

Charity Registration No. 327461

Company Registration No. 02132178 (England and Wales)

**THE KARUNA TRUST
TRUSTEES' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2015**

THE KARUNA TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	David Zukas Ulla Brown (Chair) Prof. Dominic Houlder Amanda Seller Dr William McGinley Zoe Stephenson
Chief executive officer	Ciaran Maguire
Secretary	Mark Courtney Baird
Patron	Dame Judith Dench CH, DBE, FRSA
Charity number	327461
Company number	02132178
Principal address	72 Holloway Road Holloway London N7 8JG
Registered office	72 Holloway Road Holloway London N7 8JG
Auditors	Carter Backer Winter LLP 66 Prescott Street London E1 8NN
Bankers	Clydesdale Bank Plc 35 Regent Street London SW1Y 4ND
Solicitors	Bates Wells and Braithwaite Cheapside House 138 Cheapside London EC2V 6BB

THE KARUNA TRUST

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THE KARUNA TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2015

The trustees present their report and accounts for the year ended 31 March 2015.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Companies Act 2006 and the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005.

Structure, governance and management

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

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

David Zukas

Ulla Brown (Chair)

Prof. Dominic Houlder

Amanda Seller

Dr William McGinley

Zoe Stephenson

(Appointed 23 October 2014)

The Trustees 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).

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.

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 charity 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 of The Karuna Trust are also trustees of Aid for India.

The trustees have assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

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 annual review for 2015 was conducted in June 2015 and the next review is scheduled for June 2016.

THE KARUNA TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

Objectives and activities

The charity's objects 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.

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 5% 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.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

Programme Review

Up to 400 million people in India survive on less than \$1.25 a day - that's 1/3 of the world's global poor ⁽¹⁾

Karuna works exclusively in India and Nepal and our partner organisations have essential knowledge of local people and local issues. We have a particular focus on communities who are discriminated against because of their caste or descent who often identify themselves as Dalit - meaning 'Broken'. They are frequently treated as 'untouchable' - an attitude and practice that inhibits and degrades their humanity. Routine oppression means these communities are often the poorest and most vulnerable to abuse, violence, and exploitation.

We provide funding to inspiring and innovative projects that promote dignity and self-confidence, and break down caste and religious barriers. As a Buddhist charity we are committed to human development and to challenging the ignorance and prejudice that trap people in poverty. Although caste discrimination has been illegal in India since 1950 it is still very much alive and consigns more than 250 million Dalit people to lives of poverty, persecution and despair. The vast majority of poverty is concentrated within groups discriminated against because of their caste or caste-based occupation.

⁽¹⁾ <http://www.christianaid.org.uk/images/leave-no-one-behind-report.pdf>

THE KARUNA TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

Effective and lasting social change must first be rooted in the transformation of individual attitudes and beliefs. As such our Programmes promote equal voice and equal choice for marginalised individuals and communities. We want every person to have the opportunity to fulfil their potential regardless of their caste, gender, belief or ability and our ultimate goal is that it will be the norm for Dalit and Tribal communities to work and live equally alongside everyone else.

Our interventions provide education, gender equality and economic opportunities so that beneficiaries are change makers and as role models they provide leadership, confidence and skills to others within their communities.

In 2014/15 Karuna worked with 40+ partner organisations in India. These Civil Society Organisations (CSOs) operate within Dalit and Tribal communities across 12 different states and a multiplicity of caste and religious groups. During the year our programmes directly impacted more than 90,000 men, women and children and more widely benefiting a further 600,000.

in 2014 Karuna was featured in a Transparency Report published by ActionAid ⁽²⁾. To be featured alongside Amnesty, BOND and The Big Lottery was a great honour for us and gave us an opportunity to communicate our ethos and values about transparency across to a wide audience.

Achievements and performance

Primary areas of work

Our emphasis on Education, Women's Empowerment and Innovative Livelihoods Development is underpinned by the three cross-cutting themes of capacity building, advocacy and welfare provision. A typical Karuna project directly improves the quality of people's lives, whilst enabling them to access mainstream welfare services, and build their capacity to become more self-reliant.

EDUCATION

For India's poorest and most marginalised communities, education is the key to escaping the crushing burden of poverty and discrimination. Many Dalit and Tribal Children either never access education or drop out of school after just a couple of years. Often children end up following their parents into unskilled labour where they earn a pittance for unskilled work in appalling conditions. In mainstream schools Dalit children are often humiliated or denied equal access to learning opportunities.

Karuna is helping 14,000 boys and girls across India enjoy a quality education enabling them to escape poverty and look forward to a brighter future.

- 14,000 children from marginalized communities have been supported to complete their education up to age sixteen, giving access to improved career opportunities and the chance to fulfil their potential. (According to Human Rights Watch on average across India 51% of children from dalit backgrounds, 58% from tribal and 64% of adolescent girls drop out of school before the age of 13)
- 27,000 parents are now able to support their children's education , empowering them with a vision of a better future for themselves and their communities.

⁽²⁾ http://www.actionaid.org.uk/sites/default/files/publications/transparency_report_2014.pdf

THE KARUNA TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

LIVELIHOODS

Although the practice of Untouchability has been illegal for many years, millions of dalit people are still condemned to carry out degrading caste based occupations, such as disposing of human excrement by hand or disposing of animal carcasses. Over the past year Karuna has supported locally-based community groups that are helping more than 16,000 Dalit people to get decent, dignified and better-paid employment. Some provide training in business development, entrepreneurship and other vocational skills. Some offer start-up loans, savings schemes and microcredit. Others promote safer, healthier working conditions. Together they are helping people break free from the slavery and stigma of degrading caste based occupations and develop new, more dignified livelihoods.

- 16,000 people from marginalized communities have received livelihoods development training and now have the skills to find dignified and decently paid work.
- Over the past year, 2,000 women ex-manual scavengers have received training for new livelihoods and 1,000 boys and girls from ex-manual scavenging communities have been supported to complete their education ⁽³⁾.

GENDER EQUALITY

52% of adolescent girls (and 57% of adolescent boys) think it is justifiable for a man to beat his wife ⁽⁴⁾. Dalit women in India suffer the double disadvantage of gender and caste discrimination. Girl children are often unable to access or sustain education, and many are illegally married off at a very young age and often forced into a life of domestic slavery and abuse, perpetuating a cycle of poverty and misery. Karuna supports programmes which educate whole communities about these issues, supporting 6,000 young women to stay in education as long as possible, and empowering 14,000 women to claim and stand up for their rights.

- As a result of **women's empowerment** and **gender awareness** workshops, more than 20,000 women and girls are now better able to protect themselves and their families from violence.
- A nationwide campaign involving more than 175,000 women across 9 States has highlighted the issue of **violence against women** and the need for better legal protection for vulnerable women.

SUSTAINABILITY

Karuna works with grassroots NGOs many of which have required significant input to establish effective activities. In 2014/15 greater focus was made on establishing more partner sustainability. By training our partners in strategic planning, project management and fundraising Karuna is able to build stronger organisations. All of this grassroots work provides skills and confidence to local community organisations enabling them to grow and change the lives of more people. This has become a vital part of our work and last year through our fundraising workshops and capacity building we have enabled many partners to raise substantial funds in-country and foreign funds.

In early 2015 we held a Partner Convention at Nagpur to hear directly about how and what they believe are the crucial issues facing Dalit, Tribal and other marginalised communities in India today. Over 100 delegates from our 40+ partner organisations from a wide variety of caste and religious backgrounds attended. We intend to hold conventions on a regular basis as they provide an excellent platform for partners to share learning and work together more effectively.

⁽³⁾ According to government statistics, an estimated one million Dalits in India are "manual scavengers" (a majority of them women) who clear faeces from public and private latrines and dispose of dead animals.

⁽⁴⁾ Unicef research; <http://timesofindia.indiatimes.com/india/57-of-boys-53-of-girls-think-wife-beating-is-justified/articleshow/12862006.cms?referral=PM>

THE KARUNA TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

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.

Financial review

Income

The total income received by the Karuna Trust for the year ended 31st March 2015 was £1,861,458 (2014: £1,855,505).

Donations from individual regular donors totalled £1,603,602 (2014: £1,637,773) a figure which represented 85% 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 occasional legacy income.

Once again we were very well supported by our donors for the annual Big Give campaign, raising £65,208 (including Gift Aid). This amount is carried forward for grants in 2015-16.

During the year we received £207,286 in legacies (2014: £279,245). We are enormously grateful for these major gifts which will have a significant impact on our work.

The Fundraising team did well to mount 8 appeals during the year including 2 solo appeals, so that income from regular giving remained largely in line with the previous year. We continue to find that the environment for raising new regular individual donors, is increasingly competitive as more and more charities turn to Door-to-Door fundraising.

Income from other Trusts was £177,026 (2014: £160,158). Raising funds from UK trusts remains a challenge. Many trusts remain affected by low interest rates. There is also evidence that some trusts are giving lower priority to work in India as it is perceived to be less needy than in the past.

Institutional income, received entirely from DFID, was £67,269 (2014: £47,360). Our four year DFID grant reached the end of its cycle at 31 March 2015.

Expenditure

Our expenditure for the year was £1,748,236 (2014: £1,598,173).

A good exchange rate meant our budgeted grant payments cost us significantly less than expected. We were therefore able to make additional one-off grant payments to our Partners in India of £124,785 (2014: £37,300).

We were able to strengthen our Door-to-Door campaigns and increase our regular donor base by mounting 8 fundraising campaigns as compared to 6 in 2014. We were also able to bolster our campaign team with 2 new fundraisers, thus building for the future. The overall cost of fundraising was £521,898 (2014: £454,494).

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 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 2015/16 (i.e. unrestricted grant payments, fundraising, programme management and governance).

THE KARUNA TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

Reserves

At the end of the year, we had reserves of £962,140 which is an increase of £113,222 over the previous year. This figure includes a notional exchange rate gain of £25,109 achieved as a result of a year-end sterling valuation of rupees purchased exclusively for the payment of partner grants. Because these funds will not be converted back into sterling from rupees the charity will not benefit from this gain.

An analysis of the reserve amount is as follows:-

Unrestricted funds:

- Operating reserve £752,037 (funds for the general operation of the charity)
- Fixed Asset reserve £175,579 (tangible net assets net of bank loan)

Restricted funds: £34,524 (funds for specific projects)

We plan to reduce the unrestricted reserves over the next few years by increasing grants available for programmes in India in support of our future plans as described below.

At the year-end we carried £1,831,328 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 three or four year grant cycle.

Thanks to the success of this year we now have funds in place which going forward will enable us to significantly increase the grants of our most effective project partners. We are also commencing work with new project partners and beneficiaries in Chhattisgarh and Nepal, as well as investing more in partner training and sustainability.

Plans for the future Programmes

Over the next five years we will continue developing the capacity of our existing partners enabling them to run more effective and sustainable projects. In 2014 we commissioned two pieces of work to assess how we can extend our scope in the priority poor states of Bihar, Jharkhand, Odisha and Chhattisgarh as well as Nepal. Using this research in conjunction with field visits we will identify five new partners in these four states + Nepal. Embarking on new work in Nepal is vitally important as caste discrimination plays a major role in poverty and exclusion. Our intention is that each of these five new partners will be significantly scaled up within the five year period. Our overall aim is to increase the number of direct beneficiaries across all partners from the present total of 90,000 in 2015/16 by an additional 50% to 135,000 a year in five years' time.

Funding

In order to grow our work in India and make a bigger impact we need to raise additional funds. This will be done in two ways: providing skills and training to our partners so that they can access Indian funding sources, and investing more in our UK fundraising capabilities.

Over the next five years we will implement a major programme of leadership and sustainability training for our Indian partners with the aim of enabling them to increase their impact and generate significant and sustainable new funding from within India and abroad.

We will invest in developing our own successful fundraising programme in the UK, building on the long established success of our door to door appeals and fundraising from Trusts and Institutions. Our overall aim is to increase our total income from the present £1.85 million to a projected £2.7 million in five years' time. We will do this by deepening our relationship with our existing supporters, increasing the scope of our appeals, and developing new forms of fundraising such as digital, corporate and retail. We will also work closely with Karuna Germany to help them develop their fundraising.

THE KARUNA TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

Karuna has developed highly effective methods of door-to-door fundraising to such an extent that this income represents some 80% of our total. Our door-to-door appeals use volunteers who we train to connect with householders and completely avoid using any sales-like pressure for them to become a supporter. This approach takes more time and involves more training than the target driven methods used by other charities but we find that supporters stay with us longer and really appreciate our approach. We are growing our door-to-door team which will enable us to run up to nine 6-week appeals each year (up from the 6 we currently run).

We are also working in partnership with Karuna Germany to secure major grants from BMZ (the German equivalent of DFID) and the EU.

Systems

As a charity that prides itself on transparency we rely on accurate and compelling information from our partners in the field. One problem we have faced is that our emphasis on working closely with a large number of individual grassroots partner organisations has made it difficult for us to measure the overall impact of our work in the long term. While we are satisfied with the progress of our individual partners, the lack of clear and easy impact analysis is a problem for us in being able to succinctly demonstrate the effectiveness of our work. Our solution has been for Karuna programmes to fully adopt a Logical Framework Approach to project management and to provide on-going training to our partners to learn how to use this strategic planning and monitoring tool. As well as adopting this as the primary framework for gathering and analysing information we are building an online platform to make it easier for our partners to record and monitor progress. Karuna will be more well-informed and better equipped to show our donors how their contributions are making a real and strategic difference to the lives of Dalit communities in India and Nepal.

Auditors

A resolution proposing that Carter Backer Winter LLP be reappointed as auditors of the company will be put to the members.

On behalf of the board of trustees



Ulla Brown (Chair)

Trustee

Dated: 22 July 2015

THE KARUNA TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

In preparing these accounts, 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; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE KARUNA TRUST

INDEPENDENT AUDITORS' REPORT

TO THE TRUSTEES OF THE KARUNA TRUST

We have audited the accounts of The Karuna Trust for the year ended 31 March 2015 set out on pages 11 to 23. 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 charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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 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 trustees 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 statement of trustees' responsibilities, the trustees, who are also the directors of The Karuna Trust for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

The trustees have elected for the accounts to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our responsibility is to audit and express an opinion on the accounts 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 Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity'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 accounts. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited accounts 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 accounts

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2015 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.

THE KARUNA TRUST

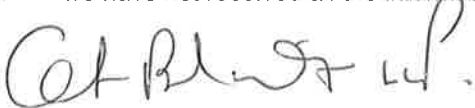
INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE TRUSTEES OF THE KARUNA TRUST

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Report is inconsistent in any material respect with the accounts; or
- the charitable company has not kept adequate accounting records; or
- the accounts are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



Carter Backer Winter LLP

**Chartered Accountants
Statutory Auditor**

66 Prescott Street
London
E1 8NN

Dated: 23 July 2015

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 2015

	Notes	Unrestricted funds £	Restricted funds £	Total 2015 £	Total 2014 £
<u>Incoming resources from generated funds</u>					
Donations and legacies	2	1,555,205	292,688	1,847,893	1,854,378
Investment income	3	13,515	-	13,515	1,127
		<u>1,568,720</u>	<u>292,688</u>	<u>1,861,408</u>	<u>1,855,505</u>
Other incoming resources	4	50	-	50	-
Total incoming resources		<u>1,568,770</u>	<u>292,688</u>	<u>1,861,458</u>	<u>1,855,505</u>
<u>Resources expended</u>					
Charitable activities					
Costs of generating funds	6	503,000	18,898	521,898	454,494
Charitable activities	7	923,976	278,522	1,202,498	1,117,709
		<u>1,426,976</u>	<u>297,420</u>	<u>1,724,396</u>	<u>1,572,203</u>
Total charitable expenditure		<u>1,426,976</u>	<u>297,420</u>	<u>1,724,396</u>	<u>1,572,203</u>
Governance costs	13	23,840	-	23,840	25,970
Total resources expended		<u>1,450,816</u>	<u>297,420</u>	<u>1,748,236</u>	<u>1,598,173</u>
Net income/(expenditure) for the year/ Net movement in funds		<u>117,954</u>	<u>(4,732)</u>	<u>113,222</u>	<u>257,332</u>
Fund balances at 1 April 2014		<u>809,662</u>	<u>39,256</u>	<u>848,918</u>	<u>591,586</u>
Fund balances at 31 March 2015		<u>927,616</u>	<u>34,524</u>	<u>962,140</u>	<u>848,918</u>

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

THE KARUNA TRUST

BALANCE SHEET

AS AT 31 MARCH 2015

	Notes	2015		2014	
		£	£	£	£
Fixed assets					
Tangible assets	15		257,812		264,528
Current assets					
Debtors	16	76,569		80,485	
Cash at bank and in hand		861,772		740,023	
		<u>938,341</u>		<u>820,508</u>	
Creditors: amounts falling due within one year	17	<u>(172,306)</u>		<u>(153,885)</u>	
Net current assets			<u>766,035</u>		<u>666,623</u>
Total assets less current liabilities			<u>1,023,847</u>		<u>931,151</u>
Creditors: amounts falling due after more than one year	18		<u>(61,707)</u>		<u>(82,233)</u>
Net assets			<u>962,140</u>		<u>848,918</u>
Income funds					
Restricted funds			34,524		39,256
Unrestricted funds			927,616		809,662
			<u>962,140</u>		<u>848,918</u>

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2015, although an audit has been carried out under section 144 of the Charities Act 2011. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these accounts under the requirements of the Companies Act 2006.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 386 of the Act and for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the company.

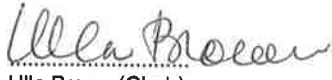
These accounts have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

THE KARUNA TRUST

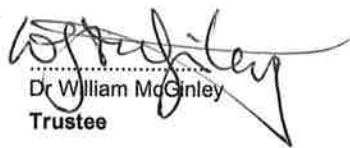
BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2015

The accounts were approved by the Board on 22nd July 2015



Ulla Brown (Chair)
Trustee



Dr William McGinley
Trustee

Company Registration No. 02132178

THE KARUNA TRUST

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention.

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

1.2 Incoming resources

Voluntary income including donations, legacies and grants that provide core funding or are of a general nature is recognized where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Investment income is recognized on a receivable basis.

1.3 Resources expended

Liabilities are recognized 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 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.

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.

THE KARUNA TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

1 Accounting policies

1.4 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	Not depreciated
Leasehold property	1% straight line
Plant and machinery	Straight line between 3 and 5 years
Fixtures, fittings & equipment	Straight line between 3 and 5 years

1.5 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.6 Foreign currency translation

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

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are included in net outgoing resources.

2 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2015	Total 2014
	£	£	£	£
Donations and gifts	1,347,919	292,688	1,640,607	1,575,133
Legacies receivable	207,286	-	207,286	279,245
	<u>1,555,205</u>	<u>292,688</u>	<u>1,847,893</u>	<u>1,854,378</u>

3 Investment income

	2015	2014
	£	£
Rental income	12,800	-
Interest receivable	715	1,127
	<u>13,515</u>	<u>1,127</u>

THE KARUNA TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

4 Other incoming resources

	2015 £	2014 £
Net gain on disposal of fixed assets	50	-

5 Total resources expended

	Staff costs £	Depreciation £	Other costs £	Grant funding £	Total 2015 £	Total 2014 £
Charitable activities						
<u>Costs of generating funds</u>						
Activities undertaken directly	325,125	12,300	184,473	-	521,898	454,494
<u>Charitable activities</u>						
Activities undertaken directly	-	-	49,754	-	49,754	38,160
Grant funding of activities	-	-	-	914,754	914,754	854,990
Support costs	171,003	3,520	63,467	-	237,990	224,559
Total	171,003	3,520	113,221	914,754	1,202,498	1,117,709
	<u>496,128</u>	<u>15,820</u>	<u>297,694</u>	<u>914,754</u>	<u>1,724,396</u>	<u>1,572,203</u>
Governance costs	5,729	671	17,440	-	23,840	25,970
	<u>501,857</u>	<u>16,491</u>	<u>315,134</u>	<u>914,754</u>	<u>1,748,236</u>	<u>1,598,173</u>

Governance costs includes payments to the auditors of £6,000 + VAT (2014: £6,000 + VAT) for audit fees and £3,000 + VAT (2014: £3,000 + VAT) for other services.

THE KARUNA TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

6	Costs of generating voluntary income	2015	2014
		£	£
	Staff costs	325,125	261,128
	Fundraising expenses	125,640	117,682
	Newsletters, printing and postage	21,713	14,896
	Bank charges	12,295	13,418
	Loan Interest	4,358	4,657
	Rent and hire	45,576	31,223
	Exchange (gain)/loss	(25,109)	-
	Depreciation	12,300	11,490
		521,898	454,494

7	Grants payable	2015	2014
		£	£
	Charitable activities (see note 8)	1,152,744	1,079,549
	Programme development (see note 9)	49,754	38,160
		1,202,498	1,117,709

THE KARUNA TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

8 Grants to partners	Unrestricted grants £	Restricted grants £	Total grants £	Support costs £	Total funds 2015 £	Total funds 2014 £
Adarsha Fellowship	5,332	5,000	10,332	2,688	13,020	6,313
Adecom	9,183	13,500	22,683	5,901	28,584	30,162
Aryaloka	15,256	900	16,156	4,203	20,359	14,455
Bahujan Hitay Hostels	65,802	8,733	74,535	19,392	93,927	60,846
BH Amravati	33,543	11,700	45,243	11,771	57,014	40,573
BH Goa	-	25,511	25,511	6,637	32,148	28,955
BH Nagpur	16,619	16,923	33,542	8,727	42,269	22,077
BH Wardha	14,441	-	14,441	3,757	18,198	15,659
Bhaja and Bordaran	21,447	-	21,447	5,580	27,027	22,784
BHT- Konkan	30,806	-	30,806	8,015	38,821	34,417
Bhusawal	3,051	-	3,051	794	3,845	4,077
Bushindo	2,054	-	2,054	534	2,588	4,135
Capacity Building Team	26,603	900	27,503	7,156	34,659	24,240
Central Services Team - BH	6,571	-	6,571	1,709	8,280	8,827
Central Services Team - TBMSG	25,472	-	25,472	6,627	32,099	36,430
Dhamma Seed	-	-	-	-	-	12,567
Dhammajyoti - Mazi Asmita	5,800	-	5,800	1,509	7,309	18,863
Green Tara Foundation	-	18,399	18,399	4,787	23,186	22,496
Gujarat Dhamma	351	-	351	91	442	-
HRLN	24,089	5,670	29,759	7,742	37,501	54,877
ITBCI	20,776	1,000	21,776	5,665	27,441	23,084
Jan Sahas	29,656	22,603	52,259	13,596	65,855	22,919
Jeevak	13,623	-	13,623	3,544	17,167	34,771
Leadership&Development Centre	-	-	-	-	-	10,219
Maitri Network	23,046	-	23,046	5,996	29,042	20,108
Manuski Trust	33,770	-	33,770	8,786	42,556	41,608
Modinagar Hostel	12,427	450	12,877	3,350	16,227	11,727
NACDOR	9,151	-	9,151	2,381	11,532	15,342
Nagaruna Training Institute	18,813	-	18,813	4,895	23,708	22,047
NIRMAN	23,677	-	23,677	6,160	29,837	35,415
NISD	2,825	83,161	85,986	22,371	108,357	93,667
NISD Education	-	-	-	-	-	4,542
NISHTHA	5,296	16,270	21,566	5,611	27,177	34,723
NNBY	5,974	-	5,974	1,554	7,528	11,674
NVC	3,914	-	3,914	1,018	4,932	5,523
Pardhi Project	10,785	1,617	12,402	3,226	15,628	9,322
Prakash Shikshan Prasarak Sanstha	-	-	-	-	-	6,110
Sadhana	17,299	-	17,299	4,501	21,800	22,971
Samita Mahila Foundation	32,592	-	32,592	8,479	41,071	36,330
SPMM	-	14,682	14,682	3,820	18,502	47,761
TBMSG Hostels Project	69,249	9,667	78,916	20,532	99,448	83,925
URJA	10,675	8,100	18,775	4,885	23,660	23,008
Total	649,967	264,787	914,754	237,990	1,152,744	1,079,549

Note 10

THE KARUNA TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

9 Programme development	2015	2014
	£	£
Employment costs	-	2,217
Depreciation	-	100
Training and development	47	1,190
Consultants	48,495	16,395
Travel and subsistence	1,142	3,247
Other costs	70	15,011
	<u>49,754</u>	<u>38,160</u>

10 Support costs	2015	2014
	£	£
Training	2,977	4,407
Consultants	16,196	11,564
Rent and service charges	4,885	6,475
Other costs	24,492	26,156
Loan interest	1,393	2,218
Travel and subsistence	13,524	11,902
Staff costs	171,003	156,838
Depreciation	3,520	4,999
	<u>237,990</u>	<u>222,281</u>

11 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year, but 3 of them were reimbursed a total of £2,508 travelling expenses (2014: 4 were reimbursed £4,657).

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

During the year Aid for India paid £500 (2014: £500) as a management fee to The Karuna Trust. At the year end the charitable company owed £9,296 (2014: £9,796) to Aid for India.

THE KARUNA TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

12 Employees

Number of employees

The average monthly number of employees during the year was:

	2015 Number	2014 Number
Grant management	4	4
Fundraising	18	16
Governance	1	1
	<u>23</u>	<u>21</u>

Employment costs

	2015 £	2014 £
Wages and salaries	467,750	390,094
Social security costs	32,670	35,413
Other pension costs	1,437	1,333
	<u>501,857</u>	<u>426,840</u>

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

13 Governance costs

	2015 £	2014 £
Employment costs	5,729	6,657
Depreciation	671	752
Office costs	4,527	4,081
Motor and travel	2,325	3,815
Bank charges	46	45
Audit fees	10,800	10,800
Loan interest	278	367
Recharge AFI	(500)	(500)
Other costs	(36)	(47)
	<u>23,840</u>	<u>25,970</u>

14 Taxation

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

THE KARUNA TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

15 Tangible fixed assets	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 April 2014	295,100	92,259	48,262	435,621
Additions	-	9,436	341	9,777
Disposals	-	(626)	(700)	(1,326)
At 31 March 2015	295,100	101,069	47,903	444,072
Depreciation				
At 1 April 2014	56,027	67,331	47,737	171,095
On disposals	-	(626)	(700)	(1,326)
Charge for the year	2,101	14,081	309	16,491
At 31 March 2015	58,128	80,786	47,346	186,260
Net book value				
At 31 March 2015	236,972	20,283	557	257,812
At 31 March 2014	239,073	24,929	526	264,528
16 Debtors			2015	2014
			£	£
Income tax recoverable			36,944	35,012
Other debtors			31,550	25,497
Prepayments and accrued income			8,075	19,976
			76,569	80,485
17 Creditors: amounts falling due within one year			2015	2014
			£	£
Bank loans			20,526	19,237
Taxes and social security costs			5,831	6,307
Other creditors			122,399	111,647
Accruals			23,550	16,694
			172,306	153,885

Bank borrowings are secured by a charge over the Charity's freehold land and buildings.

THE KARUNA TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

18 Creditors: amounts falling due after more than one year	2015 £	2014 £
Bank loans	<u>61,707</u>	<u>82,233</u>
Analysis of loans		
Wholly repayable within five years	82,233	101,470
Included in current liabilities	<u>(20,526)</u>	<u>(19,237)</u>
	<u>61,707</u>	<u>82,233</u>
Loan maturity analysis		
Debt due in one year or less	20,526	19,237
In more than one year but not more than two years	45,267	42,426
In more than two years but not more than five years	<u>16,440</u>	<u>39,807</u>
	<u>82,233</u>	<u>101,470</u>

The bank loan is secured by a charge over the Charity's freehold land and buildings.

19 Pension and other post-retirement benefit commitments		
Defined contribution		
	2015 £	2014 £
Contributions payable by the company for the year	<u>1,437</u>	<u>1,333</u>

20 Share capital

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.

21 Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total £
Fund balances at 31 March 2015 are represented by:			
Tangible fixed assets	257,812	-	257,812
Current assets	903,817	34,524	938,341
Creditors: amounts falling due within one year	(172,306)	-	(172,306)
Creditors: amounts falling due after more than one year	<u>(61,707)</u>	<u>-</u>	<u>(61,707)</u>
	<u>927,616</u>	<u>34,524</u>	<u>962,140</u>

THE KARUNA TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

22 Contingent liabilities

The Karuna Trust has contingent liabilities of £1,831,328 (2014: £1,274,390) towards charitable projects at the year end.

23 Commitments under operating leases

At 31 March 2015 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2015	2014
	£	£
Expiry date:		
In over five years	21,136	21,136

24 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 (2014: £500) management fees to The Karuna Trust. At the year end the charitable company owed £9,296 (2014: £9,796) to Aid for India.