

**Company registration number: 02132178 England and Wales**  
**Charity registration number: 327461**

**THE KARUNA TRUST**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2014**

# THE KARUNA TRUST

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## THE KARUNA TRUST

### LEGAL AND ADMINISTRATIVE DETAILS

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<b>Charity name</b>	The Karuna Trust
<b>Charity registration number</b>	327461
<b>Company registration number</b>	02132178
<b>Principal office</b>	72 Holloway Road, London N7 8JG
<b>Registered office</b>	72 Holloway Road, London N7 8JG
<b>Trustees</b>	David Zukas Ulla Brown (Chair) Prof Dominic Houlder Amanda Seller Dr William McGinley
<b>Chief executive officer</b>	Ciaran Maguire
<b>Secretary</b>	Mark Courtney Baird, Company Secretary
<b>Patron</b>	Dame Judith Dench CH, DBE, FRSA
<b>Solicitor</b>	Bates Wells and Braithwaite Cheapside House 138 Cheapside London EC2V 6BB
<b>Bankers</b>	Clydesdale Bank plc 35 Regent Street London SW1Y 4ND
<b>Auditor</b>	Carter Backer Winter LLP 66 Prescott Street London E1 8NN

**THE KARUNA TRUST**  
**TRUSTEES' REPORT**

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**Report of the trustees for the year ended 31st March 2014**

The trustees present their report along with the audited financial statements of the charity for the year ended 31st March 2014. The financial statements comply with the charity's trust deed, the Charities Act 2011 and the Statement of Recommended Practice: Accounting and Reporting by Charities 2005.

**Charity no: 327461**

**Company no: 2132178 England and Wales**

**Registered office address**

72 Holloway Road, London  
N7 8JG

**Trustees**

Ulla Brown

David Zukas

Prof Dominic Houlder

Dharmachari Lokabandhu (resigned 27 February 2014)

Amanda Seller

Dr William McGinley

**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 support social, humanitarian and religious projects, working especially with the Dalit's and 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 some of 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 five times a year 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 Programmes 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, governance, fundraising and publicity. The day-to-day management of the charity is delegated to the Chief Executive Officer, who is the main link with the Trustee body.

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

## THE KARUNA TRUST

### TRUSTEES' REPORT

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#### Trustee induction and training

New Trustees attend an induction meeting with the Chair and CEO 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 may also meet other senior staff. Trustees are encouraged to attend appropriate external training events so they may keep abreast of their duties and current developments.

#### Risk management

The Management undertake an annual review of the risks that the Charity is exposed to and report back to the Trustees accordingly. The risk register is then updated. The next review is scheduled for June 2014.

#### 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 some of the poorest, most marginalised communities in India. Our main beneficiary groups are the Dalits, Adivasi (Tribal) and other marginalised communities.
- **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 8% 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, Facebook 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 campaigns, telephone upgrade campaigns and applications to charitable trusts and other institutional donors.

#### Public Benefit Statement

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to the Charity Commissions general guidance on public benefit – Charities and Public Benefit.

The Karuna Trust's charitable mission and purpose as set out above are 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.

The Trustees ensure that this purpose is carried out for the public benefit and that the charitable activities are carried out to achieve this purpose.

# THE KARUNA TRUST

## TRUSTEES' REPORT

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### **Grant making policy**

The charity's current policy is to award grants to Indian NGOs whose work is in line with Karuna's Mission.

All grants to partners are subject to the following funding criteria, agreed by the Trustees.

#### **1. Initiative for the project:**

Must: (1.1) arises 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) has been developed in consultation with the beneficiary community and has 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 the 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) allow 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 on-going 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 annually)

## THE KARUNA TRUST

### TRUSTEES' REPORT

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(5.3) have working arrangements that reflect and support the breaking down of caste barriers

(5.4) manifest independence and initiative

Ideally: (5.5) have 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 Trust's strategic aims.

#### Programme review

Even though the economy of India continued to grow in 2013-14, it is crucial to bear in mind that a third of the world's poor live in India. Forty-two percent of the Indian population live below the poverty line – that's more than 400 million people, and at least 20% of the population frequently go hungry. More malnourished children live in India than in the whole of Sub-Saharan Africa (Christian Aid 2014). These are, quite literally, astonishing facts and even though India presents itself to the global community as a modern nation with a space programme there is an enormous mountain to climb.

The vast majority of the beneficiaries of Karuna's project partners belong to the 'Dalit' communities. The term Dalit refers to the 'ex-Untouchables' under the Indian caste system; in the constitution of British India, they were listed as Scheduled Castes (SC), a legal term which has remained in common usage.

The size of the Dalit population is 200 million out of India's total population of 1.2 billion according to the 2011 census. The estimates for the tribal population of India vary but stand at around 70-100 million people, if you include tribal communities outside of the official classification (estimates are all we have). Poverty and deprivation also affect millions of people belonging to the 'Other Backward Classes' (OBC), the lowest castes in the caste hierarchy. The estimated figures – 200 million Dalits, 100 million Tribal people (estimated from Karuna partner, NIRMAN 2013), 600 million OBC's – adding up to 900 million, illustrates the scale of exclusion and poverty. The number of people earning less than 2 USD a day puts 68% of the population below the international poverty line. Using a broader index of indicators (poor health, lack of education, lack of sanitation) to assess poverty, 53.7% of Indians are 'multi-dimensionally poor' (Drèze and Sen, *An Uncertain Glory*, pp 34-35, 2013). This assessment points to the slowness of social change in Indian society.

Amartya Sen's and Jean Drèze's critique of contemporary Indian society agrees with Dr Ambedkar's - the great reformer and architect of the modern Indian constitution from 78 years ago - that *caste is still a major barrier to social progress in India*, and more importantly as Dr Ambedkar argued *it is a pernicious division of human beings into iron-curtained compartments*. These authors acknowledge the decrease in some of the discriminatory practices against the SC and tribal population whilst pointing out *the continued dominance of the upper castes, and virtual absence of Dalits and other disadvantaged communities in media houses, corporate boards, judicial institutions, and even cricket and polo teams*. **Invisible to outsiders, but present across the whole of the society, caste remains a defining factor.**

## THE KARUNA TRUST

### TRUSTEES' REPORT

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Through Karuna's 40 Indian partner organisations we were able to reach out to approximately 50,000 people last year. For a small charity we feel this is a tremendous achievement. In the face of the sheer scale of poverty and exclusion faced by vast numbers we do feel daunted at times. However we know that our work is making a huge difference and giving people the chance to strive for a better life. Karuna is doing what it can, and with the dedicated support and generosity of our 7,200 regular donors, 50 Trusts and Foundations, and DIFD (UK Government Aid) we aim to continue standing with Dalits in India – and helping transform society one life at a time.

#### Key achievements and performance

##### Girls in rural West Bengal

Our partner Nishtha is supporting 450 deprived and underprivileged girls who are now all in full time formal education. During the year only three girls have dropped out of school due to getting married, this is a vast improvement on previous years, indicating a significant attitudinal change in the mind set of local people. Thanks to our donors, Karuna was able to donate £17,500 to enable Nishtha to run this project. Additionally, this year has seen the first recorded case of a child marriage being stopped with help from local Police. More than 50% of the project's direct beneficiaries are now practicing menstrual hygiene techniques, compared to almost none at the outset of the project. Unfortunately Nishtha's main training centre was badly damaged during last year's terrible monsoon, but Karuna was able to make an additional grant of £10,000 to help them rebuild it and now the centre is fully operational.

##### South Indian women

Our partner Adecom operates across 50 villages in 3 districts of **Pondicherry** and **Tamil Nadu**. In these areas gender and caste based discrimination, violence, and immense poverty contribute to high drop-out rates from school of girls who often marry when they are young, and who are often unaware of their rights to education. In addition, women rarely register their marriages and so have no property rights. During the year Adecom trained 325 Women to lead local community based organisations and small NGOs on legal rights. They also worked extensively with local Judges, magistrates, lawyers and police to offer training in the protection of rural women in cases of domestic violence. Adecom was legally awarded the position of service provider by the district court judge and were authorised to set up a legal centre for women.

##### Pune Slums

The Green Tara Foundation addresses issues of disadvantage, suffering and gender discrimination facing women and adolescent girls living in 10 slum districts of **Pune**. Last year, with a grant of £17,800 the project delivered more than 270 sessions to approximately 7,000 women. Led by Dr Mune, this project offers community-based services, awareness raising programmes, and advocacy leading to improved health, confidence, educational performance and livelihood. Next year the project will offer more health awareness training, vocational skills training, IT training, and raising awareness of legal rights and self-protection.

##### Runaway and trafficked girls

URJA works with runaway and trafficked girls who arrive on a daily basis to **Mumbai**. Reasons for leaving home are varied, ranging from gender discrimination, neglect and abuse or to escape trafficking or forced marriage. In Mumbai there are no systems and facilities set up by the State authorities or civil society for this marginalized and vulnerable group. One of the major issues faced by the runaway adolescent girls is lack of acceptance by family and difficulty with reintegrating into society, as they have no support and are stigmatized. With a donation of £18,200 URJA last year worked extensively with 114 girls offering them safe refuge in their small centre and a chance to start again.



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### TRUSTEES' REPORT

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#### **Maitri National Women's Network**

During 2013-14, and similar to the previous year, the Maitri Network carried out another successful campaign on the very high profile issue of Violence against women (VAW) in India. The campaign covered 10 states and targeted over 20,000 people. Apart from increased awareness about VAW among various stakeholders, and the media coverage it generated, the campaign also led to some very excellent tangible achievements: The Cantonment Board in **Pune** agreed to set up a women and child welfare committee within the Cantonment Board. This is the first Cantonment in India to set up such a committee and action was taken by government officials in 29 cases of rape and 11 cases of domestic violence in **Madhya Pradesh**. A fact-finding team was established in **Haryana** for tracking cases of violence and atrocities and victims of violence were provided legal aid from the state legal aid centre.

#### **Human Rights**

The Human Rights Law Network (HRLN) based in **Delhi** is a collective of lawyers and social activists dedicated to the use of the law to advance human rights in India. HRLN collaborates with human rights groups and grass-roots movements to enforce the rights of poor marginalised people and to challenge oppression, exploitation and discrimination in all its forms. The project objectives are to train 240 lawyers and 140 local activists in legal and activist skills to represent Dalit and tribal cases in **Haryana, Maharashtra, Madhya Pradesh and Andhra Pradesh**. In 2013-14 HRLN held 1 national level consultation, hosted 5 state level consultations and trainings, conducted 8 fact findings, and filed more than 75 individual cases and 5 public interest litigations. All this was done in collaboration with a large number of NGOs and local women who benefitted enormously from the trainings and court orders.

#### **New Pardhi Hostel**

The opening ceremony of the Pardhi Hostel Development Centre in deep in **rural Maharashtra** took place in India in January 2014. The opening of this hostel is enormously important. The Pardhi people are probably one of the most excluded and discriminated communities anywhere in the world – they are frowned upon and treated as outcasts and criminal. The children who will live in the hostel will have a real chance to have an education and enter society. Karuna has funded hostels for children from other excluded communities for more than 25 years and this is the first project we are supporting within this community.

Karuna is funding the running costs of this project and last year donated £7,383. The German Ministry for Cooperation and Development contributed £29,000 to the construction costs and another £6,000 has been provided by Karuna Germany. The hostel which will eventually be able house up to 100 boys and girls is the culmination of a lot of hard work. The vision of an educational hostel for Pardhi children modelled on Karuna's educational hostel system came into being less than two years since starting work with the community.

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### TRUSTEES' REPORT

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#### **Seed funding for new leaders**

Sometimes the smaller organisations run by people from disadvantaged communities often suffer due to the 'red tape' involved in accessing funding. They might run excellent projects but may not have the planning or organisational skills required by big funders. To help emerging organisations establish themselves last year we initiated a 'Seed fund' project and selected 10 Dalit and Tribal leaders. These leaders came highly recommended to us by our existing partners and with £15,925 Karuna was able to fund 2 leaders based in the state of **Bihar**, 2 in **Jarkhand**, and 6 in different parts of **Maharashtra** working with displaced Adivasi (tribal) people and Pardhi (a caste viewed as criminal). The project is proving really successful and through these 10 leaders Karuna has been able to benefit several thousand Dalit and tribal people in poorer, harder to reach communities.

#### **Better livelihoods through Computer training**

Aryaloka runs 3 computer training institutes offering skills in IT, personal development and English to over 700 students a year in **Nagpur**. In 2013-14 classes were offered to fee paying students which in turn subsidised classes for those who would otherwise be unable to pay. Along with a grant of £11,450 from Karuna it makes it possible for students from extremely impoverished backgrounds to gain skills and improve their economic prospects. Aryaloka also break down caste barriers in a supportive and structured environment, by having students of different backgrounds studying, training and socialising together.

#### **Workshops in Fundraising and Strategy**

Last February Karuna ran a workshop in Nagpur to help our partners develop their own fundraising capacity. 24 people from 17 organisations took part in training and learned about the latest approaches to fundraising. Earlier in January we hosted a workshop in strategic planning using a method called 'Logical framework' which was attended by 20 participants from 12 organisations. Many of our partners are from deeply marginalised communities and rarely have access to high calibre trainings such as these which are essential if they are to grow and reach more people.

#### **Financial and Business review**

##### **Income**

During a year that saw several changes of key staff at Karuna, the Trust was the beneficiary of a number of large legacies and benefitted from a favourable exchange rate. Giving from our regular donors held up well including a generous response to the annual Big Give appeal in December.

The total income received by the Karuna Trust for the year ended 31st March 2014 was £1,855,505 (2013: £1,646,520) an increase on the previous year of 12.7%.

Donations from individual regular donors were £1,637,773 (2013: £1,350,935) a figure which represented 88% of our income. Regular-giving income derives from a number of sources, primarily door-to-door campaigns, telephone upgrade campaigns, give-as-you-earn and internet donations and on occasion legacy income.

During the year we received £279,245 in legacies from 5 estates (2013: £8,000). We are enormously grateful for these large gifts which will have a significant impact on the work that we are able to deliver. We will apply £100,000 to our work with de-notified tribes, particularly disadvantaged communities. The balance of the funds will help to underpin our other project work in India.

The Fundraising Team did well to mount 5 appeals during the year including one solo appeal, so that income from regular giving remained largely in line with the previous year. However, the environment for raising new regular individual donors is increasingly competitive as more and more charities turn to door-to-door fundraising.

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### TRUSTEES' REPORT

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Income from other trusts was £160,160 (2013: £203,003). Raising funds from within the UK trust sector remains a challenge, and this is reflected in the decrease in trust income in 2013/14. Many trusts remain effected by low interest rates. There is also some evidence that some trusts are changing their priorities as India is perceived to be more economically successful than in the past. We have taken steps to strengthen this area of our work with the appointment of an additional trust fundraiser.

Institutional income, received entirely from DFID, was £47,360 (2013: £91,491) a decrease of £44,131 on the previous year. The decrease was partly due to an anticipated drop in activity as the DFID grant reached the end of its cycle and partly a reflection of the strength of sterling, reducing the size of the funding claim.

#### **Expenditure**

Our expenditure for the year was £1,598,173 (2013: £1,579,763) just over 1% higher than the previous year.

A good exchange rate meant our budgeted grant payments cost us significantly less than expected. We were therefore able to make additional grant payments to our partners in India of approximately £37,300.

During the year we strengthened our Programmes Team with new appointments, increasing our cost base by approximately £25,000 against the previous year – part of an on-going process to ensure that the Karuna Programmes Team is as skilled and experienced as possible.

We also adjusted the basis on which we arrive at our Governance costs, charging approximately £15,000 more to programmes than the previous year.

Generally Fundraising costs were in line with the previous year.

#### **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 Programmes work and to making provision for unforeseen or uninsurable organizational obligations. The reserves are regularly reviewed to safeguard the charity's continued Programmes operations. Each year the Trustees consider the appropriate level of free reserves. The current level of reserve is deemed satisfactory and the level of these reserves is set for the current year at 25% of planned unrestricted expenditure for 2014/15 (i.e. unrestricted grant payments, fundraising, programme management and governance).

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### TRUSTEES' REPORT

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#### Reserves

At the end of the year, we had reserves of £848,918 which is an increase of £257,332 over the previous year. This was an unexpected increase that we could not have predicted. The increase was due to the receipt of legacy income of £279,245 and the benefit of favourable exchange rates.

An analysis of the reserve amount is as follows:

Unrestricted funds:

- Operating reserve £646,604 (funds for the general operation of the charity)
- Fixed Asset reserve £163,058 (tangible net assets net of bank loan)

Restricted funds: £39,256 (funds for specific projects)

We plan to reduce the unrestricted reserves over the next few years by increasing grants available for programmes that we fund in India.

At the year-end we carried £1,274,389 in future grant commitments to partners in India. These are contingent liabilities, not contractual and therefore do not appear on our balance sheet but do represent a very real responsibility for the Karuna Trust. The level of forward grant commitments varies from time-to-time depending on where our Indian partner trusts are within their Karuna grant cycle, normally a three-year period. The contingent liability for future grant payments was at a low ebb at 31 March 2014, because we had a number of grants in the final year of their cycle at that point.

#### Investment policy and performance

The charity's surplus funds are held in interest-bearing accounts with our bankers. We continue to do all we can to obtain the best rates of interest, however the rates currently offered for the charity sector remain very poor.

#### Future Plans – 2014 onwards

We are in the final stages of developing a new 3-year strategy to maximise benefit to all Karuna beneficiaries. By working more effectively with partners in the sectors and regions where Karuna is operating and intends to operate, we aim to capitalise on our 33 years' experience of working in India and have an ever bigger impact through creating a greater critical mass of change.

The following intervention Themes have been agreed for the programme:

**Our Education Programme** will enable the most disadvantaged children to access quality education and prospects for a better future. With our partners we will be able to demonstrate and ensure that all children benefitting from our education programmes have increased confidence, and ability to participate in society. To achieve this we will be working with our partners to:

- Develop education programme selection criteria to ensure it benefits most disadvantaged children - with a Monitoring and Evaluation (M&E) framework that captures comparable data across communities and geographical areas
- Build the capacity of our partners to develop an education programme that will demonstrate it leads to improved levels of educational achievement – with an M&E framework that captures comparable data across communities.
- With partners, develop an M&E framework that will demonstrate it leads to increased levels of confidence, social awareness and wellbeing across partners – with an M&E framework that captures comparable data across communities.

## THE KARUNA TRUST

### TRUSTEES' REPORT

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- Develop method of capturing reliable graduate data about post-graduation higher education and/or alternative career pathway.

**Women's Empowerment and Gender Equality** will contribute to the creation of a society free from all forms discrimination and violence against Dalit, Adivasi and other vulnerable women (DAVW). We will support Karuna's partners to build a vibrant women's alliance and voice for change enabling *DAVW* to become effective agents of change, claim their rights and improve their lives. To achieve this we will be working with our partners to:

- Develop programme of work with partners to reduce incidences of domestic and caste based violence - impact measured using comparable Monitoring and Evaluation (M&E) data.
- Develop programme of work with partners to improve women's quality of life and standard of living - impact measured using comparable M&E data.
- Develop programme of work with partners to bring women and men in project areas into more harmonious relationship - impact measured using comparable M&E data.
- Develop programme of work with partners to support the building of a strong DAVWs movement.

**Livelihoods Programme** will support marginalized communities to live more financially secure and productive lives, free from any form of discrimination. It will to enable Dalit, Adivasi and other vulnerable communities to access decent and better paid employment, thereby challenging traditional attitudes to livelihood opportunities open to them.

- With appropriate partners, we will develop and deliver training and support for beneficiaries to access livelihoods beyond caste or gender prescribed roles.  
With partners, we will develop M&E framework that will accurately measure increase in income and diversity of livelihoods, through capturing comparable data across target communities.

**Capacity building Programme** will create a coherent and accessible body of expertise and learning in bringing about sustainable change for Dalit and other disadvantaged communities. We will adopt outcome based monitoring and evaluation systems for all projects to demonstrate that Karuna and its partners have a clear and shared understanding of the changes and impact, which they are seeking to bring about.

Building Leadership capacity:

- With partners develop a selection methodology for potential leaders from amongst a variety of settings in which partners are working (eg Nagarjuna Training Institute alumni, partner / project staff)
- Development of a leadership programme with various components (eg skills at running social programmes, mentoring, conflict resolution, group facilitation, motivational skills, personnel, diversity)
- Implement a leadership training and continuous development programme , including peer mentoring and mutual support and learning groups
- Karuna, Capacity Building Team and partners will implement a system tracking of participants and assess impact they are having in their local situation with KPIs KAPs and longer term change and impact indicators

## THE KARUNA TRUST

### TRUSTEES' REPORT

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Building fundraising capacity:

- Continue to develop and deliver training in fundraising methods. Deliver follow up and further trainings.
- Developing indicators (% , methods used, how much spent, completed fundraising plans, what actions did they take, case studies) around fundraising.
- Develop partners capacity to work with Karuna to submit bids to grant giving organisations
- Develop robust criteria for project selection which makes it clear that Karuna will require greater capacity of partner to become more financially self-sustaining within each project cycle.

**Research and Advocacy Programme** will empower and enable Dalit, Tribal and other disempowered, marginalized and vulnerable communities to access their rights, as defined within the Indian constitution and other relevant Indian legislation. With our partners we will develop robust and clear analyses through research and needs assessments of the key factors leading to poverty and social marginalization and to implement the most effective strategies for positive social change.

- With partners develop a clear and informed framework for rights based advocacy, with set outcomes and M&E framework.
- Develop partner capacity to work with local communities and share and disseminate information on rights and legislation.
- Develop partner capacity to network effectively with other NGOs

**Wellbeing and Health Programme** will protect and improve the wellbeing and health of the most vulnerable members of disadvantaged communities; particularly those affected by caste prejudice. With our partners we will focus on improving the health, nutrition and wellbeing in terms of confidence and a sense of freedom from caste – of children, women and men to enable as many as possible to have happy and healthy lives.

- Early Years Health, Nutrition and Development programme
- Reproductive Health programme Among Women of Childbearing Age
- Health awareness programme for Adolescent Girls to reduce school dropout due to early marriage.
- Counselling and retreats for adults from disadvantaged communities.

#### **Acknowledgements**

We would like to take this opportunity to thank the individual donors, trusts, major donors and DFID for their continued support. Income from these sources enables the charity to fund a wide range of grass-roots projects benefitting the lives of disadvantaged and excluded people in India.

**THE KARUNA TRUST  
TRUSTEES' REPORT**

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**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 3 July 2014 and signed on its behalf by:

.....

Ulla Brown (Chair)  
Trustee

.....

Dr William McGinley  
Trustee

## **THE KARUNA TRUST**

### **TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS**

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The trustees (who are also directors of The Karuna Trust for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that 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 so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.



## **INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE KARUNA TRUST**

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We have audited the financial statements of The Karuna Trust for the year ended 31 March 2014, set out on pages 17 to 31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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**

As explained more fully in the Trustees' Responsibilities Statement set out on page 14, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's [(APB's)] Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF  
THE KARUNA TRUST**

..... *continued*

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**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records or returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit ; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report.

.....  
Carter Backer Winter LLP

66 Prescott Street  
London  
E1 8NN

14 July 2014

Carter Backer Winter LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

**THE KARUNA TRUST**

**STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT )  
FOR THE YEAR ENDED 31 MARCH 2014**

		Unrestricted Funds	Restricted Funds	Total Funds 2014	Total Funds 2013
	Note	£	£	£	£
<b>Incoming resources</b>					
Incoming resources from generated funds					
Incoming resources from charitable activities	2	1,594,880	259,498	1,854,378	1,645,429
Investment income	3	1,127	-	1,127	1,091
Total incoming resources		<u>1,596,007</u>	<u>259,498</u>	<u>1,855,505</u>	<u>1,646,520</u>
<b>Resources expended</b>					
Costs of generating funds					
Costs of generating voluntary income	5	434,609	19,885	454,494	453,087
Charitable activities	6	887,584	230,125	1,117,709	1,085,456
Governance costs	10	25,970	-	25,970	41,220
Total resources expended		<u>1,348,163</u>	<u>250,010</u>	<u>1,598,173</u>	<u>1,579,763</u>
Net movements in funds		247,844	9,488	257,332	66,757
<b>Reconciliation of funds</b>					
Total funds brought forward		<u>561,818</u>	<u>29,768</u>	<u>591,586</u>	<u>524,829</u>
Total funds carried forward		<u>809,662</u>	<u>39,256</u>	<u>848,918</u>	<u>591,586</u>

All incoming resources and resources expended derive from continuing activities.

The notes on pages 19 to 31 form an integral part of these financial statements.

**THE KARUNA TRUST**

**BALANCE SHEET AS AT 31 MARCH 2014**

		2014		2013	
	Note	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	15		264,528		270,291
<b>Current assets</b>					
Debtors	16	80,485		74,534	
Cash at bank and in hand		<u>740,023</u>		<u>500,448</u>	
		820,508		574,982	
<b>Creditors: Amounts falling due within one year</b>	17	<u>(153,885)</u>		<u>(152,217)</u>	
<b>Net current assets</b>			<u>666,623</u>		<u>422,765</u>
<b>Total assets less current liabilities</b>			931,151		693,056
<b>Creditors: Amounts falling due after more than one year</b>	18		<u>(82,233)</u>		<u>(101,470)</u>
<b>Net assets</b>			<u>848,918</u>		<u>591,586</u>
<b>The funds of the charity:</b>					
<b>Restricted funds</b>			39,256		29,768
<b>Unrestricted funds</b>					
Unrestricted income funds			<u>809,662</u>		<u>561,818</u>
<b>Total charity funds</b>			<u>848,918</u>		<u>591,586</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 3 July 2014 and signed on its behalf by:

.....  
 Ulla Brown (Chair)  
 Trustee

.....  
 Dr William McGinley  
 Trustee

The notes on pages 19 to 31 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.

### 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 23.

### Incoming resources

Voluntary income including donations, 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 2014

..... continued

#### 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 2014 £	Total Funds 2013 £
<b>Donations and legacies</b>				
Donations from trusts	11,350	148,810	160,160	203,003
Regular gift aid donations	1,244,242	-	1,244,242	1,249,628
Donations and gifts	57,069	63,328	120,397	93,307
Donations from DFID	-	47,360	47,360	91,491
Legacies	279,245	-	279,245	8,000
Foreign currency (gains)/losses	2,974	-	2,974	-
	<u>1,594,880</u>	<u>259,498</u>	<u>1,854,378</u>	<u>1,645,429</u>

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

..... continued

3 Investment income

	Unrestricted Funds £	Restricted Funds £	Total Funds 2014 £	Total Funds 2013 £
Interest receivable	1,127	-	1,127	1,091

4 Total resources expended

	Staff Costs £	Depreciation £	Other Costs £	Total Funds 2014 £	Total Funds 2013 £
<b>Costs of generating voluntary income</b>	261,128	11,490	181,876	454,494	453,087
<b><u>Charitable activities</u></b>					
Grants to Institutions Programme	-	-	854,990	854,990	866,206
Development	2,217	100	35,843	38,160	35,127
<b><u>Support costs</u></b>					
Programme Management	156,838	4,999	62,722	224,559	184,123
<b>Governance costs</b>	6,657	752	18,561	25,970	41,220
Total	<u>426,840</u>	<u>17,341</u>	<u>1,153,992</u>	<u>1,598,173</u>	<u>1,579,763</u>

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

..... continued

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**5 Costs of generating voluntary income**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total Funds 2014</b>	<b>Total Funds 2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Employment costs	245,243	15,885	261,128	260,118
Fundraising expenses	114,682	3,000	117,682	98,532
Newsletters, printing and postage	14,896	-	14,896	18,637
Bank charges	13,418	-	13,418	14,950
Depreciation	11,490	-	11,490	14,160
Loan interest	4,657	-	4,657	4,895
Rent and Hire	30,223	1,000	31,223	41,795
Total	<u>434,609</u>	<u>19,885</u>	<u>454,494</u>	<u>453,087</u>

**6 Charitable activities**

	<b>Total Funds 2014</b>	<b>Total Funds 2013</b>
	<b>£</b>	<b>£</b>
Grants to partners	1,079,549	1,050,329
Programme development	38,160	35,127
	<u>1,117,709</u>	<u>1,085,456</u>



**THE KARUNA TRUST**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

..... continued

**7 Grants to partners**

	<b>Unrestricted Grants</b>	<b>Restricted Grants</b>	<b>Total Grants</b>	<b>Support costs (Mgmt)</b>	<b>Total Funds 2014</b>	<b>Total Funds 2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Adarsha Fellowship	-	5,000	5,000	1,313	6,313	3,031
Adecom	10,388	13,500	23,888	6,274	30,162	23,702
Aryaloka Computer Institute	11,448	-	11,448	3,007	14,455	8,901
Bahujan Hitay Hostels	48,189	-	48,189	12,657	60,846	71,146
BH Amravati	20,433	11,700	32,133	8,440	40,573	46,026
BH Goa	-	22,932	22,932	6,023	28,955	35,077
BH Gujarat	-	-	-	-	-	1,008
BH Nagpur	16,446	1,039	17,485	4,592	22,077	31,722
BH Wardha	12,402	-	12,402	3,257	15,659	17,100
Bhaja and Bordharan	18,045	-	18,045	4,739	22,784	22,750
BHT Konkan	27,258	-	27,258	7,159	34,417	34,000
Bhusawal	3,229	-	3,229	848	4,077	4,844
Bushindo	3,275	-	3,275	860	4,135	4,720
CBT - Capacity Building Team	19,198	-	19,198	5,042	24,240	26,225
Central Services Team - BH	6,991	-	6,991	1,836	8,827	-
Central Services Team - TBMSG	28,852	-	28,852	7,578	36,430	-
Child Labour Research	-	-	-	-	-	5,917
Dhamma Seed	9,953	-	9,953	2,614	12,567	6,063
Dhammajyoti - Mazi Asmita	14,939	-	14,939	3,924	18,863	18,809
Green Tara Foundation	-	17,817	17,817	4,679	22,496	24,251
Gujarat Dhamma	-	-	-	-	-	2,244
Haryana and Chhattisgarh	-	-	-	-	-	10,907
HRLN	41,892	1,570	43,462	11,415	54,877	14,448
ITBCI School	18,282	-	18,282	4,802	23,084	25,414
Jan Sahas	18,152	-	18,152	4,767	22,919	-
Jeevak	23,038	4,500	27,538	7,233	34,771	42,569
Leadership and Development Centre	8,093	-	8,093	2,126	10,219	11,272
Maitri Network	15,925	-	15,925	4,183	20,108	6,960
Manuski Trust	32,470	483	32,953	8,655	41,608	61,927
Modinagar Hostel	1,720	7,568	9,288	2,439	11,727	13,317
NACDOR	12,151	-	12,151	3,191	15,342	12,126
Nagarjuna Training Institute	17,461	-	17,461	4,586	22,047	15,895
NIRMAN	28,048	-	28,048	7,367	35,415	8,494
NISD	-	74,183	74,183	19,484	93,667	5,032
NISD Education	3,597	-	3,597	945	4,542	150,816
Nishta	2,371	25,129	27,500	7,223	34,723	24,251

**THE KARUNA TRUST****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014***..... continued*

NNBY	9,246	-	9,246	2,428	11,674	11,127
NVC	4,374	-	4,374	1,149	5,523	5,485
Pardhi Project	-	7,383	7,383	1,939	9,322	-
Pragya	-	-	-	-	-	5,093
Prakash Shikshan Prasarak Sanstha	4,839	-	4,839	1,271	6,110	6,349
Sadhana	18,193	-	18,193	4,778	22,971	24,251
Sakya Hostels	-	-	-	-	-	14,764
Samta Mahila Foundation	28,773	-	28,773	7,557	36,330	42,538
SPMM	5,000	32,826	37,826	9,935	47,761	38,124
TBMSG Hostels	66,468	-	66,468	17,457	83,925	87,383
URJA	18,221	-	18,221	4,787	23,008	24,251
Total	<u>629,360</u>	<u>225,630</u>	<u>854,990</u>	<u>224,559</u>	<u>1,079,549</u>	<u>1,050,329</u>

**THE KARUNA TRUST**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

..... continued

**8 Programme Development**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total Funds 2014 £</b>	<b>Total Funds 2013 £</b>
Employment costs	-	2,217	2,217	9,725
Training & Development	1,290	-	1,290	652
Consultants	16,395	-	16,395	21,715
Travel & subsistence	969	2,278	3,247	2,254
Other costs	15,011	-	15,011	781
<b>Total</b>	<b>33,665</b>	<b>4,495</b>	<b>38,160</b>	<b>35,127</b>

'Programme Development' represents costs associated with consultants and staff in India and the UK who capacity build our partners to enable them to improve in: Management, Organisational Development, Finance, Monitoring and Evaluation and Fundraising.

**9 Support Costs - Programme Management**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total Funds 2014 £</b>	<b>Total Funds 2013 £</b>
Employment costs	153,838	3,000	156,838	118,400
Training	4,407	-	4,407	6,316
Consultants	11,564	-	11,564	11,886
Travel & subsistence	10,702	1,200	11,902	11,453
Rent & service charges	6,475	-	6,475	6,520
Other costs	25,361	795	26,156	19,773
Loan interest	2,218	-	2,218	3,473
Depreciation	4,999	-	4,999	6,302
<b>Total</b>	<b>219,564</b>	<b>4,995</b>	<b>224,559</b>	<b>184,123</b>

**10 Governance costs**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total Funds 2014 £</b>	<b>Total Funds 2013 £</b>
Employment costs	6,610	-	6,610	8,101
Office costs	4,081	-	4,081	10,604
Motor and travel	3,815	-	3,815	3,943
Bank charges	45	-	45	101
Audit fees	10,800	-	10,800	10,200
Depreciation	752	-	752	1,138
Professional fees	-	-	-	8,133
Loan interest	367	-	367	-
Recharge AFI	(500)	-	(500)	(1,000)
<b>Total</b>	<b>25,970</b>	<b>-</b>	<b>25,970</b>	<b>41,220</b>

**THE KARUNA TRUST**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

..... continued

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**11 Trustees' remuneration and expenses**

During the year Karuna Trust paid £nil (2013: £350) to Trustees by way of remuneration.

The Trustees were also re-imbursed a sum of £4,657 (2013: £5,184) for travel and other incidental costs.

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

During the year Aid for India paid £500 (2013: £1,000) as management fees to The Karuna Trust. At the year end the charitable company owed £9,796 (2013: £2,796) to Aid for India.

**12 Net income**

Net income/(expenditure) is stated after charging/(crediting):

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Hire of other assets - operating leases	38,308	49,031
Auditors' remuneration - audit services	10,800	10,200
Foreign currency gains	(2,974)	-
Depreciation of owned assets	17,341	22,738
	<u>                    </u>	<u>                    </u>

**THE KARUNA TRUST**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

..... continued

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**13 Employees' remuneration**

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

	<b>2014 No.</b>	<b>2013 No.</b>
Grant management	4	4
Fundraising	16	16
Governance	1	1
	<u>21</u>	<u>21</u>

  

	<b>2014 £</b>	<b>2013 £</b>
Wages and Salaries	390,094	366,950
Social security	35,413	28,194
Pension costs	1,333	1,200
Total	<u>426,840</u>	<u>396,344</u>

***Senior employees***

During the year, defined contribution pension contributions on behalf of these staff amounted to £nil (2013 - £nil).

**14 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 2014

..... continued

15 Tangible fixed assets

	Land and buildings £	Plant and machinery £	Fixtures, fittings and equipment £	Total £
<b>Cost</b>				
As at 1 April 2013	295,100	84,596	48,263	427,959
Additions	-	11,577	-	11,577
Disposals	-	(3,914)	-	(3,914)
As at 31 March 2014	<u>295,100</u>	<u>92,259</u>	<u>48,263</u>	<u>435,622</u>
<b>Depreciation</b>				
As at 1 April 2013	53,926	58,847	44,894	157,667
Eliminated on disposals	-	(3,914)	-	(3,914)
Charge for the year	2,101	12,397	2,843	17,341
As at 31 March 2014	<u>56,027</u>	<u>67,330</u>	<u>47,737</u>	<u>171,094</u>
<b>Net book value</b>				
As at 31 March 2014	<u>239,073</u>	<u>24,929</u>	<u>526</u>	<u>264,528</u>
As at 31 March 2013	<u>241,174</u>	<u>25,749</u>	<u>3,369</u>	<u>270,292</u>

16 Debtors

	2014 £	2013 £
Other debtors	44,038	41,256
Prepayments and accrued income	36,447	33,278
	<u>80,485</u>	<u>74,534</u>

**THE KARUNA TRUST**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

..... continued

**17 Creditors: Amounts falling due within one year**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	19,237	18,030
Taxation and social security	6,307	8,338
Other creditors	111,647	107,353
Accruals and deferred income	16,694	18,496
	<u>153,885</u>	<u>152,217</u>

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

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Bank loan	<u>19,237</u>	<u>18,030</u>

**18 Creditors: Amounts falling due after more than one year**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	<u>82,233</u>	<u>101,470</u>

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

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Bank loan	<u>82,233</u>	<u>101,470</u>

Included in the creditors are the following amounts due after more than five years:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
After more than five years by instalments	<u>-</u>	<u>14,424</u>

**19 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 2014**

..... *continued*

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**20 Contingent liabilities**

The Karuna Trust has contingent liabilities of £1,274,390 (2013: £1,799,665) towards charitable projects at the year end.

**21 Operating lease commitments**

As at 31 March 2014 the charity had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	<b>Land and Buildings</b>	
	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Within one year	-	21,131
Over five years	21,136	-
	<u>21,136</u>	<u>21,131</u>



THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

..... continued

**22 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 £500 (2013: £1,000) as management fees to The Karuna Trust. At the year end the charitable company owed £9,796 (2013: £2,796) to Aid for India.

**23 Analysis of funds**

	At 1 April 2013	Incoming resources	Resources expended	At 31 March 2014
	£	£	£	£
<b>General Funds</b>				
Unrestricted income fund	561,818	1,596,007	(1,348,163)	809,662
<b>Restricted Funds</b>				
Restricted income fund	29,768	259,498	(250,010)	39,256
	<u>591,586</u>	<u>1,855,505</u>	<u>(1,598,173)</u>	<u>848,918</u>

**24 Net assets by fund**

	Unrestricted Funds	Restricted Funds	Total Funds 2014	Total Funds 2013
	£	£	£	£
Tangible assets	264,528	-	264,528	270,291
Current assets	709,467	111,041	820,508	574,982
Creditors: Amounts falling due within one year	(82,100)	(71,785)	(153,885)	(152,217)
Creditors: Amounts falling due after more than one year	(82,233)	-	(82,233)	(101,470)
Net assets	<u>809,662</u>	<u>39,256</u>	<u>848,918</u>	<u>591,586</u>

