

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 PERIOD ENDED 31 DECEMBER 2003

THE KARUNA TRUST
(A COMPANY LIMITED BY GUARANTEE)
LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	D Zukas W Stones C Ralston D Houlder
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 Hill House Highgate Hill London N19 5UU
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

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

	Page
Trustees' report	1 - 3
Statement of Trustees' responsibilities	4
Auditors' report	5
Statement of financial activities	6
Balance sheet	7
Notes to the accounts	8 - 14

**THE KARUNA TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2003**

The Trustees present their report and accounts for the period ended 31 December 2003.

Objects of the charity

The charity is a company limited by guarantee and registered with the Charity Commission as a charity. The registered charity number is 327461.

The Trustees who are also the directors give their time free to the management and governance of the charity/company. The trustees have overall responsibility for all the project grants made and the governance of the charity. They liaise closely with the management and project teams 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.

Review of activities and future plans

The charity's principal activity is the collection of donations for the relief of poverty, advancement of education, cultural conservation, advancement of the Buddhist religion and other charitable purposes.

The primary beneficiaries that the trust supports are members of the Indian Dalit community. In 2003 we were able to continue to help 50,000 boys, girls and adults through our support of 26 Indian 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 this regard we hope to increase the number of projects we fund in 2004 and the future.

Including grant management costs the charity was able to contribute £837,296 to projects in India and Bangladesh this year compared to £610,579 for the year 2002.

In 2003 Karuna had another good response to its project fund-raising with income of £1,102,639 compared to £1,051,727 in 2002.

The two main methods of fund-raising are still door-to-door campaigns, and applications to Charitable trusts and Foundations. We also continued with a street fundraising campaign, following our initial success in recruiting new donors in 2002. The combined number of new regular donors recruited through door to door and street fundraising was 1,023 compared with 1,544 in 2002. The reduction in new donors was due to a more difficult fund raising environment and difficulties in recruiting of fundraisers. The annual value of these commitments for 2003 amounts to £109,279 which is a decrease of 32% over last year's figure of £160,000. This year, our Trust fund-raising was £92,449 compared to £107,978 in 2002.

Administration costs of £108,526 were slightly lower than the previous years total of £110,553. This decrease was due to the Trust relocating to new premises in 2002. Fund-raising costs have decreased by 5% from £157,351 to £150,130; a result of the decrease in support on appeals this year.

Trustees

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

D Zukas

W Stones

C Ralston

D Houlder

(Appointed 5 February 2003)

None of the Trustees has any beneficial interest in the company. All of the Trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

THE KARUNA TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2003

Grant making policy

Grants are made at the direction of the Trustees or donors, where a donor has specified what the donation is to be used for. All discretionary grants are made in line with the charities trust deed and assessment procedures.

Environmental policy

The trust does its best to ensure as far as possible we operate with care towards the environment. We use wind generated electrical power supply.

We continue to recycle as far as possible all waste. We hope to continue this process of reviewing ways we can further care for the environment.

Results

The deficit for the year has been transferred to reserves.

Staff

The trust is run by a dedicated team of Buddhists who work together as a means of providing a context for them to express their desire to make a difference in the world. All the staff work for non-commercial wages and we are proud that as much as possible of donors funds go towards the projects.

Community involvement

In 2003 the link with Camden Institute of Technology continued and enabled three work placements for between two to three months. This provides the opportunity to obtain work experience within our organisation whilst completing their IT diploma.

Reserves policy

The accounts show a reserve of £548,252 compared with £574,880 for the previous year 2002. Of these reserves they are analysed as follows:

Restricted Funds £41,905 Given for specific projects in 2004.

Committed Funds £126,000 Grants approved for projects in 2004.

Designated Funds £35,000 Funds for trust property.

Free Reserve £345,347 Funds available for grants and operations.

The free reserves are sufficient to meet our current guidelines to take in to account fluctuations in our income stream, future project and operation planning and other matters such as currency fluctuations. The reserves are reviewed each year in order to ensure it is sufficient to meet our requirements.

Risk management

The trustees have assessed the major risks to which the charity is exposed. These are those mainly relating to grant making, operations and finances of the trust. They are satisfied that systems and controls are in place to mitigate our exposure to the major risks. We continue to review our current risk management to ensure that it will take into account the future plans of the organisation.

Connected charities

The Karuna Trust works in association with Aid for India.

**THE KARUNA TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2003**

Auditors

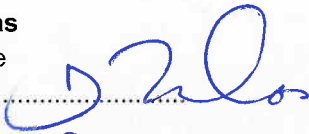
In accordance with section 385 of the Companies Act 1985, a resolution proposing that Carter Backer Winter be reappointed as auditors of the company will be put to the Annual General Meeting.

On behalf of the board of Trustees

D Zukas

Trustee

Dated:



8 June 2004

**THE KARUNA TRUST
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF TRUSTEES' RESPONSIBILITIES**

Company law requires the Trustees to prepare accounts for each financial year which give a true and fair view of the charitable company's financial activities during the year and of its financial position at the end of the year.

In preparing these accounts, the Trustees are required to:

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

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company 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 on pages 6 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of Trustees and auditors

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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As described on page 4, the Trustees, who are also the directors of The 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 accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Trustees' 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 Trustees' 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 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 have audited the accounts of The Karuna Trust for the period ended 31 December 2003 set out on pages 6 to 14. These accounts have been prepared under the historical cost convention and the accounting policies set out on page 8.

This report is made solely to the charity's trustees, as a body, in accordance with Section 43 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Opinion

In our opinion the accounts give a true and fair view of the charitable company's state of affairs as at 31 December 2003 and of its incoming resources and application of resources, including its income and expenditure, in the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Carter Backer Winter

Chartered Accountants & Registered Auditor
Hill House
Highgate Hill
London
N19 5UU

Dated: 8 June 2004

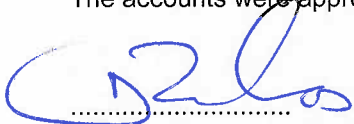
THE KARUNA TRUST
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE PERIOD ENDED 31 DECEMBER 2003

	Notes	Unrestricted funds £	Restricted funds £	Total 2003 £	Total 2002 £
Incoming resources					
Regular Donations		942,812	-	942,812	858,120
Donations from trusts		27,954	64,495	92,449	107,978
Donations and gifts		55,064	-	55,064	69,505
Legacies receivable		200	-	200	-
Interest receivable	5	8,759	-	8,759	15,241
Other income	6	3,355	-	3,355	883
Total incoming resources		1,038,144	64,495	1,102,639	1,051,727
Resources expended					
Direct charitable expenditure:					
Transfers to charitable projects	7	736,927	65,359	802,286	570,861
Grant management expenditure	8	35,010	-	35,010	39,718
Other expenditure:					
Fundraising	2	150,130	-	150,130	157,351
Publicity and Education	3	33,315	-	33,315	33,295
Management and administration	4	108,526	-	108,526	110,553
Total resources expended	9	1,063,908	65,359	1,129,267	911,778
Net movement in funds		(25,764)	(864)	(26,628)	139,949
Fund balances at 1 January 2003		532,111	42,769	574,880	434,931
Fund balances at 31 December 2003		506,347	41,905	548,252	574,880

THE KARUNA TRUST
(A COMPANY LIMITED BY GUARANTEE)
BALANCE SHEET
AS AT 31 DECEMBER 2003

	Notes	2003		2002	
		£	£	£	£
Fixed assets					
Tangible assets	13		320,480		311,174
Current assets					
Debtors	14	258,470		205,152	
Cash at bank and in hand		249,315		324,752	
		<u>507,785</u>		<u>529,904</u>	
Creditors: amounts falling due within one year	15	<u>(50,762)</u>		<u>(27,531)</u>	
Net current assets			<u>457,023</u>		<u>502,373</u>
Total assets less current liabilities			<u>777,503</u>		<u>813,547</u>
Creditors: amounts falling due after more than one year	16		<u>(229,251)</u>		<u>(238,667)</u>
Net assets			<u>548,252</u>		<u>574,880</u>
Income funds					
Restricted funds	17		41,905		42,769
Unrestricted funds	17		506,347		532,111
			<u>548,252</u>		<u>574,880</u>

The accounts were approved by the Board on 8 June 2004 and signed on its behalf by



D Zukas
Trustee



W Stopes
Trustee

THE KARUNA TRUST
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 DECEMBER 2003

1 Accounting policies

1.1 Basis of preparation

The accounts are 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 the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in October 2000.

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 over 3 to 5 years
Fixtures, fittings & equipment	Straight line over 3 to 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.

2 Fundraising

	Unrestricted funds	Restricted funds	Total 2003	Total 2002
	£	£	£	£
Publications	4,702	-	4,702	3,195
Salaries and wages	52,918	-	52,918	58,119
Fundraisers' expenses	78,466	-	78,466	80,034
Depreciation	6,055	-	6,055	5,926
Loan interest	7,989	-	7,989	10,077
	<u>150,130</u>	<u>-</u>	<u>150,130</u>	<u>157,351</u>

THE KARUNA TRUST
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2003

3 Publicity and Education

	Unrestricted funds £	Restricted funds £	Total 2003 £	Total 2002 £
Salaries and wages	3,200	-	3,200	4,400
Newsletters	25,197	-	25,197	24,004
General costs	4,918	-	4,918	4,891
	<u>33,315</u>	<u>-</u>	<u>33,315</u>	<u>33,295</u>

4 Management and administration of charity

	Unrestricted funds £	Restricted funds £	Total 2003 £	Total 2002 £
Salaries	47,981	-	47,981	48,424
Office costs	38,135	-	38,135	41,185
Motor and travel	1,135	-	1,135	1,105
Bank charges	760	-	760	855
Legal and professional fees	2,009	-	2,009	1,407
Audit fees	5,306	-	5,306	4,840
Sundry expenses	-	-	-	556
Depreciation	7,809	-	7,809	5,360
Loan Interest	6,391	-	6,391	7,558
Recharge of expenses to Aid For India	(1,000)	-	(1,000)	(1,000)
(Profit)/loss on disposal	-	-	-	263
	<u>108,526</u>	<u>-</u>	<u>108,526</u>	<u>110,553</u>

5 Investment Income

	Total 2003 £	Total 2002 £
Interest receivable	<u>8,759</u>	<u>15,241</u>

THE KARUNA TRUST
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2003

6 Other Income

	Total 2003 £	Total 2002 £
Other income	3,355	883

7 Transfers to Charitable Projects

Organisation	Activities	Grant 2003 £
Bahujan Hitay Trust	Education and Hostels	83,396
TBMSG Trust	Education, Hostels, Buddhism teaching	129,910
BH Nagpur	Education, Hostels	44,668
Nagarjuna Institute	Buddhism teaching	44,407
BH Amravati	Education, Hostels	12,967
BH Wardha	Education, Hostels	6,997
Triratna Institute	Buddhism teaching	11,142
Sadhamma Pradeep Centre	Meditation Centre	19,025
Jambudvipa Trust	Dalit NGO Resource Centre	138,590
SUSWM	Training Social Worker & Hostel	45,645
Pragya Trust	Cultural Conservation	41,264
NISWASS	Institute of Social Work training	5,339
India Sponsorship Committee	Kindergartens Brick Kilns	20,107
Indo Tibetan Cultural Institute	School & Hostel	15,350
CLR - Centre for Learning Rse	English Language Radio Project	21,515
Society for Edc Exploration - SFEE	School	2,949
People First International - PFI	Vocational Training Centre & Hostel	8,949
Dr Ambedkar Memorial Trust	School Construction	15,347
MPSSM	Kindergartens/Housing	15,875
Moanogar	School building upgrade	4,745
Parbhatya Bh Mission - PBM	School	15,079
National Inst for Sustain Devlp - NISD	Kindergartens	10,100
Children Relief & You - CRY	Education & Capacity building	20,923
Muyal Liang Trust - MLT	School	3,074
Samata Shikshan Sanstha - SSSP	Education	571
Women's Development Unit	Women's Development	31,800
Grants to Individuals	Communication Training	10,754
Capacity Building	Social and Buddhism	21,798
		802,286

