

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

THE KARUNA TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

THE KARUNA TRUST

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THE KARUNA TRUST

REFERENCE 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
Director	David Francis
Patron	Dame Judi Dench DBE
Solicitor	Bates Wells and Braithwaite Cheapside House 138 Cheapside London EC2V 6BB
Bankers	Clydesdale Bank plc 92 Gresham Street London EC2V 7NX
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 2011. 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 accounts for this year are for our new accounting period (1st April 2010 to 31st March 2011), while the previous accounts were for a 15-month period (1st January 2009 to 31st March 2010).

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 international development and grant making to overseas project partners working to provide educational opportunities and empower individuals and groups from the most deprived communities in India.

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 report back to the full meeting.

The Trustees liaise closely with the Management Team, Fundraising Team, Admin Team and Programme 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, fundraising and publicity. The day-to-day management of the charity is delegated to the Director, who is the main link with the Trustee body.

The Trustees are all Members of the Triratna Buddhist Order, formerly 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.

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.

The programme staff visit a number of project partners each year to monitor general progress of the projects and expenditure.

The Trustee meetings are held every two months; at those meetings, progress reports on programmes, 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 have reviewed the current five-year business plan in the light of the current economic conditions. We have been fortunate in that our many individual donors have not been badly affected by the recession and economic downturn. The UK trust sector has become far more difficult to raise money from and institutional fundraising has likewise become more challenging. We have been very fortunate to have secured funding from an American trust, which has alleviated the shortfall from UK trusts.

Our review led us to conclude that our current business strategy and plan were not achievable and needed to be adjusted. We were hoping to expand our work further into the Himalaya, Nepal, Bhutan and Bangladesh regions, but the economic climate means this is no longer feasible. To expand in this way would stretch the already limited resources we have, and we decided it would be far better to focus on our strengths, which are to support the uplift of the Dalits, scheduled castes and scheduled tribes in India.

As a result of last year's business review, we can report that we have:

- increased our individual donors;
- employed a new Trust fundraiser/programme manager;
- developed our website in order to provide more information and updates;
- Streamlined our programme focus and delivery.

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.

International development and grant making: with a range of different partner NGOs, focusing particularly on increasing access to education among people from the poorest, most marginalised communities in India. Our main beneficiary groups are the Dalits, scheduled castes and scheduled tribes. The 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.

Buddhist Activities: roughly 10% of our funding goes towards providing facilities to enable people from poor Buddhist communities to practise their religion. These activities are funded separately through donations specially earmarked for this purpose.

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

Fundraising- this is carried out through door-to-door appeals, telephone upgrade campaigns and applications to charitable trusts and other institutional donors. We currently have roughly 7,500 individual donors who give to our charity through standing orders and direct debit, and more than 60 trusts and foundations who give on a regular basis. The Big Lottery Fund and the Department for International Development (DFID), respectively fund education and advocacy projects.

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TRUSTEES' REPORT

Grant making policy

The charity's current policy is to award grants to Indian 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; have 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) is innovative

(1.4) is 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

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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.

Programme themes

To best achieve our aims and support the many communities we work with we decided to organise our work around five programme themes. These themes have emerged from much reflection, discussion and review of the most important areas of need among the Dalit, scheduled castes and scheduled tribes. Each has a clear outcome and priority actions that contribute to ending caste discrimination.

1. Education

The Right to Education Bill establishes the right to free education for all between the ages of 5 and 14. Karuna is helping to ensure its implementation through equal access and improving quality of education. Karuna would also like to see an extension of state provision for children under 5 and over 14. We will adopt a child rights approach, ensuring that all decisions are made in the child's best interests. The education programme has two main dimensions.

1.1 Hostels: Dalit and tribal children will receive quality education so they can make an appropriate contribution to modern India. Children from rural areas who are particularly disadvantaged are provided with the opportunity to lift themselves and their communities out of poverty and social exclusion.

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1.2 Early childhood: Dalit and tribal children will have a better start in life. Their parents and carers will have the knowledge, skills and confidence to provide them with high-quality care and stimulation; they will also enjoy access to pre-primary learning opportunities, develop emotionally and physically and have adequate nutrition.

2. Human rights

The human-rights programme has focused on two priorities.

2.1 Supporting enforcement of legal protections against discrimination: despite the prohibition on untouchability found in Article 17 of the Constitution of India (1949), the practice of untouchability continues unabated, whether it be in the drinking of water from wells or in forcing the community into vocations that are unsuitable for human employment. In response to this situation, India's Human Rights Legal Network (HRLN) is working to equip an increasing number of lawyers and activists to use existing laws to ensure matters of discrimination and violence are represented in the legal system. In collaboration with Dalit rights organisations, HRLN is working to set up legal aid centres for Dalits. Through training, legal workshops, people's tribunals and litigation, they are bringing Dalit issues into the mainstream. Karuna is supporting this work with Dalit legal-aid centres in Maharashtra, Uttar Pradesh, Jharkhand and Bihar.

2.2 Ending impunity for atrocities: one of the most persistent forms of caste-based human-rights abuse takes the form of physical threats, coercion and violence. Other incidents of prejudice are routine, with Dalits punished for wearing watches or riding bicycles - both symbols of affluence and reserved traditionally for the higher-caste groups. Since the police tend to ignore the complaints of Dalits, only a small proportion of incidents of violence against Dalits are registered. Yet the National Crimes Bureau still registered 26,127 cases in 2005. Even when complaints are filed, despite special laws to protect Dalits such as the Prevention of Atrocities Act, justice is usually delayed and the rate of conviction remains abysmal. According to the Prime Minister of India Manmohan Singh in a speech delivered on 7 September 2009, 'It is shocking that the conviction rate for cases of atrocities against SC/STs is less than 30% against the average of 42%.' Karuna is supporting a number of organisations to respond to atrocities, including Manuski and SPM. When an incident of caste violence or discrimination occurs, these NGOs send in flying squads of local community activists who support the victims and bring the perpetrators to justice. We are developing a national network, including these organisations, that aims to eliminate caste violence from India.

3. Gender equality

As a result of gender inequality and discrimination, women and girls are among the most vulnerable, marginalised and economically disempowered group in Indian society. The situation is worse for Dalit women, who in addition to their gender also suffer discrimination on the basis of their caste.

Gender and caste-based social exclusion manifests in poor access to essential services such as education and healthcare, as well as lack of access to and control over land and other productive assets. This keeps Dalit women trapped in a cycle of poverty and subordination, and increases their vulnerability, including to physical and sexual violence within and outside the home. A total of 83% of Dalit girls drop out of school before they complete their secondary education. Karuna supports the Maitri network, which is made up of a number of NGOs working together to change this situation.

4. Leadership development

Prejudice and discrimination are deeply embedded at both individual and societal levels in India. Attempts to eradicate prejudice and discrimination must deal with prevailing beliefs and social structure. Leaders who can motivate and inspire social change are needed to change the status quo. Dalits are not encouraged to take positions of leadership, and when they do they are often not taken seriously. Many of our beneficiary-led partner organisations have leaders with very little leadership training. Karuna is building the capacity of a new generation of leaders who are needed to run viable and dynamic NGOs.

5. Mind change

The symbol of hope for Dalits is Dr Ambedkar. The author of the Indian constitution, he concluded that conversion to another religion held the key to freedom. He chose Buddhism because it has always been opposed to caste, and teaches the possibility of freedom for every human. Dr Ambedkar taught that caste is an attitude of mind, and that education and attitudinal reform will lead to liberation. We base our Mind Change programme on Ambedkar's axiom, 'The world cannot be reformed except by the reformation of the mind of man, and the mind of the world.' We support Mind Change projects that offer tools to improve the emotional, psychological and spiritual quality of people's lives - tools such as meditation, nonviolent communication (NVC) and the arts. We support participatory techniques that raise people's self-worth, and have found that under the right conditions everyone can make a contribution to improving their own and society's plight. We and our partners offer methodologies such as residential retreats, reflection techniques, meditation and empowering perspectives that enable people to contact their innate capacities for creativity and confidence. These approaches have helped people to find their own happiness and given them the strength and confidence to change society so that others can also lead a life of dignity. So, for example, last year over 1,000 people from different caste backgrounds attended NVC retreats where they put aside internal caste prejudice as a step towards building an India free of discrimination.

Achievements and Performance

Nomadic tribes

One new partner is NIRMAN (the New Initiative for Reclamation of Mankind), who work with nomadic and tribal communities. NIRMAN's main aim is to get these forgotten people included in the India census so they can claim their state entitlements, such as school places.

Hostel programme

We have developed the hostels programme with our partners by funding boys and girl between the ages of 16 and 19 to undertake higher education.

Self-help groups

In Beed, rural Maharashtra, 288 women's self-help groups have allowed 3,009 women to contribute to savings schemes, 1,152 of whom have benefited from loans enabling them to generate incomes to support their families.

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Women's empowerment

In Pune, 2,086 adolescent girls have been trained in how to deal with the threat of violent situations. They are now more confident in defending themselves, and feel more able to report violent situations to the police.

A second Karuna Women's Network Conference was held in February 2011 in Pune. It is unique in that it is specifically for Indian women working in NGOs. The main outcome was the strengthening of 'Maitri for Development' - a platform for women working in NGOs to share their skills and experience through a mentoring programme.

Community sustainable projects

In Sangamnar, a resource centre has been built and is now delivering organised awareness programmes about child education, rights and protection.

Award

Jeevak, a long-standing Karuna partner, won the Ahilyabai Holkar Award in recognition of many years' work in the Dapodi slums of Pune, the starting place for Karuna's work in India over 30 years ago.

Financial Review

This is the first year in which we are reporting with our new financial year ending 31st March. It was beneficial to align our accounting year end with that of our Indian partners, and has made financial management easier. Given that the accounts for the period ended 31st March 2011 are for 12 months, it is not possible to make a direct comparison with the previous year, where the accounts covered a 15-month period (1st January 2009 to 31st March 2010).

Our income for the year ending 31st March 2011 was £1,584,462, of which individual regular donations represented 76%. Regular-giving income derives from door-to-door appeals and telephone upgrade campaigns and, despite the economic downturn, we have been able to maintain this income.

Institutional income decreased from £180,073 to £147,311. This relates to the 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 DFID and Big Lottery Fund grants are tapered grants, which are both coming to an end.

Income from charitable trusts and foundations increased from £143,596 to £169,402, due to a large American trust funding three of our partners.

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 accounted for as restricted funds.

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

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Each year the Trustees consider the appropriate level of free reserves. The level of these reserves is set at 20% of all expenditure. Given the current economic downturn and the exchange-rate fluctuations, the reserves are regularly reviewed to safeguard the charity's continued programme operations.

Reserves

At the end of the year we had reserves of £418,857 and an analysis of the amount is as follows:

Restricted funds - £43,954 (funds for specific projects)

Unrestricted Funds - Operating reserve £228,638 (funds for the general operation of the charity)

Included in the Operating reserve is an Asset reserve of £146,265 (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 we will build stronger relationships with Karuna supporters

To support growth we will improve our professional skills, teamwork and internal systems

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

Acknowledgements

We would like to take this opportunity to thank the individual donors, trusts and major institutional donors the Big Lottery Fund and DFID for their continued support. Income from these different sources enables the charity to fund a 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**

Small company provisions

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

Approved by the Board on 8 July 2011 and signed on its behalf by:

Ulla Brown
Trustee

Dominic Houlder
Trustee

THE KARUNA TRUST

TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The trustees (who are also 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 regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the profit or loss of the charitable company for that period. In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 year ended 31 March 2011 set out on pages 14 to 26. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' 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 members 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 to be audited in accordance with the Charities Act 1993 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with 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 are prepared in accordance with the Companies Act 2006 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 and returns, 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 give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 March 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- the financial statements have been prepared in accordance with the Companies Act 2006.

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

7 October 2011

THE KARUNA TRUST

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2011

		Unrestricted Funds	Restricted Funds	Total Funds Year ended 31 March 2011	Total Funds 1 January 2009 to 31 March 2010
	Note	£	£	£	£
Incoming resources					
Incoming resources from generated funds					
Incoming resources from charitable activities	2	1,258,999	324,273	1,583,272	1,786,985
Investment income	3	1,190	-	1,190	2,687
Total incoming resources		<u>1,260,189</u>	<u>324,273</u>	<u>1,584,462</u>	<u>1,789,672</u>
Resources expended					
Costs of generating funds					
Costs of generating voluntary income		393,392	9,598	402,990	417,332
Charitable activities		730,556	341,675	1,072,231	1,393,120
Governance costs		43,459	-	43,459	59,763
Total resources expended		<u>1,167,407</u>	<u>351,273</u>	<u>1,518,680</u>	<u>1,870,215</u>
Net movements in funds		92,782	(27,000)	65,782	(80,543)
Reconciliation of funds					
Total funds brought forward		<u>282,121</u>	<u>70,954</u>	<u>353,075</u>	<u>433,618</u>
Total funds carried forward		<u><u>374,903</u></u>	<u><u>43,954</u></u>	<u><u>418,857</u></u>	<u><u>353,075</u></u>

All incoming resources and resources expended derive from continuing activities.

The notes on pages 16 to 26 form an integral part of these financial statements.

THE KARUNA TRUST

BALANCE SHEET AS AT 31 MARCH 2011

		31 March 2011		31 March 2010	
	Note	£	£	£	£
Fixed assets					
Tangible assets	12		298,501		296,383
Current assets					
Debtors	13	110,081		43,926	
Cash at bank and in hand		<u>395,141</u>		<u>339,197</u>	
		505,222		383,123	
Creditors: Amounts falling due within one year	14	<u>(248,468)</u>		<u>(174,195)</u>	
Net current assets			<u>256,754</u>		<u>208,928</u>
Total assets less current liabilities			555,255		505,311
Creditors: Amounts falling due after more than one year	15		<u>(136,398)</u>		<u>(152,236)</u>
Net assets			<u>418,857</u>		<u>353,075</u>
The funds of the charity:					
Restricted funds			43,954		70,954
Unrestricted funds					
Unrestricted income funds			<u>374,903</u>		<u>282,121</u>
Total charity funds			<u>418,857</u>		<u>353,075</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Approved by the Board on 8 July 2011 and signed on its behalf by:

.....
 Ulla Brown
 Trustee

.....
 Dominic Houlder
 Trustee

The notes on pages 16 to 26 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.

Further details of each fund are disclosed in note 20.

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.

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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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.

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	1% 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. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates at the balance sheet date and the exchange differences are included in the statement of financial activities.

Operating leases

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

2 Incoming resources from charitable activities

	Unrestricted Funds £	Restricted Funds £	Total Funds Year ended 31 March 2011 £	Total Funds 1 January 2009 to 31 March 2010 £
Donations and legacies				
Donations from trusts	4,500	164,902	169,402	143,596
Regular gift aid donations	1,181,157	-	1,181,157	1,367,786
Donations and gifts	71,273	12,060	83,333	77,030
Big Lottery Funds	-	85,331	85,331	86,132
Donations from DFID	-	61,980	61,980	93,941
Legacies	2,069	-	2,069	16,000
Donation Vodafone Fdn	-	-	-	2,500
	<u>1,258,999</u>	<u>324,273</u>	<u>1,583,272</u>	<u>1,786,985</u>

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

..... continued

3 Investment income

	Unrestricted Funds £	Restricted Funds £	Total Funds Year ended 31 March 2011 £	Total Funds 1 January 2009 to 31 March 2010 £
Interest receivable	1,190	-	1,190	2,687

4 Total resources expended

	Staff Costs £	Depreciation £	Other costs £	Year ended 31 March 2011 £	1 January 2009 to 31 March 2010 £
Costs of generating voluntary income	212,089	11,670	179,231	402,990	417,332
Charitable activities					
Grants to Institutions	-	-	923,579	923,579	1,247,050
Support costs	97,473	3,935	47,244	148,652	146,070
Governance costs	13,670	3,149	26,640	43,459	59,763
Total	<u>323,232</u>	<u>18,754</u>	<u>1,176,694</u>	<u>1,518,680</u>	<u>1,870,215</u>

5 Costs of generating voluntary income

	Unrestricted Funds	Restricted Funds	Total Funds Year ended 31 March 2011	Total Funds 1 January 2009 to 31 March 2010
Employment costs	208,089	4,000	212,089	241,606
Fundraising expenses	112,328	1,698	114,026	106,018
Newsletters, printing and postage	26,407	-	26,407	20,616
Publications	-	-	-	31
Depreciation	10,770	900	11,670	13,633
Loan interest	6,067	-	6,067	11,658
Rent and Hire	29,731	3,000	32,731	23,770
General costs	-	-	-	-
Total	<u>393,392</u>	<u>9,598</u>	<u>402,990</u>	<u>417,332</u>

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

..... continued

6 Charitable Activities

	Unrestricted Grants £	Restricted Grants £	Total Grants £	Support costs £	Total Funds year ended 31 March 2011	Total Funds 1 January to 31 March 2010
Aryaloka Education Society - Nagpur		-	-		-	9,063
Aryaloka computer project	8,800	-	8,800	1,455	10,255	-
Adecom Youth Theatre	-	17,126	17,126	2,831	19,957	-
Bhujan Hitay	33,726	-	33,726	5,575	39,301	112,378
Bhaja/Bordharan	19,503	-	19,503	3,224	22,727	21,421
BH Amravati	33,388	8,364	41,752	6,903	48,655	49,647
BH Gujarat	968	-	968	160	1,128	2,328
Bhusawal and Gujarat	3,463	-	3,463	572	4,035	-
BH Nagpur, Wardha & Hyderabad	41,333	-	41,333	6,833	48,166	44,360
Goa - boys and girls hostels	20,684	3,000	23,684	3,915	27,599	-
Capacity Building Centre for learning resources	29,894	5,509	35,403	5,853	41,256	110,557
NVC	5,000	-	5,000	827	5,827	40,737
Dharmmajyoti	2,975	-	2,975	492	3,467	-
Manuski Social Project	20,017	-	20,017	3,309	23,326	19,781
Ganzi Zxwzj	28,619	45,609	74,228	12,270	86,498	-
Green Tara Trust	3,092	9,434	12,526	2,071	14,597	23,001
HRLN Dalit Rights		-	-		-	9,496
ISC India Sponsorship Committee	5,698	20,038	25,736	4,254	29,990	11,100
ITBCI School	20,496	-	20,496	3,388	23,884	18,356
Jambudvipa Trust						92,858
Jeevak	41,912	-	41,912	6,928	48,840	38,386
Karuna Computer Institute	1,711		1,711	283	1,994	3,302
MPSSM		-	-		-	23,414
Girls education and self reliance	25,724	-	25,724	4,252	29,976	-

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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Nagaloka	-	-	-	-	-	34,532
NISD - National Inst for Sustainable Devp	2,964	26,186	29,150	4,819	33,969	58,232
Nagarjuna Training Inst	14,158	-	14,158	2,340	16,498	-
Pragya Trust - Advocacy funded by DFID	-	56,460	56,460	5,310	61,770	104,817
Pragya Trust - Cultural conservation	-	-	-	-	-	3,983
Pragya Trust - Education funded by Big Lottery	2,988	85,331	88,319	14,600	102,919	172,605
Pimpri	7,136	-	7,136	1,180	8,316	-
Pune study centre	10,988	-	10,988	1,816	12,804	-
SAATHI	-	26,311	26,311	4,349	30,660	80,131
Sakya Tsunami	-	-	-	-	-	9,131
Samta Mahila Society	31,380	-	31,380	5,187	36,567	33,857
Bushindo	5,447	-	5,447	900	6,347	-
Sadhana: Empowering caantonment	20,000	-	20,000	3,306	23,306	-
SPMM Gender Justice	21,235	-	21,235	3,510	24,745	35,213
WDSP	12,542	-	12,542	2,073	14,615	-
TBMSG	-	-	-	-	-	157,452
Self creative development project	3,959	-	3,959	654	4,613	-
Triratna Institute	17,012	-	17,012	2,812	19,824	20,323
Visrantwadi project	4,423	15,310	19,733	3,262	22,995	20,695
Tagarbhumii - Marathwada Childs Rights Western Maharashtra Hotels	32,742	-	32,742	5,414	38,156	-
Adecom Network	-	-	-	-	-	16,500
Nishta - Girls education project	784	10,996	11,780	1,948	13,728	13,159
North India	9,151	-	9,151	1,513	10,664	-
Total	587,214	336,365	923,579	148,652	1,072,231	1,393,120

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

..... continued

7 Support Costs

	Unrestricted Funds £	Restricted Funds £	Year ended 31 March 2011 £	1 January 2009 to 31 March 2010 £
Employment costs	92,163	5,310	97,473	105,189
Training	5,308	-	5,308	-
Consultants	5,159	-	5,159	7,069
Travel & subsistence	10,573	-	10,573	8,632
Rent & service charges	5,574	-	5,574	5,516
Other costs	20,630	-	20,630	17,671
Depreciation	3,935	-	3,935	1,993
Total	<u>143,342</u>	<u>5,310</u>	<u>148,652</u>	<u>146,070</u>

8 Trustees' remuneration and expenses

During the year, The Karuna Trust paid £1,100 (2010: £1,800) 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 £4,789 (2010: £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.

During the year The Karuna Trust paid Mr. David Francis, a director of the company £15,577 as remuneration and £1,336 towards rent.

9 Net income/(expenditure)

Net income/(expenditure) is stated after charging:	Year ended 31 March 2011 £	1 January 2009 to 31 March 2010 £
Hire of other assets - operating leases	39,341	25,740
Auditor's remuneration - audit services	8,581	8,713
Depreciation of owned assets	<u>16,652</u>	<u>20,998</u>

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

..... continued

10 Employees' remuneration

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

	Year ended 31 March 2011 No.	1 January 2009 to 31 March 2010 No.
Grant management	6	6
Fundraising	14	13
Governance	1	1
Project workers	-	1
	<u>21</u>	<u>21</u>

10.1 Employment costs

	Year ended 31 March 2011 £	1 January 2009 to 31 March 2010 £
Wages and Salaries	296,991	342,805
Social security	24,230	27,115
Pension costs	2,011	2,907
Total	<u>323,232</u>	<u>372,827</u>

Senior employees

During the year, defined contribution pension contributions on behalf of these staff amounted to £nil (2010 - £nil).

11 Taxation

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

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

..... continued

12 Tangible fixed assets

	Land and buildings £	Fixtures and fittings £	Total £
Cost			
As at 1 April 2010	295,100	149,423	444,523
Additions	-	20,871	20,871
Disposals	-	(46,912)	(46,912)
As at 31 March 2011	<u>295,100</u>	<u>123,382</u>	<u>418,482</u>
Depreciation			
As at 1 April 2010	47,623	100,516	148,139
Eliminated on disposals	-	(46,912)	(46,912)
Charge for the year	2,101	16,653	18,754
As at 31 March 2011	<u>49,724</u>	<u>70,257</u>	<u>119,981</u>
Net book value			
As at 31 March 2011	<u>245,376</u>	<u>53,125</u>	<u>298,501</u>
As at 31 March 2010	<u>247,477</u>	<u>48,907</u>	<u>296,384</u>

13 Debtors

	31 March 2011 £	31 March 2010 £
Amounts recoverable on income tax	39,571	18,000
Other debtors	33,377	7,367
Prepayments and accrued income	37,133	18,559
	<u>110,081</u>	<u>43,926</u>

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

..... continued

14 Creditors: Amounts falling due within one year

	31 March 2011	31 March 2010
	£	£
Bank loans and overdrafts	15,838	14,843
Taxation and social security	8,998	7,696
Other creditors	191,278	140,725
Accruals and deferred income	32,354	10,931
	<u>248,468</u>	<u>174,195</u>

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

	31 March 2011	31 March 2010
	£	£
Bank loan	<u>15,838</u>	<u>14,843</u>

15 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 2011	31 March 2010
	£	£
Bank loan	<u>136,398</u>	<u>152,236</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 2011	31 March 2010
	£	£
After more than five years by instalments	<u>61,708</u>	<u>82,233</u>

16 Members' liability

The charity is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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17 Contingent liabilities

The Karuna Trust has contingent liabilities of £548,107 (2010: £394,332) towards charitable projects at the year end.

18 Operating lease commitments

As at 31 March 2011 the charity had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	Land and Buildings	
	31 March 2011	31 March 2010
	£	£
Within two and five years	<u>20,130</u>	<u>20,160</u>

19 Related parties

Controlling entity

The charity is controlled by the trustees who are all directors of the company.

Related party transactions

The Trustees for The Karuna Trust are also the Trustees for Aid for India.

During the year Aid for India paid £1,000 (2010: £1,250) as management fees to The Karuna Trust. At the year end the charitable company was owed £274 (2010: owed £76) from Aid for India.

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

..... continued

20 Analysis of funds

	At 1 April 2010	Incoming resources	Resources expended	At 31 March 2011
	£	£	£	£
General Funds				
Unrestricted income fund	282,121	1,260,189	(1,167,407)	374,903
Restricted Funds				
Restricted income fund	70,954	324,273	(351,273)	43,954
	<u>353,075</u>	<u>1,584,462</u>	<u>(1,518,680)</u>	<u>418,857</u>

21 Net assets by fund

	Unrestricted Funds	Restricted Funds	Total Funds 31 March 2011	Total Funds 31 March 2010
	£	£	£	£
Tangible assets	298,501	-	298,501	296,383
Current assets	461,268	43,954	505,222	383,123
Creditors: Amounts falling due within one year	(248,468)	-	(248,468)	(174,195)
Creditors: Amounts falling due after more than one year	(136,398)	-	(136,398)	(152,236)
Net assets	<u>374,903</u>	<u>43,954</u>	<u>418,857</u>	<u>353,075</u>

