

Charity Registration No. 327461

Company Registration No. 2132178 (England and Wales)

THE KARUNA TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2007

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

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Dr William Stones David Zukas Ulla Brown (Chair) Ruth Hartlein Dominic Houlder Lokabandhu
Secretary	J Clark
Charity number	327461
Company number	2132178
Principal address	72 Holloway Road London N7 8JG
Registered office	72 Holloway Road London N7 8JG
Auditors	Carter Backer Winter Enterprise House 21 Buckle Street London E1 8NN
Bankers	Abbey National Plc Abbey House Carfax Oxford OX1 1HB Clydesdale Bank Plc 91 Gresham Street London EC2V 7NX
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
(A COMPANY LIMITED BY GUARANTEE)**

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THE KARUNA TRUST (A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007

The Trustees presents it's report and accounts for the year ended 31 December 2007.

Structure, governance and management

The charity is a company limited by guarantee and registered with the Charity Commission as a charity. The registered charity 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, Bangladesh, 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 quarterly to review the progress of the charity and 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 Program Management team who are paid staff and are responsible for ensuring the standard of care required by the trustees is carried out in the areas of grant management, administration, fundraising 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.

The members of the Trustees, who are also the directors for the purpose of company law, who served during the year were:

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

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 and the 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 will also meet members of the various teams. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

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 and we are also encouraging all your partners to adopt such a policy. We are also intending to provide training regarding the implementation of such a policy where appropriate.

The program staff visit a number of 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.

THE KARUNA TRUST (A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

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 8,000 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 had a major grant from the National Lottery and from the DFID (Department for International Development).

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.

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

THE KARUNA TRUST (A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

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.

THE KARUNA TRUST (A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

Achievements and performance

In 2006 we were able to further develop the Capacity Building Team based in India. The purpose of this team is to assist specific dalit partners in developing their management, finance and organisational development skills. The team has assisted our partners in two key areas: firstly, by facilitating change management and governance transformation; secondly, by encouraging greater autonomy and independence among some of our longer - term partners through promoting the project based funding initiative. Several of our partners have demonstrated appropriate reporting and accounting requirements, and we are confident that they will be in a position to secure funding from other funders outside India in future.

We supported a dalit women's empowerment project in rural Maharashtra, which is building a cadre of women leaders across a particular district and helping women register cases of caste-based and domestic violence. We also funded a Dalit Legal Rights project in Uttar Pradesh and Maharashtra which has resulted in positive judgements in five Public Interest Litigations and fifty legal cases.

Our programme of work in the Himalayas took a significant leap forward. In April, a DFID grant focusing on advocacy in remote areas of the Indian Himalayas started to take effect, the main achievements being training on rights and entitlements for 480 village leaders as well as for Government officials in these areas, and the establishment of a monitoring system in villages to track services provided. The Lottery-funded education project in the Indian Himalayas entered its second year and established 49 supplementary schools which provide education to 1,666 children, as well as conducting training for teachers with the National Council for Educational Research Training.

We also continued with our strategy of expanding our programme in South Asia to include countries other than India, and are now funding two new projects in countries which Karuna has not worked in previously: cultural revitalisation in Tibet and health promotion in Nepal. Both projects are working in difficult environments to raise awareness levels and are empowering local communities to engage with each other and with Governments in order to revitalise indigenous cultures and improve the health of local people.

The Karuna Trust believes in forming strong, long-term relationships with 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 seeking out projects of excellence and offering them long-term support.

Financial review

Income for the year 2007 was £1,519,775 compared to £1,356,626 the previous year, an increase of 12%. The increase was largely due to a new grant from DFID of £75,128 focusing on advocacy in the Indian Himalayas and increase in the Big Lottery Fund from £84,448 to £138,963, which was due to the cost of setting up 49 supplementary schools in the Himalayas. Our main source of unrestricted income derives from Door to Door campaigns and income from this source was not increasing due to greater competition and difficulties in recruiting volunteers. In 2008 we are increasing the capacity of the fundraising team in order that we can be more effective in this area.

THE KARUNA TRUST (A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

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 accounted for as restricted funds. Unrestricted funds represent income net of expenditure in respect of funds given to The Karuna Trust 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 unseen or uninsurable organisational obligations.

Each year the trustees consider the appropriate level of free reserves. The level of these reserves is set at 10% of all expenditure.

Reserves

At the end of the year we had Unrestricted Reserves of £281,494, an increase of £29,256 over the previous year.

The trustees recognised that the charity's unrestricted funds were over committed and it was anticipated that in 2008 the unrestricted reserve would fall substantially below the minimum level. To remedy this situation the following actions were taken

- In the financial year 2007 and 2008 Karuna would not fund any new projects from unrestricted funds,
- Fundraising would be directed towards existing projects
- Our direct project expenditure would be reduced from starting April of 2008

The effect of the reduction of funding is monitored very carefully and project partners are dealing with the matter by either securing funding from elsewhere or reducing their expenditure.

The trustees are confident that the below measures would leave the charity in a financial secure situation that benefit all our partners.

Grants are made at the direction of the Trustees in accordance with a written set of funding criteria or donors, where a donor has specified how a donation is to be used. All discretionary grants are made in line with the charity's trust deed and assessment procedures. All project partners are expected to sign and abide by the terms of a written funding agreement, to ensure that funds are used appropriately.

The trust does its best to operate with care towards the environment. This year we decided to make an ongoing contribution to Future forests which plant trees to take into account the environmental impact on air and land travel. The trust has a green electricity supplier and continues to recycle as far as possible all waste. We plan to continue this process of reviewing ways we can further care for the environment.

The trust is run by a dedicated team of Buddhists who work together as a means of expressing their desire to make a difference in the world. All the staff work for non-commercial wages and care is taken to maximize the percentage of funds going towards projects.

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

THE KARUNA TRUST (A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

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.

Disclosure of information to auditors

Each of the directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Carter Backer Winter be reappointed as auditors of the company will be put to the Annual General Meeting.

On behalf of the board of Trustees

Ulla Brown (Chair)

Trustee

Dated: 11 July 2008

THE KARUNA TRUST (A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees is responsible for preparing the accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of its incoming resources and application of resources, including its net income and expenditure for the year.

In preparing these accounts, the Trustees is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and which enable it to ensure that the accounts comply with the Companies Act 1985. It is 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 KARUNA TRUST (A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE KARUNA TRUST

We have audited the accounts of The Karuna Trust for the year ended 31 December 2007 set out on pages 10 to 19. These accounts have been prepared under the accounting policies set out on page 12.

This report is made solely to the company's members, 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 company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members 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 7, the members of the Trustees, who are also the directors of The Karuna Trust for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the accounts 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 whether in our opinion the information given in the Trustees' Report is 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 charity is not disclosed.

We read other information contained in the Trustees' 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 (UK and Ireland) 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 by the Trustees 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.

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF THE KARUNA TRUST

Opinion

In our opinion:

- the accounts give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the charity's affairs as at 31 December 2007 and of its incoming resources and application of resources in the year then ended;
- the accounts have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Report is consistent with the accounts.

Carter Backer Winter

Chartered Accountants

Registered Auditor

Enterprise House

21 Buckle Street

London

E1 8NN

Dated: 22 July 2008

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

**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT**

FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	Unrestricted funds £	Restricted funds £	Total 2007 £	Total 2006 £
<u>Incoming resources from generated funds</u>					
Interest Receivable		14,184	-	14,184	10,978
		14,184	-	14,184	10,978
Incoming resources from charitable activities	2	1,178,941	326,650	1,505,591	1,345,726
Other incoming resources	3	-	-	-	(78)
Total incoming resources		1,193,125	326,650	1,519,775	1,356,626
<u>Resources expended</u>					
Costs of generating funds					
Cost of generating voluntary income	4	239,502	6,462	245,964	234,664
Net incoming resources available		953,623	320,188	1,273,811	1,121,962
Charitable activities					
Charitable activities	5	865,505	383,294	1,248,799	1,074,376
Total charitable expenditure		865,505	383,294	1,248,799	1,074,376
Governance costs	6	58,862	-	58,862	74,240
Total resources expended	8	1,163,869	389,756	1,553,625	1,383,280
Net income/(expenditure) for the year/ Net movement in funds		29,256	(63,106)	(33,850)	(26,654)
Fund balances at 1 January 2007		252,238	217,054	469,292	495,946
Fund balances at 31 December 2007		281,494	153,948	435,442	469,292

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 1985.

THE KARUNA TRUST
(A COMPANY LIMITED BY GUARANTEE)

BALANCE SHEET

AS AT 31 DECEMBER 2007

	Notes	2007		2006	
		£	£	£	£
Fixed assets					
Tangible assets	11		284,514		285,192
Current assets					
Debtors	12	142,822		227,737	
Cash at bank and in hand		234,981		211,305	
			377,803		439,042
Creditors: amounts falling due within one year	13	(42,602)		(58,222)	
Net current assets			335,201		380,820
Total assets less current liabilities			619,715		666,012
Creditors: amounts falling due after more than one year	14		(184,273)		(196,720)
Net assets			435,442		469,292
Income funds					
Restricted funds	15		153,948		217,054
Unrestricted funds	15		281,494		252,238
			435,442		469,292

The accounts were approved by the Board on 11 July 2008 and signed on its behalf by

David Zukas
Trustee

Ulla Brown (Chair)
Trustee

THE KARUNA TRUST (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2007

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention.

The charity has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small charity.

The accounts have been prepared in accordance with applicable accounting standards, the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005 and the Companies Act 1985.

1.2 Incoming resources

Income is recognised on a receipts basis. Tax recoverable on amounts received under deeds of covenant and gift aid is included as income when the donation is received rather than when the tax is recovered.

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 is not depreciated

Freehold buildings	2% straight line
Plant and machinery	Straight line between 3 and 5 years
Fixtures, fittings and equipment	Straight line between 3 and 5 years
Motor vehicles	Straight line over 3 years

1.4 Foreign currency translation

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

1.5 Accumulated funds

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

THE KARUNA TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

2 Incoming resources from charitable activities

	Unrestricted funds £	Restricted funds £	Total 2007 £	Total 2006 £
Donations from trusts	34,961	112,335	147,296	175,277
Regular covenants and donations	1,076,993	-	1,076,993	1,030,857
Donations and gifts	66,987	224	67,211	55,144
Donations from Big Lottery	-	138,963	138,963	84,448
Donations from DIFD	-	75,128	75,128	-
	<u>1,178,941</u>	<u>326,650</u>	<u>1,505,591</u>	<u>1,345,726</u>

3 Other incoming resources

	Total 2007 £	Total 2006 £
Net gain / (loss) on disposal of fixed assets	-	(78)
	<u>-</u>	<u>(78)</u>

4 Costs of generating voluntary income

	Unrestricted funds £	Restricted funds £	Total 2007 £	Total 2006 £
Publications	2,509	-	2,509	5,606
Salaries and wages	119,674	-	119,674	97,220
Fundraisers' expenses	79,679	6,462	86,141	88,338
Depreciation	6,165	-	6,165	8,956
Loan interest	8,214	-	8,214	8,660
Newsletters	22,354	-	22,354	22,726
General costs	907	-	907	3,158
	<u>239,502</u>	<u>6,462</u>	<u>245,964</u>	<u>234,664</u>

THE KARUNA TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

5 Charitable Activities

	Unrestricted	Restricted	Total	Support	Total	Total
	Grants	Grants	Grants	costs	2007	2006
	£	£	£	£	£	£
Bahujan Hitay Western India	73,043	-	73,043	10,029	83,072	76,637
TBMSG Western India	97,445	-	97,445	13,380	110,825	178,997
Jeevak	33,515	-	33,515	4,602	38,117	46,052
BH Nagpur	30,086	-	30,086	4,131	34,217	33,246
Samata Mahila Society	16,700	-	16,700	2,293	18,993	41,441
Nagaloka	23,357	-	23,357	3,207	26,564	24,233
BH Amravati	21,131	-	21,131	2,901	24,032	28,614
BH Wardha	5,879	-	5,879	807	6,686	13,697
Triratna Institute	10,512	-	10,512	1,443	11,955	26,981
Sadhamma Pradeep Centre	6,691	-	6,691	919	7,610	10,316
Jambudvipa Trust	62,500	-	62,500	8,582	71,082	91,058
Karuna Computer Inst 07-10	7,589	-	7,589	1,042	8,631	6,323
Aryaloka	5,247	-	5,247	720	5,967	-
DAF/Dr. Dadasaheb Ambedkar	7,630	-	7,630	1,048	8,678	-
Golden Net	751	-	751	103	854	880
Miscellaneous Charges	1,262	-	1,262	173	1,435	1,512
Capacity Building	87,430	-	87,430	12,005	99,435	82,757
SUSWM	3,363	-	3,363	463	3,826	3,754
Pragya Trust	62,738	202,546	265,284	36,426	301,710	127,912
ISC Indian Sponsorship Committee	-	18,308	18,308	2,514	20,822	16,644
ITBCI School	6,640	-	6,640	912	7,552	15,966
CLR - Centre for Learning Research	26,503	-	26,503	3,639	30,142	34,825
SFEE - Society for Educational Expl	4,055	-	4,055	557	4,612	4,890
PFI - People First International	-	27,825	27,825	3,821	31,646	90,580
Mahabodhi Meditation Centre	6,143	-	6,143	843	6,986	14,033
MPSSM	14,711	7,548	22,259	3,056	25,315	24,870
PBM - Parbhatya Bh Mission	-	33,846	33,846	4,647	38,493	615
NISD	-	25,139	25,139	3,452	28,591	32,483
Sadhana Institute	3,604	-	3,604	495	4,099	8,491
Dr Ambedkar Memorial Trust	4,866	-	4,866	668	5,534	9,325
SAATHI	-	25,076	25,076	3,443	28,519	8,132
SECMOL	12,049	-	12,049	1,654	13,703	6,681
Manas Vikas Sanstha	-	-	-	-	-	10,663
KDS Godnasekara	-	-	-	-	-	1,768
CRY - SIPRA 06-09	25,220	-	25,220	3,463	28,683	-
Sakya Tsunami	-	19,622	19,622	2,694	22,316	-
ADECOM NETWORK	277	-	277	38	315	-
Ganji Zxwjz	13,000	-	13,000	1,785	14,785	-
Green Tara Trust	-	10,000	10,000	1,373	11,373	-
HRLN Dalit Rights	9,912	-	9,912	1,361	11,273	-
Samata Shikshan Sanst	3,018	-	3,018	414	3,432	-
Social Jurist	12,541	-	12,541	1,722	14,263	-
SPMM Gender Justice	16,818	9,400	26,218	3,600	29,818	-
Sanyog Education	2,495	-	2,495	343	2,838	-
	718,721	379,310	1,098,031	150,768	1,248,799	1,074,376

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

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

6 Governance costs

	Unrestricted funds £	Restricted funds £	Total 2007 £	Total 2006 £
Salaries	19,012	-	19,012	26,470
Office costs	19,341	-	19,341	27,214
Motor and travel	469	-	469	1,348
Bank charges	392	-	392	404
Legal and professional fees	4,647	-	4,647	340
Audit fees	5,288	-	5,288	7,344
Depreciation	8,523	-	8,523	9,811
Loan Interest	2,190	-	2,190	2,309
Recharge of expenses to Aid For India	(1,000)	-	(1,000)	(1,000)
	<u>58,862</u>	<u>-</u>	<u>58,862</u>	<u>74,240</u>

7 Support costs

	2007 £	2006 £
Staff costs	95,012	72,063
Depreciation	2,692	3,298
Training	13,837	3,373
Consultancy Fees	13,097	-
Travel and Subsistence	11,191	7,998
Rent & Service Charges	5,295	4,997
Other costs	9,644	11,577
	<u>150,768</u>	<u>103,306</u>

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

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

8 Total resources expended

	Staff costs £	Depreciation £	Other costs £	Total 2007 £	Total 2006 £
Costs of generating funds					
Cost of generating voluntary income	119,674	6,165	120,125	245,964	234,664
Charitable activities					
<u>Charitable activities</u>					
Support costs	95,013	2,692	53,063	150,768	103,306
Grants to India	-	-	1,098,031	1,098,031	971,070
Governance costs	19,012	8,523	31,327	58,862	74,240
	233,699	17,380	1,302,546	1,553,625	1,383,280

Management and administration costs includes payments to auditors of £5,828 (2006: £5,306) for audit fees.

9 Trustees

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

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

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

10 Employees

Number of employees

The average monthly number of employees during the year was:

	2007	2006
	Number	Number
Grant management	3	4
Management and administration	3	3
Fundraising	11	9
Project workers	1	1
	<hr/> 18 <hr/>	<hr/> 17 <hr/>

Employment costs

	2007	2006
	£	£
Wages and salaries	238,743	217,248
Other pension costs	1,462	-
	<hr/> 240,205 <hr/>	<hr/> 217,248 <hr/>

There were no employees whose annual emoluments were £60,000 or more.

THE KARUNA TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

11 Tangible fixed assets

	Land and buildings	Plant and machinery	Fixtures, fittings and equipment	Total
	£	£	£	£
Cost				
At 1 January 2007	295,100	56,186	44,938	396,224
Additions	-	16,092	611	16,703
At 31 December 2007	295,100	72,278	45,549	412,927
Depreciation				
At 1 January 2007	33,966	39,901	37,165	111,032
Charge for the year	4,202	8,113	5,066	17,381
At 31 December 2007	38,168	48,014	42,231	128,413
Net book value				
At 31 December 2007	256,932	24,264	3,318	284,514
At 31 December 2006	261,134	16,285	7,773	285,192

12 Debtors

	2007	2006
	£	£
Amounts recoverable on income tax	54,221	52,238
Other debtors	39,158	19,416
Prepayments and accrued income	49,443	156,083
	142,822	227,737

13 Creditors: amounts falling due within one year

	2007	2006
	£	£
Bank loans	12,448	11,609
Bank overdrafts	1,998	10,787
Taxes and social security costs	8,680	8,363
Other creditors	8,720	10,388
Accruals	10,756	17,075
	42,602	58,222

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

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

14 Creditors: amounts falling due after more than one year	2007	2006
	£	£
Bank loans	<u>184,273</u>	<u>196,720</u>
Analysis of loans		
Wholly repayable within five years	196,721	208,329
Included in current liabilities	(12,448)	(11,609)
	<u>184,273</u>	<u>196,720</u>
Loan maturity analysis		
Debt due in one year or less	12,448	11,609
In more than one year but not more than two years	13,348	21,652
In more than two years but not more than five years	46,116	32,478
In more than five years	124,809	142,590
	<u>196,721</u>	<u>208,329</u>

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

15 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Total
	£	£	£
Fund balances at 31 December 2007 are represented by:			
Tangible fixed assets	284,514	-	284,514
Current assets	223,855	153,948	377,803
Creditors: amounts falling due within one year	(42,602)	-	(42,602)
Creditors: amounts falling due after more than one year	(184,273)	-	(184,273)
	<u>281,494</u>	<u>153,948</u>	<u>435,442</u>

16 Contingent liabilities

The trust has contingent liabilities on charitable projects of £211,866 at the year end.