

Charity registration number 327461

Company registration number 02132178 (England and Wales)

THE KARUNA TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

THE KARUNA TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Vajramudita Armstrong Zoe Stephenson Su Yen Tan Sundeep Kaur Grewal	(Appointed 27 April 2022) (Appointed 27 April 2022)
Secretary	M C Baird	
Charity number	327461	
Company number	02132178	
Principal address	72 Holloway Road Holloway London N7 8JG	
Registered office	72 Holloway Road Holloway London N7 8JG	
Auditor	CBW Audit Limited 66 Prescott Street London E1 8NN	
Bankers	Clydesdale Bank Plc Studio B 146-158 Kensington High Street London W8 7RL	
Solicitors	Bates Wells & Braithwaite London LLP 10 Queen Street Place London EC4R 1BE	

THE KARUNA TRUST

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THE KARUNA TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2022

The trustees present their annual report and financial statements for the year ended 31 March 2022.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's Deed of Trust, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019).

Objectives and activities

The Karuna Trust exists to end discrimination, poverty and inequality in India, Nepal and Bangladesh. To achieve this mission the following activities are carried out:

International development and grant-making

We make grants to a range of different in-country local partner NGOs in India, Nepal and Bangladesh. Our work focuses on education, dignified livelihoods and gender equality transforming communities and positively changing society.

Capacity Building

As well as funding projects, we assist our project partners to develop their capacity so that they are effective and sustainable organisations. This is a particular need as we tend to work with grass-roots organisations. A significant proportion of our funding goes towards training in strategic planning, financial management, monitoring and evaluation, governance, leadership development, effective project management and fundraising from in-country and foreign sources.

Awareness raising

Through our website, annual review, social media, public talks, networks and other events we aim to raise awareness of the impact of discrimination, poverty and inequality in India, Nepal and Bangladesh.

Fundraising

This is carried out through several different streams: door-to-door campaigns, phone campaigns, digital platforms, one-off donations, grant applications to charitable trusts and institutional donors. We also collaborate with Karuna Germany leveraging additional funds from German-based sources.

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

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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Programmes Report 2021/22

We specialise in working with grassroots, local organisations in India, Nepal and Bangladesh, many of whom are from the communities they are seeking to support. This means interventions are not imposed from outside but designed from the ground up. Despite huge economic growth in the region, these communities continue to face constant barriers of exploitation and exclusion.

Covid Emergency Response (April to September 2021)

The period April to September 2021 saw the peak of the second wave of COVID-19 infections in India, Nepal, and Bangladesh with recorded cases in India reaching more than 400,000 per day; some commentators suggesting that the actual number may have been as much as ten times higher. The massive impact of the pandemic itself, combined with the associated economic and social impacts of lockdowns, job losses and school closures were particularly severe for people from the most marginalised communities, who all too often were already living a precarious “hand-to-mouth” existence.

Over the period April to September 2021, Karuna made emergency grants to 35 partner organisations enabling them to respond to the most urgent needs of people from the most vulnerable communities. Grants were used to provide emergency food, medical and sanitary supplies directly to approximately 120,000 people from COVID-19 affected families. Our partners, with their well-established networks among the most disadvantaged communities that included urban slum dwellers and rural Dalit and tribal people, were able to make sure that the aid reached those in most acute need.

Many more people benefitted indirectly from this emergency work; for example, one of our partners, Pragya, supplied PPE equipment to 300 frontline medical workers who in turn provided medical care to an estimated 300,000 people from COVID-19 affected rural communities. Another partner, REED, provided educational broadcasts for 20,000 children affected by school closures in Southern Nepal. Another, Jan Sahas, ran a helpline service to help unemployed manual laborers access desperately needed government welfare schemes, and was able to extend this support to 98,000 migrant laborers, bringing economic benefits to as many as 490,000 family members.

An independent evaluation indicated that Karuna's grant making had been guided by feedback from the affected communities themselves, and that emergency grants had succeeded in delivering aid to people who would otherwise have been excluded from other emergency responses.

Covid Recovery Phase (September 2021 to March 2022)

During the COVID-19 crisis, Karuna continued to meet the core running costs of all its partners so that they could continue to cover the salaries of their field workers. This meant that, once the infection rates started to fall, they were able to restart their regular project work, addressing long-term community needs around education, dignified livelihoods and gender equality.

From September 2021 to March 2022, as communities started to rebuild their lives, Karuna's focus shifted from providing emergency grants to supporting our partners through a COVID-19 recovery process.

In September, we carried out an evaluation of our emergency work and a survey of all our partners to identify key priorities for our work. The priorities were:

- Supporting children affected by school closures to restart their education, with a particular emphasis on helping prevent adolescent girls from dropping out of school.
- Working with people to re-establish dignified and secure livelihoods, especially helping unemployed migrant laborers access government welfare schemes such as the MGNREGA rural employment guarantee scheme.
- Helping people from marginalised communities to build resilience to future COVID-19 waves through improved health awareness and access to health resources, including vaccinations.
- Giving women and girls access to justice and legal protection, countering the “shadow pandemic” of reported increases in violence against women and girls.

The vulnerable communities that Karuna works with will continue to need support for many years to overcome the impact of the pandemic and rebuild their lives.

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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

New projects and programme highlights

As well as aligning our work with COVID-19 recovery priorities, we have initiated several new projects that take forward the strategic priorities identified in 2020; in particular, extending the reach of our work into Bangladesh and developing innovative programs to meet the global challenge of climate change. Nearly every location where we work is increasingly vulnerable to the long-term effects of climate change and it is often the most socially marginalised and extremely economically vulnerable who are the worst affected. The northeast coast of India and the whole of Bangladesh are exposed to cyclones and flooding and the central Indian states experience severe heatwaves and droughts.

Other Programmes Highlights

Here are some of the project highlights from the past year.

Participatory Climate Adaptation Project (Pragya)

This new project, which started in October 2021, works with cyclone-affected households in 400 villages across 4 districts of Bangladesh and West Bengal in East India. The project supports smallholder farmers to adapt their livelihoods to the changing weather patterns caused by climate change. Altogether, the project aims to support 4,000 smallholder farmers to develop new climate-adapted livelihoods by providing access to targeted information about climate-adapted agricultural practices.

In addition, 4,000 women will be mobilised and organised into peer-support groups for training in livelihood skills and protection from gender-based violence. In total, 10,750 beneficiaries are part of the direct target group and 40,000 households (about 160,000 people) in 400 villages will benefit more widely.

The project is a joint initiative between Karuna Trust and Karuna Germany, with the bulk of the funding coming from the German Government agency BMZ. After six months, the project has already made substantial progress and a network of farmer support groups has been established in all four districts. In the next year, we plan to expand this program into two flood-affected areas of Nepal.

Dignity for Women Project – Challenging Chhaupadi (Green Tara/REED Nepal)

This project sets out to challenge the traditional practice of Chhaupadi. In these remote areas of Western Nepal, women are excluded from their homes and forced to live in unsafe huts during their periods, often at considerable risk to their health and safety. Through a series of targeted information and awareness-raising campaigns with key stakeholders (including mothers and local community leaders), the project works directly with 4,000 women and girls from 36 villages in Western Nepal promoting safe menstruation practices, with positive benefits for a total of 9,000 direct beneficiaries and a wider population of 20,000.

After a long preparation, the project started in September 2021, but activities were delayed due to flooding in October and November. In the first quarter of 2022, the project got back on track as planned. The mothers' groups are now all set up and running well. The initial training sessions with the Health Post staff and teachers went ahead as did the procurement for the project. For the girls' leadership programme, 21 adolescent girls were identified. They were given smart phones and trained in videography. Now they are collecting and sharing stories about their lives and restrictions around menstruation.

This major new project is a joint initiative between Karuna Trust and Karuna Germany with BMZ providing 75% funding of the total four-year budget of £535,000.

Migrant Labourer Resilience Project (Jan Sahas)

This project was started in June 2020 as a response to the plight of millions of migrant labourers who had lost their jobs because of nationwide lockdowns. They had been forced to return, often on foot, to their home villages.

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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Over the past year, the project has worked in 600 villages across 6 Indian states. It has helped unemployed migrants access government welfare schemes such as the MGREGA rural employment guarantee scheme, which guarantees a basic level income to unemployed daily wage labourers. A team of 60 community mobilisers based in 6 regional migration centres have provided outreach to 180,000 households, helping a total of 60,000 families register for government welfare payments. In addition, a helpline offering advice and counselling to returning migrants has received 250,000 calls over the past year.

Altogether this project has directly impacted on the lives of 98,000 migrant workers, with positive benefits for as many as 490,000 family members.

Over the past year, Karuna has contributed £75,000 to this project with generous support from Waterloo Foundation.

Strong Girls Project (Green Tara/REED Nepal)

The project initially aimed to give 1,500 girls from marginalised Dalit and tribal communities in Southern Nepal access to quality education, enabling them to complete primary school and transition to secondary education. During the pandemic, when schools were closed, the project refocused on giving children access to remote learning. Working with local radio and TV stations the project broadcast a series of 2-hour educational programmes that were listened to by an estimated 20,000 children in remote villages, with teachers carrying out follow-up visits to distribute learning materials and monitor student's learning.

The current phase of the project has ended after running for 3.5 years. In the final months it received a very positive evaluation by an external evaluator. The project has ensured that teachers in the 15 target schools are well trained in modern teaching methods, schools have been equipped with proper sanitation and classroom facilities, girls empowered and pursuing further education, and mothers engaging in income generation activities to reduce pressure on household incomes. We plan to launch a second phase of the project in July 2022 with a special emphasis on helping girls get back into school after the disruption of lockdown school closures.

Voice of Women Project (Jan Sahas)

This project provides legal and counselling support for women victims of violence across four states in Western and Central India enabling them to access justice and legal protection through a criminal justice system that all too often doubly discriminates against women from marginalised communities (based on both caste and gender). By training volunteer paralegals known as "barefoot lawyers" and providing access to free legal representation the project aims to provide readily accessible legal aid for women in need. Over the past year the project has worked directly with 2,423 women and engaged with a further 5,041 through training and awareness raising campaigns.

78 legal self-help groups have been formed and 272 barefoot paralegals received training. Information collection and fact finding was carried out in 1,165 cases. 144 women were provided with psycho-social and legal support and in 16 cases the survivors received financial compensation. 2 convictions were secured in cases of violence against women and many more cases have been filed and are pending due to courts being closed during lockdown.

West Bengal Girls' Education and Empowerment Project (NISHTHA)

In an area of West Bengal where around 50% of girls drop out of school for early marriage, and trafficking of girls is a constant danger, the project supports 1,350 girls to stay in school up to the age of 18. Girls are organised into peer self-help groups so that they can support each other with their education and intervene in cases where girls are at risk of dropping out or being forced into early marriage.

At the same time mothers receive livelihoods support which helps increase family incomes and reduces the pressure on girls to leave school early to earn money, whilst awareness raising campaigns challenge the social norms that lead to the devaluing of girls' education. Over the past year the scope of the project has been extended to include girls from cyclone affected coastal areas.

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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

In the past year the project has succeeded in ensuring that 98% of girls enrolled in the project stay in school with 227 going on into higher secondary, (the equivalent of sixth form). 49 child marriages have been directly prevented. 57 cases domestic violence have been stopped, and 16 cases of rape and domestic violence have been referred to the criminal justice system.

During the peak of the pandemic the project distributed food aid to 3,200 families (15,000 people) and organised health awareness camps through which 6,417 women and girls received vaccinations.

Mumbai Shelter for Homeless Women (Urja)

This project provides safe shelter and rehabilitation to women and girls who arrive at Dadar one of the main railway stations in Mumbai having run away from home, often to escape domestic violence and abuse. Many of the girls need psychological counselling to recover from trauma as well as vocational skills training for employment.

During the last 2 years, Urja has supported 80 former shelter girls by paying their rent and providing them with food supplies and hygiene kits while they look for new jobs. This year, the team supported 295 homeless young women including several from LGBTQ+ communities. Out of the 295, 73 young women were provided with access to safe spaces in shelters, and the remaining women received holistic medical, sexual-health and psychiatric support. 20 participants were enrolled in formal education and 47 in vocational training courses.

The project team collaborated with the Maharashtra Department of Women and Children to manage a Government Crisis Centre in Mumbai, where sheltered accommodation, counselling and medical support was provided to 433 survivors of gender-based violence.

In October 2021, Urja acquired a new larger shelter space in Mumbai, where they have been fully operational since December. This will allow them to support more young women in their journey out of abuse and into independence and self-reliance.

Maharashtra Girls' Education Project (NISD)

This long-standing Karuna-supported project enables girls from rural communities in rural Maharashtra to continue into secondary school and complete their education.

During the pandemic schools were closed so the project focused on distributing emergency relief supplies and providing children with opportunities for online learning.

In October 2021 the project was able to restart its education activities. Since then, Girls groups have restarted their activities and 160 meetings took place in 20 villages attended by a total of 1,012 girls. 4 leadership training programs and 2 menstruation and hygiene programs were organised for 163 group leaders. Sanitary napkins were provided to 737 girls. 40 adolescent health lectures were organised in 12 secondary schools attended by 1,470 adolescent girls. Two Gender Sensitisation training courses were organised for 71 teachers. 1,140 parents in 20 villages were contacted through awareness programs/poster exhibitions/home visits about the importance of their girls resuming their education post-pandemic. Educational materials were distributed to 360 girls and bicycles provided to 21 girls.

Maitri Women's Network

In 2021-22 Maitri Network partners reached out to 10,856 women and 3,109 men, to 2,201 girls and 751 boys. The team provided intensive support to 444 women survivors of sexual violence through various interventions like legal aid, and psycho-socio counselling, ration support, referring to One Stop Centres (OSC), providing rehabilitation support. Besides, partners were engaging with policy makers in Tamil Nadu, Maharashtra, and Madhya Pradesh.

A major achievement has been that Maitri Network partners across 30 districts have been actively engaging with OSCs, referring cases, providing counselling support, providing ration support as well as creating awareness in communities on facilities available at OSC. In 3 out of the 30 districts of the Maitri Network (namely Khargone (MP), Dewas (MP) and Mumbai) the OSCs are directly run by Maitri Network partners along with the Department of Women and Child. There has also been an increase in number of cases being referred to OSCs through Maitri Network partners.

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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

During this year staff and volunteers have been trained in how to engage with men and boys in the communities. Collaborating with "Men's Initiative to Transform Relationship Through Action" (MITRA) a program of perspective and skill building training is now implemented in all Maitri districts. The staff and volunteers are guided and supervised while forming groups with adolescent boys and young men with whom they meet monthly. Here they address issues around gender awareness, violence against women and privilege. The men and boys start to realise their own benefit from more equal and relaxed gender norms and relations and become allies in combatting violence against women in their communities.

Changes to regulations affecting overseas funding of Indian NGOs

Karuna's funding projects in India took place against a backdrop of radical changes affecting the NGO sector in India. In September 2020 the Indian Government announced sweeping changes to the regulations affecting overseas funding for Indian NGOs (known as FCRA Regulations) introducing new restrictions on how our partners can manage their funds. Over the past year many of our partners have had to re-apply for their government permission to receive overseas funds and unfortunately this has resulted in several of our long-standing partners losing their ability to receive grant funding from Karuna. We continue to monitor the situation and work with our partners to ensure that they are able to continue operating within the new regulations.

Projects coming to Completion

Primarily as a result of these new regulations, we have had to end the funding of some of our longest-standing projects - including our educational hostels in Maharashtra. For more than thirty years, these hostels provided residential educational support for children from extremely disadvantaged backgrounds and enabled thousands of them to complete their education. We are currently in the process of refocusing those grants to new types of educational projects, so that we can continue to reach more children who need support.

At the end of 2021, one of our much-loved projects, the Indo-Tibetan Buddhist Cultural Institute (ITBCI) School in India, closed its doors following a decision taken by the school's trustees. For more than forty years, thousands of children from the poorest backgrounds were able to receive quality education and opportunities at the school, thanks to your amazing support. While we, like you, are sad to see the project come to an end, we are incredibly grateful to be able to celebrate the wonderful benefits it achieved during its lifetime.

Nestled in the Himalayan hills of Kalimpong, ITBCI was founded in 1954 by the late monk and teacher Dharmo Rinpoche, with the aim of providing free education to the children of the poorest refugee families escaping persecution in Tibet. In honour of its founding, the school always placed a particular emphasis on teaching and preserving the traditional arts and culture of its students. By the eighties, Karuna had begun raising donations for the school, and had been supporting them ever since, resulting in what soon became one of Karuna's best-loved projects.

Fortunately, the needs in the area have changed over the decades. Karuna has been able to ensure that the children remaining at the school have been enrolled in other educational institutions in the area that have since arisen, so that their education has not been interrupted. Karuna was also able to make a substantial donation to the school on behalf of its supporters, in addition to our regular grants, to ensure that all the teachers (many of whom were ex-students) received a generous redundancy package, reflecting their hard work and dedication over the years.

From February 2022, the school began running a new, Karuna-funded, 'legacy' project, consisting of a library promoting Himalayan arts, culture and Buddhism, as well as a small museum. We are delighted to be able to honour the project's history as well as the contribution of our supporters in this way.

ITBCI was one of Karuna's longest standing and most valued partners. We are so incredibly proud of the school's achievements and their excellent work which enabled thousands of children from very poor backgrounds to fulfil their potential.

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FOR THE YEAR ENDED 31 MARCH 2022

Karuna's funding of the Thane Brick Kiln Education Project, the Jeevak Women's project and Sadhana Cantonment project have also ended.

We would like to thank all the teachers and hostel wardens involved in these projects, which have provided education and improved life opportunities for many thousands of children.

The year in numbers

In the past year Karuna projects have reached out directly to approx. 247,000 people from marginalised communities. A further 1,730,000 people have been benefitted indirectly from Karuna supported projects.

Emergency Covid Relief

A total of 120,000 people benefitted from distributions of emergency food relief.

61,000 people received emergency medical/sanitary supplies including PPE.

85,000 were involved in health awareness campaigns and training around COVID-19 prevention.

40,000 people from marginalised communities were supported to get access to facilities for treatment and vaccinations.

Education

16,730 children have been supported to stay in school, and 3,039 have been supported to complete their school education up to age 18.

During lockdown when schools were closed, 23,500 children from the most marginalised backgrounds were enabled to access remote and online learning.

Over the year 6,000 parents were involved in awareness raising around the importance of education and especially education of girls.

Gender Equality

8,945 girls were supported to stay in education.

52,600 women received training in leadership skills and were supported to participate in local decision making (through local councils, panchayats (village councils), village education committees)

7,681 women were trained and supported to know their rights and seek legal protection in cases of violence.

Livelihoods

100,000 unemployed migrant labourers were supported to access Government welfare schemes and entitlements.

2,700 women were trained in skills for new livelihoods.

2,500 men and women from marginal communities received training to start their own small businesses.

THE KARUNA TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

The wider Karuna Family

We have been collaborating with Karuna Germany for more than a decade and fund several major projects together in India, Nepal and now Bangladesh. The model is so successful that last year we established and launched Karuna USA with the purpose of widening our base, reaching new funders, and generating more support. Like Karuna Germany, Karuna USA has attracted a highly skilled and innovative Board of Trustees.

Karuna Germany

Karuna Deutschland's income for last year was £606,055 and supported a total of 71,507 direct beneficiaries in India, Nepal, and Bangladesh. Last year, the funding for four new major projects could be secured: two funded by BMZ, the German government's Department for International Development, two by big German foundations. Headline projects for the year are:

- **Dignity for Women: End Chhaupadi in Nepal** 'Safe menstruation and access to reproductive health'.
- **Safe Deliveries: Nepal** ensured that 1,280 babies could be born in a safe and supported environment in one of the birthing centres the project has set up. In total 36,018 people benefitted from better health care, and self-help groups for pregnant women and mothers.
- **Eco-friendly bricks: Dignified Livelihoods for Dalit women in Tamil Nadu** enables a sustainable income for 120 women and their families.
- **Climate Change Mitigation: Strong communities and adapted ecosystems in Bangladesh and India** began in October and already supported 4,527 people to protect their lives and livelihoods.
- **Voice of Women Project** enabled 2,432 Dalit women survivors of violence to access justice and get socio-medical support. In total, 3,689 people benefitted directly and 14,756 more widely.

Karuna USA

Karuna USA believes that every individual deserves a decent life and the opportunity to achieve their potential, regardless of caste, race or ethnicity. Karuna USA will mobilise people in the United States to become supporters of this work. It will identify resources and champions of our work and engage partners with similar operations to uplift marginalised groups in South Asia and eventually in the United States itself. In 2022 the focus of Karuna USA was establishing itself legally, creating a new website and social media presence, hiring staff and initial fundraising campaigns. It formally launched in November 2021.

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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

CONSOLIDATED ACCOUNTS FOR KARUNA UK & KARUNA GERMANY					
FOR THE YEAR ENDED 31 MARCH 2022	Karuna UK	Karuna DE	Total funds	Total funds	Variance
	2021/22	2021/22	2021/22	2020/21	
Income from:					
Donations and legacies	2,266,075	606,055	2,872,130	2,803,772	68,358
Other income	30,410	0	30,410	23,200	7,210
Total income	2,296,485	606,055	2,902,540	2,826,972	75,568
Expenditure on:					
Raising funds	654,286	9,380	663,666	625,444	38,222
Charitable activities – see table below	1,503,475	610,988	2,114,463	1,816,418	298,045
Total resources expended	2,157,761	620,368	2,778,129	2,441,862	336,267
Net income/(expenditure) for the year	138,724	(14,313)	124,411	385,110	(260,669)
Fund balances as 1 April 2021	1,117,650	132,000	1,249,650	864,540	
Fund balances at 31 March 2022	1,256,374	117,687	1,374,061	1,249,650	

CONSOLIDATED BALANCE SHEET				
AS AT 31 MARCH 2022	Karuna UK	Karuna DE	Total funds	Total funds
	2021/2022	2021/2022	2021/2022	2020/21
Fixed Asset				
Tangible assets	239,284	0	239,284	231,610
Current Assets				
Debtors	183,845	0	183,845	180,361
Cash at bank and in hand	909,484	117,687	1,027,171	1,000,087
	1,093,329	117,687	1,211,016	1,180,488
Creditors: amounts due within one year	76,239	0	76,239	162,408
Total Assets less Current Liabilities	1,256,374	117,687	1,374,061	1,249,650
Funds				
Unrestricted funds	1,221,203	0	1,221,203	1,026,245
Restricted funds	35,171	117,687	152,858	223,405
	1,256,374	117,687	1,374,061	1,249,650

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FOR THE YEAR ENDED 31 MARCH 2022

Charitable Activities	Karuna UK	Karuna DE	Total 2021/22	Total 2020/21
Grants to Indian partners				
Adecom	27,747	-	27,747	30,848
Aryaloka	26,756	-	26,756	18,034
Aryaloka - Chhattisgarh	7,831	-	7,831	8,903
Bahujan Hitay Hostels	45,648	-	45,648	84,729
BH Amravati	53,189	7,032	60,221	74,737
BH Goa	-	-	-	20,131
BH Nagpur	-	-	-	23,490
BH Wardha	-	-	-	26,171
Bhaja and Bordharan	13,995	-	13,995	25,463
BH Pune - Central Services Team	22,724	-	22,724	15,133
TBMSG Pune - Central Services Team	25,766	-	25,766	24,248
Darabar Sahityar Sansad	9,519	-	9,519	1,411
FHSM Chennai	13,059	21,829	34,888	-
Green Tara Foundation	18,335	-	18,335	24,865
ITBCI	56,276	-	56,276	29,489
Jambudvipa	2,571	-	2,571	-
Jan Sahas	212,868	91,772	304,640	370,102
Jeevak	43,324	-	43,324	42,217
Maitri Network	26,011	127,483	153,494	109,520
NIRMAN	56,431	10,128	66,559	29,589
NISD	50,768	-	50,768	38,269
Nishtha	145,617	-	145,617	103,297
NNBY	-	-	-	8,210
Yashodhara	-	-	-	3,170
PHIA Foundation	7,686	2,918	10,604	11,067
Prabodhini	-	3,403	3,403	4,623
Pragya	52,432	-	52,432	-
Sadhana Institute	35,799	-	35,799	27,901
SSEVS Bihar	18,865	-	18,865	6,206
Sukhavati Trust	19,698	-	19,698	20,556
TBMSG Hostels Project	106,386	-	106,386	161,448
TBMSG Nagpur	33,521	-	33,521	42,552
Triratna India COVID Relief	-	-	-	4,746
Urja	37,521	-	37,521	49,541
VICALP Odisha	-	-	-	5,137
Nepalese partners				
Green Tara Trust Nepal	54,456	205,415	259,871	267,867
FEDO	9,652	-	9,652	5,102
ADWAN	29,782	-	29,782	23,079
NNDSWO	8,800	-	8,800	-
Voice of Children	-	-	-	191

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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Charitable Activities	Karuna UK	Karuna DE	Total 2021/22	Total 2020/21
Bangladeshi partners				
Pragya Solutions	45,952	112,912	158,864	-
German partners				
Karuna Germany: FEB Educational Project in schools	-	11,919	11,919	-
US partners				
Karuna USA	99,093	-	99,093	-
Subtotals	1,418,078	594,811	2,012,889	1,742,041
Governance & other charitable costs	85,397	16,176	101,573	74,378
Totals	1,503,475	610,987	2,114,462	1,816,419

Financial review

Income

The total income received by The Karuna Trust for the year ended 31 March 2022 was £2,296,485 (2020/21: £2,288,912). This outcome represents an overall increase in income year-on-year of £7,573 reflecting sustained commitment and generosity from our donors during a challenging period.

In the year to 31 March 2022 total income from Regular Giving was £1,458,492 (2020/21: £1,458,314). Our Regular Giving income is typically derived from several sources: primarily door-to-door campaigns, give-as-you-earn and telephone upgrade campaigns. As a result of restrictions imposed by the response to COVID-19 we were unable to mount full door-to-door appeals during the year (2019/20: 4). Instead, our Supporter Recruitment Team came up with innovative ways to fundraise including a 6-week campaign staffed by 6 volunteers door knocking in their immediate localities.

Our Regional Fundraisers continued door-to-door fundraising whenever COVID-19 restrictions permitted. We also ran three telephone appeals in the first quarter of the year maintaining a focus on our Coronavirus Campaign as a second wave of COVID-19 hit India and Nepal in April 2021. Once again, the response from our donors was tremendous. One-off donations from individual donors raised £211,260 (2020/21: £270,771) of which £20,500 was for restricted grant payments.

Our Christmas Appeal 2021 raised a further £70,893 plus Gift Aid (2020/21 £71,924) for girls' education projects which has been applied as grant payments in 2021/22.

In recent years we have been developing our online presence through digital campaigns, including via Global Giving based in the USA. This year income from digital campaigns was £96,167 (2020/21: £146,454 – which included a substantial one-off donation of \$100,000). We are very encouraged by underlying growth from digital initiatives.

During the year we received £89,402 in legacy gifts (2020/21: £11,732). We appreciate deeply that Karuna is considered for gifts left in wills, no matter how small; they make a significant impact on our work.

Income from grant giving trusts was £262,624 (2020/21: £301,670) of which £226,107 was restricted income. We are deeply grateful to our Trust partners, with whom we work closely, for their ongoing support of our work in India, Nepal and Bangladesh.

THE KARUNA TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Expenditure

Our expenditure for the year was £2,157,761 (2020/21: £1,934,071).

We committed £1,418,079 in programme delivery (2020/21: £1,276,508), an increase of £141,571. Of this, direct grants to partners in India, Nepal and Bangladesh totalled £1,024,915 for the year (2020/21: £1,000,852). Programme management expenditure including partner training, partner workshops, capacity building and awareness raising was £316,164 (2020/21: £275,656).

Sterling remained strong against the Indian Rupee enabling us to make ₹90.96M in grants to India at a Sterling cost of £909,412 (2020/21: ₹86.82M at a Sterling cost of £957,284). In addition, we made grant payments of £77,000 to Karuna USA Inc.

At the year-end we carried £1,118,936 in future grant commitments to partners in India and Nepal (2020/21: £500,000). These are contingent liabilities, not contractual and therefore do not appear on our balance sheet and are not included in the reserve calculation, but nonetheless represent a very real responsibility for the Karuna Trust.

The cost of generating funds for the year was £654,285 (2020/21: £611,854). Of this figure £386,037 (2020/21: £366,926) was incurred in direct fundraising costs and the balance of £268,248 (2020/21: £244,928) in administrative support costs (including IT, financial processing and communications). This means that our direct fundraising costs this year were 16.8% of income (2020/21: 16%) a tremendous achievement by our fundraising team in what continues to be a challenging and unpredictable period.

Governance costs for the year were £85,397 (2020/21: £45,710) a significant increase year-on-year due mainly to unexpected due diligence and legal expenditure related to the founding of Karuna USA. These were one-off costs.

Reserves Policy

At the end of the year, we had total reserves of £1,256,374 an increase of £138,724 against the previous year. An analysis of the reserve amount is as follows:

- Unrestricted Operating reserve £981,918 (funds for the general operation of the charity)
- Unrestricted Fixed Asset reserve £239,285 (tangible net assets net of bank loan)
- Restricted funds: £35,171 (funds for specific projects)

The charity's reserves policy aims to maintain an operating reserve equivalent to 4 months costs, which at 31 March 2022 equated to approximately £720,000.

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.

Future developments

People everywhere are facing unprecedented levels of economic uncertainty and many experiencing tremendous hardship. The War in Ukraine is a sad example of how fragile our societies are, and we are witness to millions of innocent people forced to flee their homeland to stay safe. Globally and especially in India, Nepal and Bangladesh where vast numbers of people are already on the edge - climate change is causing deadly annual heatwaves, floods and food insecurity. High inflation and the rising costs of basic foodstuffs, clothing and medicines make it worse.

Against this backdrop our work of ending poverty, inequality and discrimination in India, Nepal and Bangladesh is more important than ever. We will carry out a wide-ranging strategy process commencing in Autumn 2022 which will include an assessment of the current needs in the countries where we work and a thorough review of our 2020-23 strategy. A few key areas that we know we will focus on are:

THE KARUNA TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Programmes

New projects:

- The new **Jan Sahas Leadership Academy**: will Capacity build 40 new Dalit led NGOs in Madhya Pradesh, Maharashtra, Uttar Pradesh, Chhattisgarh, Jharkhand, Bihar and Orissa.
- **Pragya Violence Against Women**: programme in West Bengal which will prevent VAW and trafficking of 4,350 women and girls in border area between India and Bangladesh.
- **REED Nepal**: Environmental Education Project will provide environmental education, climate change adaptation and teachers training.
- **Pragya Solutions Nepal**: will provide climate adapted livelihoods and Violence Against Women for 4,750 people from marginalised communities in the Terai region.
- **Pragya Solutions Bangladesh**: will promote Climate Adapted Agriculture and Flood Preparedness (continuation and scale up of a 2021 pilot project).

Fundraising

Development:

Karuna, which means 'compassion', fundraises using volunteers and never outsources fundraising to agencies. We empower our new donors to make a conscious and considered choice to give, rather than feel pressured or manipulated into donating. Our fundraisers incorporate their spiritual and ethical frameworks into their fundraising. Looking ahead in 2022-23:

- We will continue investment to ensure the charity is using the best and latest software, improved analysis and digital fundraising.
- Improve our marketing and engagement processes by identifying our consumer groups and refining our brand archetype and tone of voice.
- Investigate new methods of leadership giving fundraising (Trusts and major donors) as researched and recommended in our 2021 review.

Office and working from home

Our team mainly work from home however we have reopened our office on Holloway Road. We are giving people the choice to work where they feel most productive and healthy. 2022 will be an ongoing experiment in working practices to ensure the charity and its staff continue to thrive.

THE KARUNA TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Structure, governance and management

During the year the Board of Trustees decided to voluntarily step down to make way for a new generation of Trustees. This will allow for an increase in diversity at a senior level, which we are confident will enable Karuna to serve marginalised communities in South Asia even more effectively. The Board have been intentionally working on agenda of anti-racism, equity, diversity and inclusion, and are excited about the new skills being brought into the leadership team at Karuna.

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 purposes of company law, and served during the year, were:

Vajramudita Armstrong. Chair
SuYen Tan. Treasurer (appointed 27 April 2022)
Sundeep Grewal (appointed 27 April 2022)
Zoe Stephenson
Dr William McGinley (Treasurer, resigned 23 Jan 2022)
Prof. Dominic Houlder (resigned 27 April 2022)
Prof. Pratap Rughani (resigned 27 April 2022)
Ulla Brown (resigned 27 July 2021)
Amanda Seller (resigned 04 May 2021)

The Trustees give their time on a voluntary basis to the management and governance of the charity. They meet four 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 partner projects. When necessary, the Trustees establish working groups to deal with issues and report back to the full meeting.

The Trustees liaise closely with the Management Team, Fundraising Team, Programmes Team and Finance 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.

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 situation 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.

The Trustees of The Karuna Trust are also Trustees of Aid for India (founded 1980), which is the original name for the Trust. None of the Trustees has any beneficial interest in the company. All the Trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

In our salary system Karuna staff, including our CEO, are not paid according to their level of seniority.

Karuna has been working with Dalit and Tribal communities in India and Nepal for 40 years. The charity was founded by a small group of Western Buddhists who travelled home to the UK, deeply moved by the suffering they had witnessed among extremely impoverished Dalit communities in India. They were inspired by the critique of the caste system and teachings of the social reformer Dr BR Ambedkar. They began fundraising in the UK and evolved a new form of door-to-door fundraising based on the ethical principles of Buddhism.

Risk Management

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

The Management undertakes a full annual review and regular periodic reviews of the risks that the Charity is exposed to and reports back to the Trustees accordingly. The risk register is then updated. The review for the year 2022/23 was conducted in June 2022. The next full review thereafter is scheduled for June 2023.

THE KARUNA TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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 financial statements in accordance with applicable law and 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 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 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 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 financial statements 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.

Auditor

In accordance with the company's articles, a resolution proposing that CBW Audit Limited be reappointed as auditor of the company will be put at a General Meeting.

The trustees' report was approved by the Board of Trustees.

.....
Vajramudita Armstrong

Trustee

Dated:

.....
Su Yen Tan

Trustee

Dated:.....

THE KARUNA TRUST

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF THE KARUNA TRUST

Opinion

We have audited the financial statements of The Karuna Trust (the 'charity') for the year ended 31 March 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 2022 and of its incoming resources and application of resources, 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

THE KARUNA TRUST

INDEPENDENT AUDITOR'S 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 in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees responsibilities, the trustees who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations. The laws and regulations applicable to the charity were identified through discussions with trustees and other management, and from our commercial knowledge and experience of The Karuna Trust. Of these laws and regulations, we focused on those that we considered may have a direct material effect on the financial statements or the operations of the charity, including Charities Act 2011, Companies Act 2006, taxation legislation, data protection, anti-bribery, anti-money-laundering, employment, environmental and health and safety legislation. The extent of compliance with these laws and regulations identified above was assessed through making enquiries of management and inspecting legal correspondence. The identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

THE KARUNA TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE KARUNA TRUST

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- understanding the design of the company's remuneration policies.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Woosey (Senior Statutory Auditor)
for and on behalf of CBW Audit Limited

.....

Chartered Accountants
Statutory Auditor

66 Prescott Street
London
E1 8NN

THE KARUNA TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £
<u>Income from:</u>							
Donations and legacies	3	1,910,230	355,845	2,266,075	1,858,865	406,847	2,265,712
Investments	4	30,410	-	30,410	23,200	-	23,200
Total income		1,940,640	355,845	2,296,485	1,882,065	406,847	2,288,912
<u>Expenditure on:</u>							
Raising funds	5	616,935	37,351	654,286	583,070	28,784	611,854
Charitable activities	6	1,128,747	374,728	1,503,475	978,599	343,618	1,322,217
Total expenditure		1,745,682	412,079	2,157,761	1,561,669	372,402	1,934,071
Net income/(expenditure) for the year/ Net movement in funds							
		194,958	(56,234)	138,724	320,396	34,445	354,841
Fund balances at 1 April 2021		1,026,245	91,405	1,117,650	705,849	56,960	762,809
Fund balances at 31 March 2022		1,221,203	35,171	1,256,374	1,026,245	91,405	1,117,650

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

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 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	13		239,284		231,610
Current assets					
Debtors	14	183,845		180,361	
Cash at bank and in hand		909,484		868,087	
		<u>1,093,329</u>		<u>1,048,448</u>	
Creditors: amounts falling due within one year	15	<u>(76,239)</u>		<u>(162,408)</u>	
Net current assets			1,017,090		886,040
Total assets less current liabilities			<u>1,256,374</u>		<u>1,117,650</u>
Income funds					
Restricted funds	17		35,171		91,405
Unrestricted funds			1,221,203		1,026,245
			<u>1,256,374</u>		<u>1,117,650</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 2022, although an audit has been carried out under section 144 of the Charities Act 2011.

The trustees acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements 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 financial statements, so far as applicable to the company.

The members have not required the company to obtain an audit of its financial statements under the requirements of the Companies Act 2006, for the year in question in accordance with section 476.

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

The financial statements were approved by the Trustees on

.....
Vajramudita Armstrong
Trustee

.....
Su Yen Tan
Trustee

Company registration number 02132178

THE KARUNA TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	23		30,346		325,028
Investing activities					
Purchase of tangible fixed assets		(19,359)		(568)	
Investment income received		30,410		23,200	
		<u> </u>		<u> </u>	
Net cash generated from investing activities			11,051		22,632
Net cash used in financing activities			-		-
			<u> </u>		<u> </u>
Net increase in cash and cash equivalents			41,397		347,660
Cash and cash equivalents at beginning of year			868,087		520,427
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			<u>909,484</u>		<u>868,087</u>

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Charity information

The Karuna Trust is a private company limited by guarantee incorporated in England and Wales. The registered office is 72 Holloway Road, Holloway, London, N7 8JG.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's Deed of Trust, the Companies Act 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements. Since the year end the trustees have considered the impact of COVID-19 and Brexit on the charity and do not foresee any impact on the charity and therefore continue to adopt the going concern basis.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

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.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings	Property over 100 years
Plant and machinery	Straight line between 3 and 5 years
Fixtures, fittings & equipment	Straight line between 3 and 5 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

1.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.10 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2022	Total 2021
	£	£	£	£
Donations and gifts	1,820,829	355,845	2,176,674	2,253,980
Legacies receivable	89,401	-	89,401	11,732
For the year ended 31 March 2022	<u>1,910,230</u>	<u>355,845</u>	<u>2,266,075</u>	
For the year ended 31 March 2021	<u>1,858,865</u>	<u>406,847</u>		<u>2,265,712</u>

4 Investments

	Unrestricted funds	Unrestricted funds
	2022 £	2021 £
Rental income	30,046	23,200
Interest receivable	364	-
	<u>30,410</u>	<u>23,200</u>

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

5 Raising funds

	Unrestricted funds	Restricted funds	Total 2022	Total 2021
	£	£	£	£
For the year ended 31 March 2022				
<u>Fundraising and publicity</u>				
Bank charges	11,888	-	11,888	12,035
Newsletters, printing and postage	12,151	-	12,151	6,280
Fundraising expenses	134,863	-	134,863	91,343
Rent and hire	17,915	-	17,915	17,813
Loss disposal of fixed assets	2,855	-	2,855	-
Staff costs	432,040	37,351	469,391	470,927
Depreciation	5,223	-	5,223	13,456
	<u>616,935</u>	<u>37,351</u>	<u>654,286</u>	<u>611,854</u>
Fundraising and publicity	616,935	37,351	654,286	611,854
	<u>616,935</u>	<u>37,351</u>	<u>654,286</u>	<u>611,854</u>
For the year ended 31 March 2021				
Fundraising and publicity	583,070	28,784		611,854
	<u>583,070</u>	<u>28,784</u>		<u>611,854</u>

6 Charitable activities

	2022 £	2021 £
For the year ended 31 March 2022		
Grant funding of activities (see note 7)	1,101,914	1,000,851
Share of support costs (see note 9)	316,163	275,656
Share of governance costs (see note 9)	85,398	45,710
	<u>1,503,475</u>	<u>1,322,217</u>
Analysis by fund		
Unrestricted funds	1,128,747	978,599
Restricted funds	374,728	343,618
	<u>1,503,475</u>	<u>1,322,217</u>

7 Grants payable

	Charitable activities 2022 £	Charitable activities 2021 £
Grants to institutions:		
Other	1,101,914	1,000,851
	<u>1,101,914</u>	<u>1,000,851</u>

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

7 Grants payable

(Continued)

8 Grants to programme partners

	Unrestricted grants	Restricted grants	Total grants	Support & development costs	Total funds 2022	Total funds 2021
	£	£	£	£	£	£
Grants to Indian partners						
Adecom	21,560	-	21,560	6,186	27,747	30,848
Aryaloka	20,791	-	20,791	5,965	26,756	18,034
Aryaloka - Chhattisgarh	6,085	-	6,085	1,746	7,831	8,903
Bahujan Hitay Hostels	35,471	-	35,471	10,177	45,648	84,729
BH Amravati	40,769	562	41,330	11,859	53,189	60,623
BH Goa	-	-	-	-	-	20,131
BH Nagpur	-	-	-	-	-	23,490
BH Wardha	-	-	-	-	-	26,171
Bhaja and Bordharan	10,875	-	10,875	3,120	13,995	25,463
BH & TBMSG Hostel Coordinators	-	-	-	-	-	-
BH Pune - Central Services Team	17,658	-	17,658	5,066	22,724	15,133
TBMSG Pune - Central Services Team	11,813	8,208	20,022	5,745	25,766	24,248
Darabar Sahityar Sansad	6,446	950	7,396	2,122	9,519	1,411
FHSM Chennai	10,148	-	10,148	2,912	13,059	-
Green Tara Foundation	1,631	12,616	14,247	4,088	18,335	24,865
ITBCI	30,262	13,467	43,729	12,547	56,276	29,489
Jambudvipa	1,998	-	1,998	573	2,571	-
Jan Sahas	34,454	130,954	165,408	47,459	212,868	269,684
Jeevak	29,516	4,149	33,665	9,659	43,324	42,217
Maitri Network	6,182	14,030	20,212	5,799	26,011	11,408
NIRMAN	29,989	13,860	43,849	12,581	56,431	29,589
NISD	20,363	19,086	39,449	11,319	50,768	38,269
Nishtha	40,118	73,033	113,151	32,466	145,617	103,297
NNBY	-	-	-	-	-	8,210
PHIA Foundation	3,260	2,712	5,972	1,714	7,686	6,642
Pragya	40,742	-	40,742	11,690	52,432	-
Sadhana Institute	27,818	-	27,818	7,982	35,799	27,901
SSEVS Bihar	14,659	-	14,659	4,206	18,865	6,206
Sukhavati Trust	15,234	72	15,306	4,392	19,698	20,556
TBMSG Hostels Project	45,192	37,475	82,667	23,719	106,386	161,448
TBMSG Nagpur	26,048	-	26,048	7,474	33,521	42,552
Triratna India Covid Emergency Relief Project	-	-	-	-	-	4,746
URJA	16,887	12,268	29,156	8,365	37,521	49,541
VICALP Odisha	-	-	-	-	-	5,137

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

8 Grants to programme partners

(Continued)

Grants to Nepalese partners

<i>Green Tara Trust</i>	24,315	18,000	42,315	12,141	54,456	27,196
<i>FEDO</i>	7,500	-	7,500	2,152	9,652	5,102
<i>ADWAN</i>	9,858	13,284	23,142	6,640	29,782	23,079
<i>NNDSWO</i>	6,838	-	6,838	1,962	8,800	191

Grants to Bangladeshi partners

<i>Pragya Solutions</i>	35,707	-	35,707	10,245	45,952	-
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Grants to US partners

<i>Karuna USA</i>	77,000	-	77,000	22,093	99,093	-
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Totals	727,187	374,727	1,101,914	316,163	1,418,079	1,276,508
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9 Support costs

	Support costs	Governance costs	2022	2021	Basis of allocation
	£	£	£	£	
Staff costs	223,603	19,148	242,751	229,182	
Depreciation	3,141	466	3,607	5,857	
Rent	6,979	-	6,979	7,505	
Training & Development	3,422	-	3,422	2,869	
Consultants	36,821	10,288	47,109	24,956	
Other costs	37,291	-	37,291	20,149	
Travel and subsistence	972	-	972	52	
Programmes communications & publicity	3,934	-	3,934	4,033	
Audit fees	-	10,060	10,060	15,000	Governance
Legal and professional	-	38,224	38,224	6,349	Governance
Office costs	-	6,654	6,654	5,396	Governance
Travel	-	327	327	2	Governance
Bank charges	-	231	231	16	Governance
	316,163	85,398	401,561	321,366	
Analysed between					
Charitable activities	316,163	85,398	401,561	321,366	

Governance costs includes payments to the auditors of £7,750 plus VAT (2021 - £7,500 plus VAT) for audit fees and £4,250 plus VAT (2021 - £4,150 plus VAT) for other accountancy services.

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

10 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year, and three trustees were reimbursed a total of £666 expenses (2021 - Nil).

11 Employees

The average monthly number of employees during the year was:

	2022 Number	2021 Number
Grant management	7	7
Fundraising	15	15
Governance	1	1
Total	<u>23</u>	<u>23</u>

Employment costs

	2022 £	2021 £
Wages and salaries	639,511	632,730
Social security costs	52,541	53,758
Other pension costs	20,090	13,621
	<u>712,142</u>	<u>700,109</u>

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

12 Taxation

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

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

13 Tangible fixed assets

	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 April 2021	295,100	95,985	48,106	439,191
Additions	-	19,359	-	19,359
Disposals	-	(83,979)	(14,924)	(98,903)
	<u>295,100</u>	<u>31,365</u>	<u>33,182</u>	<u>359,647</u>
At 31 March 2022	295,100	31,365	33,182	359,647
Depreciation and impairment				
At 1 April 2021	70,734	88,774	48,073	207,581
Depreciation charged in the year	2,101	5,413	33	7,547
Eliminated in respect of disposals	-	(79,841)	(14,924)	(94,765)
	<u>72,835</u>	<u>14,346</u>	<u>33,182</u>	<u>120,363</u>
At 31 March 2022	72,835	14,346	33,182	120,363
Carrying amount				
At 31 March 2022	<u>222,265</u>	<u>17,019</u>	<u>-</u>	<u>239,284</u>
At 31 March 2021	<u>224,366</u>	<u>7,211</u>	<u>33</u>	<u>231,610</u>

14 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Other debtors	153,271	165,937
Prepayments and accrued income	30,574	14,424
	<u>183,845</u>	<u>180,361</u>

15 Creditors: amounts falling due within one year

	2022 £	2021 £
Other taxation and social security	7,372	7,970
Other creditors	35,602	99,764
Accruals and deferred income	33,265	54,674
	<u>76,239</u>	<u>162,408</u>

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

16 Retirement benefit schemes

Defined contribution schemes

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £20,090 (2021 - £13,621).

17 Restricted funds

General restricted funds represents funds received from donors which are earmarked for specific ongoing charitable projects in India and Nepal.

	Balance at 1 April 2021 £	Movement in funds		Balance at 31 March 2022 £
		Incoming resources £	Resources expended £	
General Restricted Fund	91,405	355,845	(412,079)	35,171
	<u>91,405</u>	<u>355,845</u>	<u>(412,079)</u>	<u>35,171</u>

	Balance at 1 April 2020 £	Movement in funds - prior year		Balance at 31 March 2021 £
		Incoming resources £	Resources expended £	
General Restricted Fund	56,960	406,847	(372,402)	91,405
	<u>56,960</u>	<u>406,847</u>	<u>(372,402)</u>	<u>91,405</u>

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

18 Unrestricted funds

Unrestricted funds are free funds held by the trust.

	Balance at 1 April 2021	Movement in funds		Balance at 31 March 2022
	£	Incoming resources	Resources expended	£
General fund	1,026,245	1,940,640	(1,745,682)	1,221,203
	<u>1,026,245</u>	<u>1,940,640</u>	<u>(1,745,682)</u>	<u>1,221,203</u>

	Balance at 1 April 2020	Movement in funds - prior year		Balance at 31 March 2021
	£	Incoming resources	Resources expended	£
General fund	705,849	1,882,064	(1,532,884)	1,026,245
	<u>705,849</u>	<u>1,882,064</u>	<u>(1,532,884)</u>	<u>1,026,245</u>

19 Analysis of net assets between funds

	Unrestricted Funds	Restricted Funds	Total
	£	£	£
Fund balances at 31 March 2022 are represented by:			
Tangible assets	239,284	-	239,284
Current assets/(liabilities)	981,919	35,171	1,017,090
	<u>1,221,203</u>	<u>35,171</u>	<u>1,256,374</u>

19 Analysis of net assets between funds - prior year

	Unrestricted Funds	Restricted Funds	Total
	£	£	£
Fund balances at 31 March 2021 are represented by:			
Tangible assets	231,610	-	231,610
Current assets/(liabilities)	794,635	91,405	886,040
	<u>1,026,245</u>	<u>91,405</u>	<u>1,117,650</u>

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

20 Financial commitments, guarantees and contingent liabilities

The charity has contingent liabilities of £1,118,936 (2021 - £500,000) towards charitable projects at the year end.

21 Operating lease commitments

Lessee

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	21,742	24,300

22 Related party transactions

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

The trustees of the charity are also the trustees for another charity, Aid for India.

At the year end the charity owed £6,796 (2021 - £6,796) to Aid for India.

23 Cash generated from operations

	2022 £	2021 £
Surplus for the year	138,724	354,841
Adjustments for:		
Investment income recognised in statement of financial activities	(30,410)	(23,200)
Loss on disposal of tangible fixed assets	4,138	-
Depreciation and impairment of tangible fixed assets	7,547	19,313
Movements in working capital:		
(Increase) in debtors	(3,484)	(31,237)
(Decrease)/increase in creditors	(86,169)	5,311
Cash generated from operations	30,346	325,028

24 Analysis of changes in net funds

The charity had no debt during the year.