

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 2004

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

Trustees	D Zukas W Stones P Joseph U Brown 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 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 2004

The Trustees present their report and accounts for the year ended 31 December 2004.

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 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.

Review of activities and future plans

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

The primary beneficiaries are members of the Indian Dalit community. In 2004 we were able to help approximately 50,000 boys, girls and adults through our support of 28 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.

The charity was able to contribute £884,116 to projects in India and Bangladesh this year compared to £837,296 for the year 2003.

Karuna's income in 2004 was £1,105,274 compared to £1,102,639 in 2003. We had planned to increase our income by 5% but were affected by staff turnover and difficulties getting sufficient fund-raisers. The two main methods of fund-raising were door-to-door campaigns, and applications to Charitable Trusts and Foundations. The number of new donors this year was 688 compared to 1,023 in 2003. The main reason for this, was we experienced difficulties getting sufficient fundraisers for our appeals. The annual value of these commitments for 2004 amounts to £84,000 which is a decrease of 23% over last year's figure of £109,279. This year, our Trust fund-raising was £77,939 compared to £92,449 in 2003.

Administration costs of £95,041 were lower than the previous years total of £108,526. Fund-raising costs have decreased by 17% from £150,130 to £124,314.

Strategic Review

At the end of 2004 the Trustees agreed to undergo a strategic review of all the Trust's activities, timed to coincide with the 25th anniversary of the founding of the charity. The aim of the review will be to increase the effectiveness of all the aspects of the Trusts operations through the production of a strategic plan.

Trustees

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

D Zukas

W Stones

C Ralston

P Joseph

U Brown

D Houlder

(Resigned 15 October 2004)

(Appointed 15 October 2004)

(Appointed 15 October 2004)

THE KARUNA TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004

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

Grant making policy

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.

Environmental Policy

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.

Staff

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.

Reserves policy

The accounts show a reserve of £513,907 compared with £548,252 for the previous year 2003. These reserves are analysed as follows:

Restricted Funds: £46,689 given for specific projects in 2005.

Committed Funds: £211,866 for Grants approved for projects in 2005.

Designated Funds: £83,816 is against a long term property used by the organisation.

The balance of £171,536 represents unrestricted funds which are mainly held as a reserve to cover fluctuations in expected income and take into account other variables like exchange rate movements, as the majority of our funding is in foreign currency.

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.

Related parties

The Karuna Trust works in association with Aid for India and is a member of BOND an association of voluntary organisations working in the field of overseas development.

THE KARUNA TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004

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: 12 August 2005

**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 members of 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 year ended 31 December 2004 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 2004 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Carter Backer Winter

Chartered Accountants & Registered Auditor
Enterprise House
London
E1 8NN

Dated: 17 August 2005

THE KARUNA TRUST
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	Unrestricted funds £	Restricted funds £	Total 2004 £	Total 2003 £
Incoming resources					
Regular Donations		972,034	-	972,034	942,812
Donations from trusts		9,150	68,789	77,939	92,449
Donations and gifts		41,583	1,897	43,480	55,064
Legacies receivable		-	-	-	200
Interest receivable	5	11,821	-	11,821	8,759
Other income	6	-	-	-	3,355
Total incoming resources		1,034,588	70,686	1,105,274	1,102,639
Resources expended					
Direct charitable expenditure:					
Transfers to charitable projects	7	776,548	65,902	842,450	802,286
Grant management expenditure	8	41,666	-	41,666	35,010
Other expenditure:					
Fundraising	2	124,314	-	124,314	150,130
Publicity and Education	3	36,148	-	36,148	33,315
Management and administration	4	95,041	-	95,041	108,526
Total resources expended	9	1,073,717	65,902	1,139,619	1,129,267
Net movement in funds		(39,129)	4,784	(34,345)	(26,628)
Fund balances at 1 January 2004		506,347	41,905	548,252	574,880
Fund balances at 31 December 2004		467,218	46,689	513,907	548,252

THE KARUNA TRUST
(A COMPANY LIMITED BY GUARANTEE)
BALANCE SHEET
AS AT 31 DECEMBER 2004

	Notes	2004		2003	
		£	£	£	£
Fixed assets					
Tangible assets	12		313,077		320,480
Current assets					
Debtors	13	178,782		258,470	
Cash at bank and in hand		283,514		249,315	
		<u>462,296</u>		<u>507,785</u>	
Creditors: amounts falling due within one year	14	<u>(42,311)</u>		<u>(50,762)</u>	
Net current assets			<u>419,985</u>		<u>457,023</u>
Total assets less current liabilities			<u>733,062</u>		<u>777,503</u>
Creditors: amounts falling due after more than one year	15		<u>(219,155)</u>		<u>(229,251)</u>
Net assets			<u><u>513,907</u></u>		<u><u>548,252</u></u>
Income funds					
Restricted funds	16		46,689		41,905
Unrestricted funds	16		467,218		506,347
			<u><u>513,907</u></u>		<u><u>548,252</u></u>

The accounts were approved by the Board on 12 August 2005 and signed on its behalf by

D Zukas
Trustee

W Stones
Trustee

THE KARUNA TRUST
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2004

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 2004	Total 2003
	£	£	£	£
Publications	3,443	-	3,443	4,702
Salaries and wages	48,714	-	48,714	52,918
Fundraisers' expenses	57,820	-	57,820	78,466
Depreciation	6,990	-	6,990	6,055
Loan interest	7,347	-	7,347	7,989
	<u>124,314</u>	<u>-</u>	<u>124,314</u>	<u>150,130</u>

THE KARUNA TRUST
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NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004

3 † Publicity and Education

	Unrestricted funds £	Restricted funds £	Total 2004 £	Total 2003 £
Salaries and wages	2,000	-	2,000	3,200
Newsletters	30,711	-	30,711	25,197
General costs	3,437	-	3,437	4,918
	<u>36,148</u>	<u>-</u>	<u>36,148</u>	<u>33,315</u>

4 Management and administration of charity

	Unrestricted funds £	Restricted funds £	Total 2004 £	Total 2003 £
Salaries	39,525	-	39,525	47,981
Office costs	30,429	-	30,429	38,135
Motor and travel	1,903	-	1,903	1,135
Bank charges	635	-	635	760
Legal and professional fees	314	-	314	2,009
Audit fees	5,828	-	5,828	5,306
Depreciation	11,897	-	11,897	7,809
Loan Interest	5,510	-	5,510	6,391
Recharge of expenses to Aid For India	(1,000)	-	(1,000)	(1,000)
	<u>95,041</u>	<u>-</u>	<u>95,041</u>	<u>108,526</u>

5 Investment Income

	Total 2004 £	Total 2003 £
Interest receivable	<u>11,821</u>	<u>8,759</u>

6 Other Income

	Total 2004 £	Total 2003 £
Other income	<u>-</u>	<u>3,355</u>

THE KARUNA TRUST
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004

7 Transfers to Charitable Projects

Organisation	Activities	Grant 2004 £
Bahujan Hitay Western India	Education and Hostels	64,382
TBMSG Western India	Education, Hostels, Buddhism teaching	200,684
BH Nagpur	Education, Hostels	64,655
Samata Mahila Society	Education, Hostels	17,970
Nagaloka Trust	Education and Buddhism	22,948
BH Amravati	Education, Hostels	20,284
BH Wardha	Education, Hostels	9,564
Triratna Institute	Buddhism	13,632
Sadhamma Pradeep Centre	Meditation Centre	55,222
Jambudvipa Trust	Dalit NGO Resource Centre	37,013
BH Gujarat	Hostels	26,000
Womens Computer Project	Computer training for children	10,205
SUSWM	Training Social Worker & Hostel	25,834
Pragya Trust	Cultural Conservation	53,283
ISC India Sponsorship Committee	Kindergarten Brick Kilns	16,494
Indo Tibetan Cultural Institute	School & Hostel	14,002
Society for Edc Exploration - SFEE	School	2,700
People First International - PFI	Vocational Training Centre & Hostel	19,064
Mahabodhi Meditation Centre	Hostel	12,665
MPSSM	Kindergartens/Housing	11,095
Moanogar	School building upgrade	4,201
Parbhatya Bh Mission - PBM	School	13,317
National Inst for Sustain Devlp - NISD	Kindergartens	7,080
Children Relief & You - CRY	Education & Capacity building	12,983
Muyal Liang Trust - MLT	School	8,597
Saathi	Homeless girls education & support	2,221
Sadhana Institute	Education Children and Women	3,743
Women's Development Unit	Women's Development	48,844
Capacity Building	Education and Training	39,519
Sundry	Other miscellaneous	4,249
		842,450

THE KARUNA TRUST
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004

8 Grant management expenditure	2004	2003
	£	£
Support	20,305	14,837
Insurance	148	258
Postage and couriers	-	711
Training courses	2,228	2,455
Travel and subsistence	5,891	4,962
Telephone	196	103
Legal and professional fees	890	169
Bank charges	-	210
Office overheads apportionment	7,858	6,852
General expenses	473	1,782
Interest payable	3,677	2,671
	<u>41,666</u>	<u>35,010</u>

9 Total resources expended	Staff costs	Depreciation	Other costs	Total 2004	Total 2003
	£	£	£	£	£
Charitable expenditure:					
Transfers to charitable projects	8,508	-	833,942	842,450	802,286
Grant management expenditure	20,305	2,415	18,946	41,666	35,010
Other expenditure:					
Fundraising	48,714	6,990	68,610	124,314	150,130
Publicity and education	2,000	-	34,148	36,148	33,315
Management and administration	39,525	11,897	43,619	95,041	108,526
	<u>119,052</u>	<u>21,302</u>	<u>999,265</u>	<u>1,139,619</u>	<u>1,129,267</u>

Management and administration costs includes payments to the auditors of £5,828 (2003- £5,306) for audit fees.

The trust made use of professional fundraisers during the year costing £Nil (2003 - £15,497). This cost is included within Fundraisers' expenses.

10 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 2004

11 Employees

Number of employees

The average monthly number of employees during the year was:

	2004	2003
	Number	Number
Grant management	2	2
Management and administration	3	3
Fundraising	6	7
Project workers	1	1
	<u>12</u>	<u>13</u>

Employment costs

	2004	2003
	£	£
Wages and salaries	<u>119,052</u>	<u>130,769</u>

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

12 Tangible fixed assets

	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2004	295,100	37,989	39,454	3,295	375,838
Additions	-	13,166	734	-	13,900
Disposals	-	(2,990)	-	-	(2,990)
At 31 December 2004	<u>295,100</u>	<u>48,165</u>	<u>40,188</u>	<u>3,295</u>	<u>386,748</u>
Depreciation					
At 1 January 2004	21,360	18,274	14,718	1,006	55,358
On disposals	-	(2,990)	-	-	(2,990)
Charge for the year	4,202	8,901	7,102	1,098	21,303
At 31 December 2004	<u>25,562</u>	<u>24,185</u>	<u>21,820</u>	<u>2,104</u>	<u>73,671</u>
Net book value					
At 31 December 2004	<u>269,538</u>	<u>23,980</u>	<u>18,368</u>	<u>1,191</u>	<u>313,077</u>
At 31 December 2003	<u>273,740</u>	<u>19,715</u>	<u>24,736</u>	<u>2,289</u>	<u>320,480</u>

THE KARUNA TRUST
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004

13 Debtors	2004	2003
	£	£
Amounts recoverable on income tax	136,124	239,877
Amounts owed by connected undertakings	22,237	-
Other debtors	13,400	7,486
Prepayments and accrued income	7,021	11,107
	<u>178,782</u>	<u>258,470</u>
	<u>178,782</u>	<u>258,470</u>
14 Creditors: amounts falling due within one year	2004	2003
	£	£
Bank loans	10,096	9,416
Taxes and social security costs	4,032	656
Other creditors	6,180	6,326
Accruals	22,003	34,364
	<u>42,311</u>	<u>50,762</u>
	<u>42,311</u>	<u>50,762</u>
15 Creditors: amounts falling due after more than one year	2004	2003
	£	£
Bank loans	219,155	229,251
	<u>219,155</u>	<u>229,251</u>
	<u>219,155</u>	<u>229,251</u>
Analysis of loans		
Not wholly repayable within five years	229,251	238,667
Included in current liabilities	(10,096)	(9,416)
	<u>219,155</u>	<u>229,251</u>
	<u>219,155</u>	<u>229,251</u>
Loan maturity analysis		
Debt due in one year or less	10,096	9,416
In more than one year but not more than two years	22,435	10,096
In more than two years but not more than five years	40,108	34,883
In more than five years	156,612	184,272
	<u>229,251</u>	<u>238,667</u>
	<u>229,251</u>	<u>238,667</u>

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

THE KARUNA TRUST
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004

16 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 December 2004 are represented by:			
Tangible fixed assets	313,077	-	313,077
Current assets	416,359	46,689	462,296
Creditors: amounts falling due within one year	(42,311)	-	(42,311)
Creditors: amounts falling due after more than one year	(219,155)	-	(219,155)
	<u>467,218</u>	<u>46,689</u>	<u>513,907</u>

17 Contingent liabilities

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