

Company No. 2132178 (England and Wales)

Charity No. 327461

**THE KARUNA TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

**KARUNA TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**INFORMATION**

---

**Trustees**

Dr William Stones  
David Zukas  
Ulla Brown (Chair)  
Ruth Hartlein  
Dominic Houlder  
Lokabandhu

**Director**

Jonathan Clark

**Patrons**

Dame Judi Dench DBE  
Professor David Morley MD, FRCP

**Office Address**

72 Holloway Road, London N7 8JG

**Charity Number:** 327461

**Auditors:**

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

**Bankers:**

Clydesdale Bank PLC  
91 Gresham Street  
London  
EC2V 7NX

Abbey National  
Abbey House  
Carfax  
Oxford  
OX1 1HB

**Solicitors:**

Bates Wells and Braithwaite  
Cheapside House  
138 Cheapside  
London  
EC2V 6BB

Edward Harte and Co  
6 Pavilion Parade  
Brighton  
East Sussex  
BN2 1RA

---

**KARUNA TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**CONTENTS**

---

	<b>Page</b>
Trustees' report	1 - 5
Statement of Trustees' responsibilities	6
Auditors' report	7 - 8
Statement of financial activities	9
Balance sheet	10
Notes to the accounts	11 -17

---

**KARUNA TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2006**

---

**Report of the trustees for the year ended 31<sup>st</sup> December 2006**

The trustees present their report along with the financial statements of the charity for the year ended 30th December 2006. 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.

**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 and Bangladesh.

The Trustees who are also the directors give their time on a voluntary basis to the management and governance of the charity. They meet quarterly 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.

The Trustees liaise closely with the Management Team, Fundraising team, Admin Team and Project 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 running of the Charity is overseen by a Management Team of four more experienced staff members, including the Director who acts as the main link with the trustee body.

The Trustees and management are all Members of the Western Buddhist Order.

**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. During the year we adopted a Child Protection Policy. All our project partners whose work involves caring for children will be required to adopt such a Policy. We also intend to provide training regarding the implementation of such a Policy where appropriate.

The program staff visit a number the projects partners each year where finance and general progress of the projects are monitored. Where appropriate progress and project evaluation reports are provided to the Board of Trustees for consideration.

**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, and through applications to Charitable Trusts, and other Institutional Donors. We currently have roughly 7,000 individual donors who give to our charity through standing orders- and more than 60 Trusts and Foundations who give on a regular basis. In the last year we have also secured a major grant from the National Lottery.

**KARUNA TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2006**

---

**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 and Bangladesh. Our main beneficiary Group are the dalits. We also fund projects focussing on Tribal communities in the Indian Himalayas and in the Chittagong Hill Tracts of Bangladesh. 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 focussing on social change.

**Buddhist Activities-** roughly 20% 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.

**Grant making policy**

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

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

## **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.

**KARUNA TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2006**

---

**Achievements and Performance**

This year we were able to significantly diversify our funding base by securing large institutional grants. The Big Lottery is now significant supporter funding an educational project for indigenous minorities in the Indian Himalayas. We also succeeded in securing a grant from DFID but the implementation of this was delayed and the grant will come online in April of 2007.

In 2006 we were able to help 85,500 boys, girls and adults through our support of 299 projects run by 37 Indian and Bangladeshi partner NGOs.

The Karuna trust believes in forming strong, long term partnerships with our project partners. As well as funding projects we have also provided capacity building support to a number of our partner charities. It is our aim to continue to seek out projects of excellence and support them over the long term.

In 2006 the charity's income was £1,356,704 a 15% increase over the previous year. Karuna was able to contribute £1,074,376 to overseas projects a significant increase over the previous year's total of £926,000.

**Financial Review**

Income for the year 2006 was £1,356,704 compared to £1,175,583 the previous year, an increase of 15%. The increase was largely due to a new grant of £84,000 from the Big Lottery Fund for an educational project in the high altitude Himalayas. The main sources of funding are door to door campaigns and applications to Charitable Trusts and Institutions. This year our Trust fundraising was £175,000 compared to £137,000 in 2005, the increase of £59,016 was largely as a result of Trust fundraising for the Gaya Rescue project which provides educational and medical assistance to vulnerable children who live on and around Gaya railway station, and savings project for women from tribal backgrounds in the Chittagong Hill Tracts of Bangladesh

**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 purposes is treated as restricted income and the accounted for as restricted funds. Expenditure for these specific purposes is deducted from the relevant income and the balance of unspent income is carried forward. Unrestricted funds represent income net of expenditure in respect of funds given to The Karuna Trust with no specific purpose attached.

At the end of the year we had Unrestricted Reserves of £252,238, a decrease of £117,003 over the previous year. The balances of unrestricted funds are mainly held as a reserve to cover fluctuations in expected income and take into account other variables like exchange rate movements, as the majority of our funding is in foreign currency.

**KARUNA TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2006**

---

**Plans for the Future**

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

1. To develop and implement a strategy based on measurable long term goals for social impact.
2. To increase our impact by enhancing our project partners' sustainability, autonomy and independence
3. To support the empowerment of girls and women
4. To increase our effectiveness by sharing, learning and working with a broader range of stakeholders
5. To raise our profile and increase our fundraising income

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 is being reviewed annually.

**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.

Approved by the trustees on 8 June 2007 and signed on their behalf by:

.....  
Ulla Brown  
**Chair**

**KARUNA TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES RESPONSIBILITIES  
FOR THE YEAR ENDED 31 DECEMBER 2006**

---

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the charity's financial activities during the year and of its financial position at the end of the year.

In preparing accounts giving a true and fair view, the trustees should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the accounts;
- 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 accounting records which disclose with reasonable accuracy the financial position of the charity and which enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**KARUNA TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF THE KARUNA TRUST  
FOR THE YEAR ENDED 31 DECEMBER 2006**

---

We have audited the accounts on pages 9 to 17 which have been prepared under the historical cost convention and the accounting policies set out on page 11.

This report is made solely to the trustees of the charity, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the trustees those matters we are required to state to them in our 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 charity and the charity'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 described on page 6, the trustees who are also the directors of Karuna Trust for the purpose of company law, are responsible for the preparation of accounts in accordance with applicable law and United Kingdom Accounting Standards. 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 accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustee's Report is not consistent with the accounts, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.

We are not required to consider whether the statement in the Trustee's Report concerning the major risks to which the charity is exposed covers all existing risks and controls, or to form an opinion on the effectiveness of the charity's risk management and control procedures.

We read other information contained in the Trustee's Report, and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

**Basis of opinion**

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

**KARUNA TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF THE KARUNA TRUST (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2006**

---

**Opinion**

In our opinion the accounts give a true and fair view of the charitable company's state of affairs as at 31 December 2006 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**Carter Backer Winter**  
Chartered Accountants  
Registered Auditor  
Enterprise House  
21 Buckle Street  
London E1 8NN

Dated: 27 June 2007

**KARUNA TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Notes	Unrestricted funds £	Restricted funds £	2006 £	2005 £
<b>Incoming resources</b>					
<b>Incoming resources from generated funds:</b>					
Voluntary income:					
Donations		1,039,558	251,024	<b>1,290,582</b>	<b>1,112,276</b>
Gifts		55,144	-	<b>55,144</b>	<b>52,900</b>
Investment Income	<b>2</b>	10,978	-	<b>10,978</b>	<b>10,407</b>
<b>Total incoming resources</b>		<b>1,105,680</b>	<b>251,024</b>	<b>1,356,704</b>	<b>1,175,583</b>
<b>Resources expended</b>					
<b>Costs of generating funds:</b>					
Fundraising costs of grants and donations					
	<b>3</b>	234,664	-	<b>234,664</b>	<b>183,649</b>
<b>Charitable Activities:</b>					
Payments of grants	<b>4</b>	913,701	160,675	<b>1,074,376</b>	<b>912,137</b>
Governance costs	<b>5</b>	74,318	-	<b>74,318</b>	<b>97,758</b>
<b>Total Resources expended</b>		<b>1,222,683</b>	<b>160,675</b>	<b>1,383,358</b>	<b>1,193,544</b>
<b>Net movement of funds in the year</b>		<b>(117,003)</b>	<b>90,349</b>	<b>(26,654)</b>	<b>(17,961)</b>
Reconciliation of funds					
Total funds brought forward		369,241	126,705	<b>495,946</b>	<b>513,907</b>
<b>Total funds carried forward</b>		<b>252,238</b>	<b>217,054</b>	<b>469,292</b>	<b>495,946</b>

The statement of financial activities includes all gains and losses recognised in the year.

All incoming resources and resources expended derive from continuing activities.

**KARUNA TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**BALANCE SHEET AS AT 31 DECEMBER 2006**

	Notes	£	2006 £	2005 £
<b>Fixed assets</b>				
Tangible assets	9		285,192	294,398
			<u>285,192</u>	<u>294,398</u>
<b>Current assets</b>				
Debtors	10	227,737		278,054
Cash at bank and in hand		211,305		167,210
		<u>439,042</u>		<u>445,264</u>
<b>Liabilities</b>				
Creditors: Amounts falling due within one year	11	(58,222)		(35,387)
<b>Net current assets</b>			<u>380,820</u>	<u>409,877</u>
Creditors: Amounts falling due after one year	12		(196,720)	(208,329)
<b>Net Assets</b>			<u>469,292</u>	<u>495,946</u>
<b>The funds of the charity</b>				
<b>Restricted funds</b>			<u>217,054</u>	<u>126,705</u>
<b>Unrestricted funds</b>			<u>252,238</u>	<u>369,241</u>
<b>Total Charity Funds</b>	14		<u>469,292</u>	<u>495,946</u>

The notes on pages 9 to 17 form part of these accounts

The accounts were approved by the trustees on 8 June 2007 and signed on its behalf by:

**D Zukas  
Trustee**

**W Stones  
Trustee**

**KARUNA TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

---

**1 Accounting policies**

**1.1 Basis of preparation**

The financial statements have been prepared under the historic cost convention, with the exception of investments which are recorded at current market value.

The financial statements have been prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable UK Accounting Standards and the Companies Act 1985. The principal accounting policies adopted in the preparation of the financial statements are set out below.

**1.2 Incoming resources**

Donations, subscriptions, functions and interest income are recognised as incoming resources when received.

In common with many other charities of similar size and organization, a proportion of voluntary income is derived from donations and events outside the control of the trustees. The trustees make every effort to ensure that all sums are properly accounted for and in the opinion of the trustees this does not constitute a significant uncertainty in the preparation of the accounts.

**1.3 Tangible fixed assets and depreciation**

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold land	not depreciated
Freehold buildings	2% Straight line
Plant and Machinery	Straight line 3 – 5 Years
Fixtures fittings and equipment	Straight line 3 – 5 Years
Motor Vehicles	Straight line 3 Years

**1.4 Foreign Currency Translation**

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction.

**2 Investment Income**

All of the charities investment income comes from interest bearing bank accounts and dividends.

**KARUNA TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

---

**3 Fundraising Costs of Grants and donations**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Publications	5,606	2,735
Salaries and Wages	97,220	71,930
Fundraisers' expenses	88,338	67,574
Depreciation	8,956	7,184
Loan interest	8,660	7,902
Newsletters	22,726	23,173
General costs	3,158	3,151
	<u>234,664</u>	<u>183,649</u>
	<u><u>234,664</u></u>	<u><u>183,649</u></u>

**KARUNA TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

**4 Payment of Grants**

	<b>Grants</b>	<b>Support Costs</b>	<b>2006 £</b>	<b>2005 £</b>
Bahujan Hitay Western India	69,268	7,369	<b>76,637</b>	99,992
TBMSG Western India	161,786	17,211	<b>178,997</b>	198,141
BH Nagpur	30,049	3,197	<b>33,246</b>	45,911
Samata Mahila Society	37,456	3,985	<b>41,441</b>	21,805
Nagaloka	21,903	2,330	<b>24,233</b>	20,326
BH Amravati	25,863	2,751	<b>28,614</b>	17,833
BH Warha	12,380	1,317	<b>13,697</b>	12,267
Triratna Institute	24,387	2,594	<b>26,981</b>	26,074
Sadhamma Pradeep Centre	9,324	992	<b>10,316</b>	34,342
Jambudvipa Trust	82,302	8,756	<b>91,058</b>	94,183
Women's Computer Project	5,715	608	<b>6,323</b>	6,756
SUSWM	3,393	361	<b>3,754</b>	24,642
Pragya Trust	115,613	12,299	<b>127,912</b>	41,633
India Sponsorship Committee	15,044	1,600	<b>16,644</b>	17,814
ITBCI School	14,431	1,535	<b>15,966</b>	17,880
Centre for Learning Resources	31,476	3,349	<b>34,825</b>	23,106
The Society for Educational Exploration	4,420	470	<b>4,890</b>	4,544
People First International	81,870	8,710	<b>90,580</b>	14,588
CRY	-	-	-	16,882
Mahabodhi Meditation Centre	12,684	1,349	<b>14,033</b>	13,663
MPSSM	22,479	2,391	<b>24,870</b>	11,784
Moanogar	-	-	-	4,416
PBM-Parbhatya Bouddha Mission	556	59	<b>615</b>	19,083
National Institute for Sustainable Development	29,360	3,123	<b>32,483</b>	8,015
Golden Net	795	85	<b>880</b>	747
MLT-Muyal Liang Trust	-	-	-	6,243
Saathi	7,350	782	<b>8,132</b>	2,483
Dr Ambedkar Memorial Trust	8,428	897	<b>9,325</b>	5,704
Manas Vikas Sanstha	9,638	1,025	<b>10,663</b>	6,246
KDS Godnasekara	1,598	170	<b>1,768</b>	1,680
SECMOL	6,038	643	<b>6,681</b>	13,558
Capacity Building	74,799	7,957	<b>82,757</b>	79,029
Miscellaneous Charges	1,365	147	<b>1,512</b>	767
Jeevak	41,624	4,428	<b>46,052</b>	-
Sadhana Institute	7,675	816	<b>8,491</b>	-
	<b>971,070</b>	<b>103,306</b>	<b>1,074,376</b>	912,137

All charitable expenditure relates to grants given to other organisations. Karuna Trust does not run charitable projects of its own.

**KARUNA TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

---

**5 Governance Costs**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Salaries	26,470	39,793
Office costs	27,214	31,900
Motor and travel	1,348	843
Bank charges	404	492
Legal and professional fees	340	7,001
Audit fees	7,344	3,449
Depreciation	9,811	11,323
Loan interest	2,309	4,741
Recharge of expenses to Aid to India	(1,000)	(1,000)
Profit on disposal of fixed assets	78	(784)
	<u>74,318</u>	<u>97,758</u>

**6 Number of employees**

The average monthly number of employees during the year was:

	<b>2006</b>	<b>2005</b>
Grant management	<b>4</b>	2
Management and administration	<b>3</b>	4
Fundraising	<b>9</b>	5
Project workers	<b>1</b>	1
	<u><b>17</b></u>	<u>12</u>
<b>Employment costs</b>		
Wages and salaries	<u><b>217,248</b></u>	<u>145,985</u>

There were no employees whose annual emoluments were £50,000 or more were:

**KARUNA TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

**7 Movement in total funds for the year**

This is stated after charging:

	2006 £	2005 £
Depreciation	21,812	20,731
Auditors remuneration	7,344	3,449
	=====	=====

**8 Taxation**

The company is a registered charity and no provision is considered necessary for taxation.

**9 Tangible fixed assets**

	Land and Buildings	Plant and machinery £	Fixtures, Fittings and Equipment £	Motor Vehicles £	Total £
<b>Cost</b>					
At 1 January 2006	295,100	46,321	42,333	-	383,754
Additions in the year	-	10,442	3,414	-	13,856
Disposals in the year	-	(579)	(809)	-	(1,388)
Cost at 31 December 2006	<u>295,100</u>	<u>56,184</u>	<u>44,938</u>	<u>-</u>	<u>396,222</u>
<b>Depreciation</b>					
At 1 January 2006	29,764	30,549	29,043	-	89,356
Charge for the year	4,202	9,398	8,212	-	21,812
On disposal	-	(48)	(90)	-	(138)
At 31 December 2006	<u>33,966</u>	<u>39,899</u>	<u>37,165</u>	<u>-</u>	<u>111,030</u>
<b>Net book value</b>					
At 31 December 2006	<u>261,134</u>	<u>16,285</u>	<u>7,773</u>	<u>-</u>	<u>285,192</u>
At 31 December 2005	<u>265,336</u>	<u>15,772</u>	<u>13,290</u>	<u>-</u>	<u>294,398</u>

**KARUNA TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

**10 Debtors**

	<b>2006</b>	<b>2005</b>
	£	£
Amounts recoverable on Income tax	52,238	117,898
Amounts owed by connected undertakings	3,407	1,526
Other Debtors	16,009	12,334
Prepayments and accrued income	156,083	146,296
	<u>227,737</u>	<u>278,054</u>

**11 Creditors amounts falling due within one year**

	<b>2006</b>	<b>2005</b>
	£	£
Bank overdrafts	10,787	-
Bank loan	11,609	10,826
Taxes and Social Security costs	8,363	3,770
Other creditors	10,388	8,194
Accruals	17,096	12,597
	<u>58,243</u>	<u>35,387</u>

**12 Creditors amounts falling due after one year**

	<b>2006</b>	<b>2005</b>
	£	£
Bank loan	196,720	208,329
	<u>196,720</u>	<u>208,329</u>

**Analysis of loans**

Not wholly repayable within five years	208,329	219,155
Included in current liabilities	(11,609)	(10,826)
	<u>196,720</u>	<u>208,329</u>

**Loan maturity analysis**

Debt due in one year or less	11,609	10,826
In more than one year but not more than two years	21,652	21,652
In more than two years but not more than five years	32,478	32,478
In more than five years	142,590	154,199
	<u>208,329</u>	<u>219,155</u>

**KARUNA TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2006**

---

**12 Creditors amounts falling due after one year (cont)**

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

**13 Control**

The charity is controlled by the trustees.

**14 Reserves**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total £</b>
Fund balances at 31 December 2006			
Tangible fixed assets	-	285,192	<b>285,192</b>
Current assets	252,238	186,804	<b>439,042</b>
Creditors amounts falling due within one year	-	(58,222)	<b>(58,222)</b>
Creditors amounts falling due after one year	-	(196,720)	<b>(196,720)</b>
	<u>252,238</u>	<u>217,054</u>	<u><b>469,292</b></u>

**15 Contingent Liabilities**

The trust has contingent liabilities on charitable projects of £141,544 at the year end.