necessary the Trustees establish working groups to deal with particular issues and they would report back to the full meeting.

The Trustees liaise closely with the Management Team, Fundraising team, Admin Team and Program Management team who are paid staff and are responsible for ensuring that the standard of care required by the trustees is carried out in the areas of grant management, administration, fund-raising and publicity. The day to day management of the Charity is delegated to the Managing Director who is the main link with the trustee body.

The Trustees are all Members of the Triratna Buddhist Order formally known as the Western Buddhist Order.

Trustee Induction and Training

New trustees attend an induction meeting with the Chair and the Management team where they receive briefings on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the Business Plan and the current financial position as set out in the latest published accounts. During the induction the trustee would also meet members of the various teams. Trustees are encouraged to attend appropriate external training events so they may keep abreast of current developments. Trustees are encouraged to visit India from time to time so as to have direct contact with projects.

Risk management

The charity trustees have considered the major risks to which the charity is exposed and have reviewed those risks and established systems and procedures to manage those risks. We have adopted a Child Protection Policy and we are continuing to provide training and support for their partners to adopt such a policy.

The program staff visit a number of project partners each year where finance and general progress of the projects are monitored.

The Trustees meetings are held every two months where progress reports on programs, fundraising and finances are presented in the formats approved by the Trustees. In addition, meetings involving trustees and staff are held on specific issues.

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TRUSTEES' REPORT

Business Review

The management carried out an extensive business review in 2009 which took into account the wider economic factors the charity had been subjected to this current year, how the recession could affect us in the future and more significantly what are the needs of the charity over the next 3-5 years. This review highlighted that our core funding from individuals was not increasing in line with organizational needs. The charity was also at risk from only having one trust fund-raiser and the programs team was understaffed.

The main actions arising from the business review are:-

Increasing our regular donations from individuals by more campaigns.

Increase our income from Trusts and Institutions.

Employ 2 new staff to cover Trust fund-raising and program management.

Objectives and activities

The Trust's Mission is to support and enable the most disadvantaged children, women and men in South Asia to meet their needs, access their rights and participate fully in society.

To achieve this mission the following activities are carried out.

Fundraising- through door to door appeals, telephone upgrade campaigns, and applications to Charitable Trusts, and other Institutional Donors. We currently have roughly 7,200 individual donors who give to our charity through standing orders- and more than 60 Trusts and Foundations who give on a regular basis. The Big Lottery Fund and Department for International Development (DFID), who funded advocacy projects, are our largest institutional supporters. We have also received a grant from the Vodafone Foundation - World of Difference programme.

Grantmaking- to a range to different Partner NGOs focussing particularly on increasing access to education among people from the poorest, most marginalised communities in India, Nepal and Tibet. Our main beneficiaries group are the Dalit. We also fund projects focusing on Tribal communities in the Indian Himalayas and support projects promoting sexual health issues in Nepal. Karuna Trust is staffed and administered by Western Buddhists but its projects reach out to people of all backgrounds and beliefs.

Capacity building- as well as funding projects we also aim to help our project partners develop their capacity so that they can become independent, autonomous organisations. This is a particular need for those partners who are themselves from dalit backgrounds and have therefore been deprived of educational opportunities. A proportion of our funding goes towards training and capacity building for our overseas partners.

Advocacy and Network Building- as a result of a recent strategic review we intend to put more funding into advocacy activities, to help people from the poorest communities to access their rights from statutory sources. We have also started a series of network building activities- such as conferences with our partners overseas, and a seminar for Buddhist groups in the UK focusing on social change.

Buddhist Activities- roughly 11% of our funding goes towards providing facilities to enable people from poor Buddhist communities to practice their religion. These activities are funded separately through donations specially earmarked for this purpose.

Awareness Raising - through our newsletter and other activities we aim to raise awareness in the UK of the issues facing our project partners.

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Grant making policy

The Charity's current policy is to award grants to Indian and Nepalese NGOs whose work is in line with Karuna's mission. i.e.

To support and enable the most disadvantaged children, women and men in South Asia to meet their needs, access their rights, and participate fully in society.

All grants to partners are subject to the following funding criteria, agreed by the trustees.

1. Initiative for the Project

Must: (1.1) arise as an appropriate response to the real needs of a beneficiary community; needs that are not being sufficiently met elsewhere, e.g. by statutory bodies

(1.2) have been developed in consultation with the beneficiary community and have their support

Ideally: (1.3) innovative

(1.4) based upon analysis of previous project experience

2. Project Objectives

Must: (2.1) include helping disadvantaged people, especially those vulnerable to the negative effects of caste, to develop the confidence and skills to take positive initiative in their lives

(2.2) be clearly and specifically stated and appropriate to the identified social need

(2.3) convey ethical values compatible with Karuna's principles

(2.4) take an active approach to overcoming caste barriers between people

(2.5) include a clear and credible strategy for long-term project funding from non-Karuna sources

Ideally: (2.6) have the potential to create a positive 'ripple effect' within beneficiary community

3. Project implementation

Must: (3.1) include clear and logical planning of how objectives will be achieved, including timescale

(3.2) demonstrate cost effectiveness, using the minimum infrastructure necessary

(3.3) include defined standards of conduct and care for beneficiaries and staff

Ideally: (3.4) allows members of local community to have input into project activities

4. Our Evaluation and Development requirements are:

(4.1) that project activities be regularly assessed for effectiveness against stated objectives using measurable indicators. This information should feed a creative process of ongoing project development

(4.2) that regular progress reports, at least annual, are provided and that they should demonstrate this process

(4.3) that sufficient information should be recorded to allow for an impact assessment at the end of the grant period

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5. The Organisation managing the project

Must: (5.1) be able to exhibit effective project management

(5.2) demonstrate effective financial management, based on accurate and regular financial monitoring and reporting (externally audited at least annually)

(5.3) have working arrangements that reflect and support the breaking down of caste barriers

(5.4) manifest independence and initiative

Ideally: (5.5) has a culture informed by some higher vision compatible with Karuna's values and resulting in (for example) high ethical standards and harmonious staff relationships.

(5.6) demonstrates commitment to staff development, e.g. through training

(5.7) networks effectively with other NGOs

At the start of each grant we require every partner to sign a funding agreement which governs the terms of the grant and is legally enforceable. As part of this agreement the partners are obliged to provide regular progress reports and audited financial information. This enables the Trustees to ensure that grant funding is being used in a way consistent with the Trusts' strategic aims.

Achievements and Performance

1) Continuing and expanding the scope of Karuna's work

We have expanded our work geographically into Bihar one of the poorer states in India. Our work in the Himalayas has been consolidated and we are also working with other castes and Tribals suffering from extreme social exclusion.

a) Advocacy in Bihar

Our legal advocacy work with the Human Rights Law Network has expanded into Bihar. Dalits and Tribals face institutionalized discrimination and although legislation provides for safeguards to prevent this, actual enforcement is very weak. Dalits and Tribals face high level of violence yet are rarely able to get justice: institutional structures can be hostile or indifferent and they rarely have the socio-economic power to enforce their rights. The focus of the project is on Dalit communities - training lawyers and activists from these communities to use the justice system and in so doing begin to overcome the barriers to Dalit access in the legal system. The project is building a network of Dalit lawyers and activities that are able to respond immediately to violations of the rights of Dalit individuals and communities.

b) DFID funded Advocacy project in the Himalayas

Our advocacy program in the Himalayas is supported by DFID and aims to catalyse participatory processes in these marginalised areas and to build capacity and community organisations for people-centred development. In order to do this;

12 Himalayan Forums have been created to act as pressure groups for indigenous people and to improve interaction amongst the communities and the government representatives, as well as to develop advocacy around rights issues.

An institution called Himalayan Voices will be created in Delhi which aims to enhance the visibility of indigenous people at the national level in order to develop appropriate policies and development action for the communities.

12 resource centres have been set up at all target locations with comprehensive educational material and information on government schemes.

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c) Dalits and Tribals suffering from extreme social exclusion

We have further consolidated our work with other castes suffering from extreme social exclusion. The Manuski Social Project has been engaged in capacity building with marginalised groups, including the criminal castes and those engaged in manual scavenging (the removal of human excreta). The project has undertaken advocacy initiatives to raise awareness of violent atrocities against Dalits and Tribals, including manual scavenging itself and random violence.

d) The Cantonment project in Maharashtra

Across India there are some 62 cantonments, areas associated with a military base, and governed by the Ministry of Defence. Home to a civilian population which have historically provided domestic services to resident military personnel, the cantonments' civilian residents are denied access to a range of national government services to which they are legally entitled. Caught in the middle of two governance systems, the Ministry of Defence and the state and national governments, neither of which takes full responsibility for ensuring the welfare of this section of the population, cantonment residents have become a "forgotten" population, excluded from mainstream services and entitlements

We are working with our Indian partner the Sadhana Institute for Sustainable Development by funding them with a £60,000 grant over 3 years this will enable them to work with 600,000 impoverished cantonment residents living in 7 cantonments in Maharashtra (Western India). The project will focus on appealing for access to rights and entitlements as citizens of India, including health, education, livelihoods and civic participation. It also aims to increase participation and influence local decision making which affects all aspects of their way of life.

Their efforts in lobbying the state government and cantonment board have culminated in securing the establishment of 24 Child Integrated Development Scheme Centres and more recently the agreement to set up 2 secondary schools within the Dehu Road cantonment.

2) Empowering women to act as change makers and leaders

a) Helping girls from rural farming communities in West Bengal & South Kolkata

We have secured funds to help girls from the poorest farming communities in rural West Bengal and South Kolkata (Calcutta) to escape the poverty cycle of illiteracy, child labour, child marriage and ill health. Education is key to breaking the cycle, since it provides the girls with the skills and confidence to engage in society. It also challenges the traditional view of women.

The three main aims are firstly to register all girls from the communities into primary and secondary schools and for 75% of them to remain in school. Secondly, to prevent child marriages by halving the number of girls being married at 13 -14 years old. Lastly, to increase knowledge of basic health and hygiene and knowledge of sexual and reproductive health issues.

This project is expected to directly help 4000 girls in these communities, along with their parents, whilst also providing benefits to the wider community. This work also helps to tackle gender discrimination against girls.

b) Helping girls from the urban slums of Pune

In the urban slums of Pune, Western India, the Vishrantwadi Adolescent Girls Project is being supported to empower adolescent girls aged 13 to 21, many of whom have dropped out of formal schooling. The girls suffer from lack of education, low self-esteem and poor communication skills which contribute to restricting these young women to their homes within the slums. The girls are usually married at a young age (under 18) and often experience domestic violence. Health is poor in this group, largely due to lack of nutrition, with cases of anaemia and vitamin A deficiency currently running at 46% (group population tested June 2008). These groups are the mothers of the future, and as such can significantly influence long term family health, education, employment and social status.

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The project is raising awareness in health and hygiene: it provides regular health check programs to monitor respiratory tract infections and gynaecological issues. It also provides vocational training and encourages the formation of local health committees to help improve slum living conditions. The project also tackles issues of communication skills, accessing statutory rights, and domestic violence.

c) Women's Conference

"An eye opener and an opportunity for personal growth" This is how Mrs Jogeshwari from our partner organisation Saathi, an organisation working with runaway girls, described Karuna's first Indian Women's Conference in September 2009. This was convened with a view to bringing together all of Karuna's partners who are working on women's empowerment issues and provide them with a forum to share experiences and best practice, get to know each other, and find concrete ways for future cooperation and support. The meeting also aimed at discussing and agreeing a common gender strategy that would inform the work of Karuna and its partners in the area of women's empowerment.

The meeting was a success and achieved all of the expected outcomes as set out by the participants. In addition to mutual sharing of experiences and learning, key outcomes of the meeting include the formation of a women's network, "Maitri for Empowerment" (maitri is a Sanskrit word meaning friendship). They also agreed to share information and experience through quarterly meetings and emails, identify each other's expertise and share resources and undertake exchange visits.

Finally they agreed of a common gender policy that would inform the work of Karuna and its partners. This common approach is based on the following principles:

Rights-based

Caste dimension

Gender awareness

Mind change: personal and social transformation

Beneficiary-led

3) Enhance the effectiveness of Karuna's project work

Two of our overseas partners, BH Amravati who work in the area of women and children's empowerment in the slums of Amravati and Manuski who work with marginalised groups, have moved on to the new format for funding called Project Based Funding (PBF). As a result we have been able to secure from a new funding charitable trust. This is significant because these projects are run by members of the Dalit community who now have the confidence and ability to provide high quality services to that community including high quality project applications and reports.

For some time Karuna has been working with its long term partners to help them better identify the needs of their beneficiaries and to produce clear project plans based on these analyses. All of our long term partners have completed this process and have submitted project applications under a new format. As a result Karuna and its partners have become far more aware of the beneficiaries needs and their own organisational development needs. A Capacity Building Team set up in early 2008 has been instrumental in providing the professional advice and assistance to many of our partners.

Karuna believes in forming strong, long-term partnerships with organisations in South Asia. Building capacity is an integral part of the projects that we support, be it for organisational staff or beneficiaries. It is our aim to continue to seek out projects of excellence and offer them long-term support.

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4) Develop a more regular, personal, fundraising and care programme for existing supporters

Approximately 80% of Karuna's income is unrestricted regular donations from its 7,200 individual donors, all of whom were recruited on their doorsteps by volunteers. However, historically we have done little to fundraise further from those donors once they are recruited, and project updates have been sent only once or twice a year. Therefore early in 2009 we merged our door-to-door donor recruitment activities into a new Individual Giving Team (IGT), whose aim was to handle the recruitment, administration, communications and development of all of our individual donors. Later that year, the IGT ran two very successful telephone upgrade campaigns using in-house teams of volunteers, which between them contacted 1,651 donors who committed to give an additional £44,136 each year (including Gift Aid). Between Jan 2009 and March 2010, the IGT also ran five door-to-door appeals, which recruited 506 new donors for Karuna, giving £83,392 (including Gift Aid) each year. Fewer donors cancelled their standing orders than in the previous 15 months, however the total of approximately 600 still exceeded our donor recruitment so there was a slight shrinking of our pool of committed individual donors. Overall, however, on an annualised basis we raised 29% more from individuals than in 2008 and this was our second best year since 2003, which was an achievement in a difficult economic environment. In 2010-11 we plan to treble our door-to-door donor recruitment to 1,500, continue our upgrade programme, and launch donor reactivation and legacy fundraising initiatives.

Financial Review

The accounting year end has been changed from 31st December to 31st March. It was necessary to align our accounting year end with that of our Indian partner, so as to make financial management easier. Given that the accounts for the period ended 31st March 2010 are for a period of 15 months it is not possible to a direct comparison with the year ended 31st December 2008.

Our Income for the 15 months ending 31st March 2010 was £1,789,672 of which regular giving and donation was 76% of our annual income. Regular giving income derives from Door to Door appeals and telephone upgrade campaigns and despite the economic downturn we been able to maintain your Income.

Institutional income decreased from £271,757 to £180,073. This relates to DFID and the Big Lottery Fund, whose grants fund advocacy work and the cost of supplementary schooling in the Indian Himalayas. Institutional income was reduced because the Big Lottery Grant is a tapered grant, which is coming to the end.

Income from charitable trusts and foundations has decreased from £182,166 to £143,596 the reduction is as a result of the sudden and tragic death of our Trust fundraiser, increased competition for grants and general economic downturn.

Investment Policy and Performance

The charity's surplus funds are held on interest bearing accounts with our Bankers.

Reserves Policy

The Karuna Trust reserves have been divided into restricted and unrestricted funds, Income that has been received for specific purpose is treated as restricted income and accounted for as restricted funds. Unrestricted funds represent income net of expenditure in respect of funds given to Karuna with no specific purpose attached.

Unrestricted reserves have been established for the purpose of meeting the Karuna Trust's charitable objectives by ensuring the continued operations of its program work and to make provision for unforeseen or uninsurable organizational obligations.

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Each year the trustees consider the appropriate level of free reserves. The level of these reserves is set at 10% of all expenditure. Given the current economic downturn and the exchange rate fluctuations the reserves are regularly reviewed to safeguard the charity's continued program operations.

Reserves

At the end of the year we had reserves of £353,075 and an analysis of the amount is as follows:

Restricted Funds £70,954 funds for specific projects

Unrestricted Funds

Operating Reserve £152,817 funds general operation of the charity

Asset Reserve £129,304 tangible assets

Plans for the Future

Karuna Strategic Plan 2009-2013

The Trustees have identified 5 strategic aims to guide the charity's activities for the next 5 years. These priorities are:

To continue and expand the scope of Karuna work

To enhance the effectiveness of Karuna project work

To finance this increased impact by building stronger relationships with Karuna supporters

To support growth we by improving our professional skills, teamwork and internal systems

To develop the Karuna team as a context for ever –deepening Buddhist practice

The staff team have developed a set of detailed objectives and work plans to enable the charity to achieve these strategic aims. This strategic planning process will be reviewed annually.

We would like to take this opportunity to thank the individual donors, trusts and major institutional donors for their continued support. Income from these different sources enables the charity to fund to wider range of projects.

Trustees' responsibilities in relation to the financial statements

The trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charity and which enable them to ascertain the financial position of the charity and which enable them to ensure that the financial statements comply with the Charities Act 1993, the Charity (Accounts and Reports) Regulations and the provisions of the trust deed.

The trustees are 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 KARUNA TRUST
TRUSTEES' REPORT**

Approved by the Board and signed on its behalf by:



Ulla Brown
Trustee

Date: 9th JULY 2010

THE KARUNA TRUST

TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

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

Trustees are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the charitable company at the end of the financial period and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the period ending on that date. In preparing those financial statements, trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

In accordance with company law, as the company's directors, the trustees have taken steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information. The trustees confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE KARUNA TRUST

We have audited the financial statements of The Karuna Trust for the period ended 31 March 2010 set out on pages 15 to 28. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's trustees, as a body. Our work has been undertaken so that we might state to the charitable company's 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 and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' (who are also the directors of The Karuna Trust for the purposes of company law) responsibilities 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) and for being satisfied that the financial statements give a true and fair view, are set out in the Statement of Trustees' Responsibilities.

The trustees have elected for the financial statements not to be audited in accordance with the Companies Act 2006. Accordingly we have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, have been prepared in accordance with the Charities Act 1993, and give a true and fair view. We also report to you if in our opinion the information given in the Trustees' Annual Report is not consistent with the financial statements, the charity has not kept adequate accounting records, if the charity's financial statements are not in agreement with these accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes an 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 judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company'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 misstatement, 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 statements.

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF
THE KARUNA TRUST**

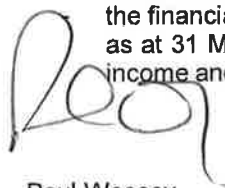
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Opinion

In our opinion:

- the financial statements have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been properly prepared in accordance with the Companies Act 2006;

the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 March 2010 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended.



Paul Woosey

Senior Statutory Auditor

for and on behalf of:
Carter Backer Winter LLP, Statutory Auditor

Enterprise House
21 Buckle Street
Aldgate East
London
E1 8NN

14 July 2010

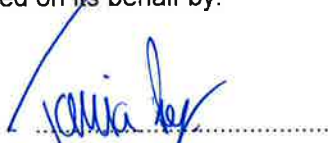
THE KARUNA TRUST
BALANCE SHEET AS AT 31 MARCH 2010

		31 March 2010		31 December 2008	
	Note	£	£	£	£
Fixed assets					
Tangible assets	13		296,383		295,384
Current assets					
Debtors	14	43,926		171,160	
Cash at bank and in hand		<u>339,197</u>		<u>185,256</u>	
		383,123		356,416	
Creditors: Amounts falling due within one year	15	<u>(174,195)</u>		<u>(47,426)</u>	
Net current assets			<u>208,928</u>		<u>308,990</u>
Total assets less current liabilities			505,311		604,374
Creditors: Amounts falling due after more than one year	16		<u>(152,236)</u>		<u>(170,756)</u>
Net assets			<u>353,075</u>		<u>433,618</u>
The funds of the charity:					
Restricted funds			70,954		150,337
Unrestricted funds					
Unrestricted income funds			<u>282,121</u>		<u>283,281</u>
Total charity funds			<u>353,075</u>		<u>433,618</u>

Approved by the Board on 9 JULY 2010 and signed on its behalf by:



Ulla Brown
Trustee



Tania Roe
Trustee

The notes on pages 17 to 28 form an integral part of these financial statements.

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities (SORP 2005)', issued in March 2005, applicable accounting standards and the Companies Act 2006.

Cash flow statement

The accounts do not include a cash flow statement because the charity, as a small reporting entity, is exempt from the requirements to prepare such a statement.

Fund accounting policy

Unrestricted income funds are general funds that are available for use at the trustees' discretion in furtherance of the objectives of the charity.

Restricted funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Incoming resources

Voluntary income including donations and legacies and grants that provide core funding or are of a general nature is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Incoming resources from tax reclaims are included in the statement of financial activities at the same time as the gift to which they relate.

Investment income is recognised on a receivable basis.

Resources expended

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Costs of generating funds are the costs associated with attracting voluntary income.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs

Governance costs include costs of the preparation and examination of the statutory accounts, the costs of trustee meetings and the cost of any legal advice to trustees on governance or constitutional matters.

Support costs

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2010

..... *continued*

Fixed assets

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Freehold land	Not depreciated
Freehold buildings	2% straight line
Plant and machinery	Straight line between 3 and 5 years
Fixtures, fittings & equipment	Straight line between 3 and 5 years

Foreign currencies

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

Operating leases

Rentals payable under operating leases are charged in the statement of financial activities on a straight line basis over the lease term.

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2010

..... continued

2 Incoming resources from charitable activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 1 January 2009 to 31 March 2010 £	Total Funds Year ended 31 December 2008 £
Donations and legacies				
Donations from trusts	13,459	130,137	143,596	182,166
Regular gift aid donations	1,367,786	-	1,367,786	1,081,585
Donations and gifts	60,676	16,354	77,030	60,313
Donations from Big Lottery	-	86,132	86,132	175,864
Donations from DFID	-	93,941	93,941	95,893
Legacies	16,000	-	16,000	-
Donation Vodafone Fdn	2,500	-	2,500	-
	<u>1,460,421</u>	<u>326,564</u>	<u>1,786,985</u>	<u>1,595,821</u>

3 Investment income

	Unrestricted Funds £	Restricted Funds £	Total Funds 1 January 2009 to 31 March 2010 £	Total Funds Year ended 31 December 2008 £
Interest receivable	<u>2,687</u>	<u>-</u>	<u>2,687</u>	<u>8,067</u>

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2010

..... continued

4 Total resources expended

	Staff Costs £	Depreciation £	Other costs £	1 January 2009 to 31 March 2010 £	Year ended 31 December 2008 £
Costs of generating voluntary income	243,742	13,633	159,957	417,332	260,314
Charitable activities					
Grants to Institutions	14,307	-	1,232,743	1,247,050	1,114,486
Support costs	97,705	1,993	46,372	146,070	174,730
Governance costs	17,073	5,376	37,314	59,763	56,182
Total	<u>372,827</u>	<u>21,002</u>	<u>1,476,386</u>	<u>1,870,215</u>	<u>1,605,712</u>

5 Costs of generating voluntary income

	Unrestricted Funds	Restricted Funds	Total Funds 1 January 2009 to 31 March 2010	Total Funds 1 January 2008 to 31 December 2008
Employment costs	238,056	3,550	241,606	106,240
Fundraising expenses	101,600	4,418	106,018	85,574
Newsletters, printing and postage	20,616	-	20,616	21,215
Publications	31	-	31	7,117
Depreciation	13,633	-	13,633	6,915
Loan interest	11,658	-	11,658	7,296
Rent and Hire	23,770	-	23,770	25,578
General costs	-	-	-	379
Total	<u>409,364</u>	<u>7,968</u>	<u>417,332</u>	<u>260,314</u>

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2010

..... continued

6 Charitable Activities

	Unrestricted Grants £	Restricted Grants £	Total Grants £	Support costs £	Total Funds 1 January to 31 March 2010	Total Funds 1 January 2008 to 31 December 2008
Aryaloka Education Society - Nagpur	8,113	-	8,113	950	9,063	8,900
Bhujan Hitay	100,594	-	100,594	11,784	112,378	104,831
Bhaja/Bordharan	19,174	-	19,174	2,246	21,420	6,685
BH Amravati	34,093	10,349	44,442	5,205	49,647	31,426
BH Gujarat	2,084	-	2,084	244	2,328	17,066
BH Nagpur	25,174	-	25,174	2,949	28,123	24,713
BH Wardha	14,535	-	14,535	1,702	16,237	12,803
Capacity Building Centre for learning resources	97,320	1,645	98,965	11,592	110,557	79,733
CRY - Child Rights & You Dharmmajyoti	36,466	-	36,466	4,271	40,737	34,378
Dr. Ambedkar Memorial Trust	-	-	-	-	-	5,828
Ganzi Zxwzj	17,707	-	17,707	2,074	19,781	17,659
Green Tara Trust	-	-	-	-	-	2,338
HRLN Dalit Rights	15,890	4,700	20,590	2,411	23,001	6,827
ISC India Sponsorship Committee	5,680	2,820	8,500	996	9,496	47,797
ITBCI School	9,937	-	9,937	1,163	11,100	9,590
Jambudvipa Trust	10	2,053	2,063	242	2,305	10,632
Jeevak	13,469	2,963	16,432	1,924	18,356	15,237
Karuna Computer Institute	83,121	-	83,121	9,737	92,858	82,627
MPSSM	29,717	4,645	34,362	4,024	38,386	25,776
Nagaloka	2,957	-	2,957	345	3,302	7,794
NISD - National Inst for Sustainable Devp	20,959	-	20,959	2,455	23,414	21,925
PBM - Parbhatya Bh Mission	30,911	-	30,911	3,621	34,532	10,742
Pragya Trust - Advocacy funded by DFID	43,889	8,237	52,126	6,106	58,232	20,721
	-	-	-	-	-	13,742
	-	93,826	93,826	10,991	104,817	97,320

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2010

..... *continued*

Pragya Trust - Cultural conservation	3,565	-	3,565	418	3,983	17,775
Pragya Trust - Education funded by Big Lottery	30,582	123,924	154,506	18,099	172,605	246,296
SAATHI	-	71,729	71,729	8,402	80,131	60,011
Sakya Tsunami	-	8,174	8,174	957	9,131	5,735
Samta Mahila Society	30,307	-	30,307	3,550	33,857	37,990
Sanyog Education	-	-	-	-	-	2,894
SECMOL	-	-	-	-	-	7,635
SPMM Gender Justice	2,721	28,800	31,521	3,692	35,213	16,721
SUSWM	-	-	-	-	-	1,709
TBMSG	139,442	1,500	140,942	16,510	157,452	150,145
Triratna Institute	18,193	-	18,193	2,131	20,324	13,191
Visrantwadi project	4,331	14,194	18,525	2,170	20,695	6,458
Miscellaneous charges	-	-	-	-	-	2,094
Adecom Network	14,770	-	14,770	1,730	16,500	-
Nishta Girl	-	11,780	11,780	1,379	13,159	-
Nylingtob Project	-	-	-	-	-	3,472
Total	855,711	391,339	1,247,050	146,070	1,393,120	1,289,216

7 Support Costs

	Unrestricted Funds £	Restricted Funds £	1 January 2009 to 31 March 2010 £	Year ended 31 December 2008 £
Employment costs	98,549	6,640	105,189	138,830
Consultants	7,069	-	7,069	4,918
Travel & subsistence	8,632	-	8,632	13,096
Rent & service charges	5,516	-	5,516	5,753
Other costs	17,671	-	17,671	10,078
Depreciation	1,993	-	1,993	2,055
Total	139,430	6,640	146,070	174,730

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2010

continued

8 Governance costs

	Unrestricted Funds £	Restricted Funds £	Total Funds 1 January 2009 to 31 March 2010 £	Total Funds Year ended 31 December 2008 £
Employment costs	16,906	-	16,906	14,682
Office expenses	25,172	-	25,172	23,034
Management fee	(1,250)	-	(1,250)	(1,000)
Motor expenses	1,232	-	1,232	589
Auditors' remuneration	8,425	-	8,425	8,989
Legal and professional costs	911	-	911	-
Bank charges	76	-	76	669
Interest payable	2,915	-	2,915	2,432
Depreciation of tangible fixed assets	5,376	-	5,376	6,787
	<u>59,763</u>	-	<u>59,763</u>	<u>56,182</u>

9 Trustees' remuneration and expenses

During the year, The Karuna Trust paid £1,800 (2008: £1,600) to R Hartlein towards professional fundraising training costs. These costs were charged at market rates or lower rates.

The Trustees were also re-imbursed a sum of £2,084 for travel and other incidental costs.

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

10 Net expenditure

Net expenditure is stated after charging:	1 January 2009 to 31 March 2010 £	Year ended 31 December 2008 £
Hire of other assets - operating leases	25,740	21,093
Auditor's remuneration - audit services	8,713	7,050
Depreciation of owned assets	<u>20,998</u>	<u>15,756</u>

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2010

..... continued

11 Employees' remuneration

The average number of persons employed by the charity (including trustees) during the period, analysed by category, was as follows:

	1 January 2009 to 31 March 2010 No.	Year ended 31 December 2008 No.
Grant management	6	4
Fundraising	13	12
Governance	1	3
Project workers	1	1
	<u>21</u>	<u>20</u>

11.1 Employment costs

	1 January 2009 to 31 March 2010 £	Year ended 31 December 2008 £
Wages and Salaries	342,805	229,104
Social security	27,115	18,176
Pension costs	2,907	2,437
Total	<u>372,827</u>	<u>249,717</u>

Senior employees

During the period, defined contribution pension contributions on behalf of these staff amounted to £nil (2008 - £nil).

12 Taxation

The company is a registered charity and is, therefore, exempt from taxation.

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2010

..... continued

13 Tangible fixed assets

	Land and buildings £	Fixtures and fittings £	Total £
Cost			
As at 1 January 2009	295,100	144,453	439,553
Additions	-	21,997	21,997
Disposals	-	(17,028)	(17,028)
As at 31 March 2010	<u>295,100</u>	<u>149,422</u>	<u>444,522</u>
Depreciation			
As at 1 January 2009	42,371	101,798	144,169
Eliminated on disposals	-	(17,028)	(17,028)
Charge for the period	<u>5,252</u>	<u>15,746</u>	<u>20,998</u>
As at 31 March 2010	<u>47,623</u>	<u>100,516</u>	<u>148,139</u>
Net book value			
As at 31 March 2010	<u>247,477</u>	<u>48,906</u>	<u>296,383</u>
As at 31 December 2008	<u>252,729</u>	<u>42,655</u>	<u>295,384</u>

14 Debtors

	31 March 2010 £	31 December 2008 £
Amounts recoverable on income tax	18,000	100,357
Other debtors	7,367	46,560
Prepayments and accrued income	<u>18,559</u>	<u>24,243</u>
	<u>43,926</u>	<u>171,160</u>

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2010

..... continued

15 Creditors: Amounts falling due within one year

	31 March 2010	31 December 2008
	£	£
Bank loans and overdrafts	14,843	13,516
Taxation and social security	7,696	13,846
Other creditors	<u>151,656</u>	<u>20,064</u>
	<u><u>174,195</u></u>	<u><u>47,426</u></u>

Creditors amounts falling due within one year includes the following liabilities, on which security has been given by the charity:

	31 March 2010	31 December 2008
	£	£
Bank loan	<u>14,843</u>	<u>13,516</u>

16 Creditors: Amounts falling due after more than one year

Creditors amounts falling due after more than one year includes the following liabilities, on which security has been given by the charity:

	31 March 2010	31 December 2008
	£	£
Bank loan	<u>152,236</u>	<u>170,756</u>

The loan is secured by a first legal mortgage over the freehold property at 72 Clissold Crescent, Stoke Newington, London N16 9 AT.

Included in the creditors are the following amounts due after more than five years:

	31 March 2010	31 December 2008
	£	£
After more than five years by instalments	<u>82,233</u>	<u>102,143</u>

17 Contingent liabilities

The Karuna Trust has contingent liabilities of £394,332 (2008: £15,767) towards charitable projects at the year end.

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2010

..... *continued*

18 Operating lease commitments

As at 31 March 2010 the charity had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	Land and Buildings	
	31 March 2010	31 December 2008
	£	£
Within two and five years	<u>20,160</u>	<u>18,870</u>

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2010

..... continued

19 Related parties

Related party transactions

The Trustees for The Karuna Trust are also the Trustees for Aid for India. At the year end the charitable company owed £76 (2008: was owed £7,169) to Aid for India.

20 Analysis of funds

	At 1 January 2009	Incoming resources	Resources expended	At 31 March 2010
	£	£	£	£
General Funds				
Unrestricted income fund	283,281	1,463,108	(1,464,268)	282,121
Restricted Funds				
Restricted income fund	150,337	326,564	(405,947)	70,954
	<u>433,618</u>	<u>1,789,672</u>	<u>(1,870,215)</u>	<u>353,075</u>

21 Net assets by fund

	Unrestricted Funds	Restricted Funds	Total Funds 31 March 2010	Total Funds 3 1 December 2008
	£	£	£	£
Tangible assets	296,383	-	296,383	295,384
Current assets	312,169	70,954	383,123	356,416
Creditors: Amounts falling due within one year	(174,195)	-	(174,195)	(47,426)
Creditors: Amounts falling due after more than one year	(152,236)	-	(152,236)	(170,756)
Net assets	<u>282,121</u>	<u>70,954</u>	<u>353,075</u>	<u>433,618</u>