

THE KARUNA TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	V Armstrong	
	Su Yen Tan	(Appointed 27 April 2022)
	S K Grewal	(Appointed 27 April 2022)
	C O Milosevic	(Appointed 2 August 2022)
	P D White	(Appointed 2 August 2022)
Secretary	MC 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	
Chief executive officer	C L Maguire	
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	

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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 MARCH 2023

The trustees present their annual report and financial statements for the year ended 31 March 2023.

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

Karuna works alongside the most excluded people in South Asia, overcoming discrimination with locally-led education, gender equality and sustainable livelihood projects.

International Development and Grant-Making

We make grants to a range of in-country local partner NGOs in India, Nepal and Bangladesh. By providing people with tools, support and skills, they become champions of their communities and support others. Working with local organisations within the affected communities, we encourage self-reliance and sustainability. We bring these organisations together, forming networks which can spread their benefit to more individuals, continuing the cycle of transformation for others.

Capacity Building

As well as funding projects, we resource our project partners to become effective and sustainable 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 poverty, inequality and discrimination, in South Asia.

Fundraising

Fundraising is carried out through several different streams: door-to-door campaigns, phone campaigns, digital platforms, one-off donations and grant applications to charitable trusts and institutional donors. We also collaborate with Karuna Germany, leveraging additional funds from German-based sources; notably BMZ, the German Government agency for International Development. We also collaborate with and are supporting the development of Karuna USA – a newly founded sister charity with a growing income stream.

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

THE KARUNA TRUST

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

FOR THE YEAR ENDED 31 MARCH 2023

Programmes Annual Report 2022/23

Introduction

Karuna works alongside 39 grassroots organisations in India, Nepal and Bangladesh. By choosing partners with well-established networks within marginalised communities, we can target our support to the most disadvantaged and difficult to reach.

The two years of the COVID-19 pandemic had a devastating impact on the communities Karuna works with in India, Nepal and Bangladesh. Massive losses of life, 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, many of whom were already living a precarious existence of landlessness, food insecurity and daily wage labour. These communities will take many years to recover and Karuna is committed to maintaining and increasing our support wherever possible, focusing on the areas of greatest need.

In addition, these communities are increasingly having to face up to the frontline impacts of climate change with increased risks of natural disasters threatening livelihoods and food security. As these communities start to recover and rebuild their lives Karuna is focussing its support on what partners have informed us are the areas of greatest need.

Priorities for 2022-23

Over the past year, our priorities for project funding were:

- To support children, especially girls, to get back into full-time education, avoid dropping out for child labour and avoid early marriage.
- To protect women from violence by giving them improved access to justice and legal protection. Studies have shown that the COVID-19 years saw a sharp increase in cases of violence and numbers of women from marginalised communities being lured into becoming victims of human trafficking.
- To support migrant workers and people from other marginalised communities to improve their livelihoods and gain access to government welfare schemes. The pandemic led to a livelihoods crisis especially affecting migrant and daily wage labourers.
- To work with the marginalised communities most affected by the impacts of climate change for improved disaster preparedness and climate adapted livelihoods. Dalit and other marginalised communities are all too often on the frontline of dealing with the impacts of climate change with droughts and flooding threatening their lives, livelihoods and food security.

Project Overview and Impact

During the year 2022/23 Karuna **supported 35 projects** (27 in India, 6 in Nepal, and 2 in Bangladesh).

Altogether we worked with 39 local partner organisations. We provided project grant funding directly to **21 project implementing partners** (15 in India, 5 in Nepal, 1 in Bangladesh). An additional **5** organisations participated in our Maitri Womens' Empowerment Network and a further **13** grassroots organisations were supported through our Grassroots Academy Leadership training programme. Karuna partners (including Maitri Network and Grassroots Academy) were active in **11 States** in India, **7 districts in Nepal** and **2 districts in Bangladesh**.

Our **total programmes spend was £1,433,965.**

Our Karuna supported programmes reached out directly to a total of **130,000** women, men and children from marginalised communities, including SCs, STs and OBCs (102,878 in India, 20,518 in Nepal and 5,779 in Bangladesh).

- **13,760** Girls were supported to stay in school and continue their education.
- **32,188** Women were protected from violence and human trafficking.
- **50,000** Migrant labourers/people from marginalised communities supported for improved livelihoods.
- **17,692** Smallholder farmers were supported for improved disaster preparedness and climate adapted livelihoods.

An estimated **660,000** people from marginalised communities benefitted indirectly from our Karuna-supported projects (561,320 India, 72,561 Nepal, 22,536 Bangladesh).

THE KARUNA TRUST

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

FOR THE YEAR ENDED 31 MARCH 2023

Broadening the Scope of Our Work

Over the past year we have continued our strategy of broadening the geographical focus of our work by reaching out to more communities in Nepal and Bangladesh. We are also increasingly able to expand the outreach of our work through the contributions of Karuna Germany and Karuna USA. Five major grants from the German Government Agency BMZ have been especially significant in enabling us to scale up some of our most effective projects to reach out to larger numbers of beneficiaries.

An important new development during the year was a significant EU Grant secured by Karuna Germany. The Nirbhaya Project: Empowering women and girls to end sexual violence in India. The project runs from Jan 2023 – Dec 2025, in seven districts in Madhya Pradesh, Uttar Pradesh, Maharashtra and Tamil Nadu, with 5 partner Civil Society Organisations. It has a total budget of €1,054,873 and Karuna Germany will receive a grant from of €1 million from the EU. This project and funding stream is only possible because of the collaboration between Karuna UK and Germany, as it would not have been possible for a UK registered organisation to access EU funding.

The project works with a holistic approach that combats violence against women at all levels:

1. Prevention: Women and children are empowered to recognise threats and defend themselves against violence. Grassroots self-help groups as well as local organisations are well trained and competent to effectively support women who have experienced abuse and violence. We also work with schools and train teachers and school children. Men and families are sensitised to support survivors of violence.
2. Response: Women who have experienced violence are given access to justice, they can defend themselves and take legal action. We ensure psycho-social and legal support and networking with the relevant state agencies.
3. Rehabilitation: Women often become socially isolated if they dare to pursue legal action. Therefore, we support them to stand on their own feet economically. This includes vocational training and the facilitation of compensation and state social welfare benefits.
4. Reform: State legal aid lawyers are trained to better represent Dalit and Adivasi women. State crisis centres and police stations are well trained and provide competent support to women. We work with actors at all levels to ensure that women are treated with dignity and respect and can access their rights.

Project Highlights

Participatory Climate Adaptation Project - India & Bangladesh Partner: Pragya

This project, which started in October 2021, works with cyclone affected households in 400 villages across 4 districts of Bangladesh and West Bengal in Eastern India. The project supports smallholder farmers to adapt their agricultural 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 are being mobilised and organised into peer support groups for training in livelihood skills and protection from gender-based violence. The project is a joint initiative between Karuna Trust and Karuna Germany with major funding coming from BMZ. **Over the past year the project has worked directly with 10,464 villagers in 4 districts of India and Bangladesh, with a further 40,000 people from marginalised communities benefitting indirectly from better disaster preparedness and increased family incomes.**

Dignity for Women – Challenging Chhaupadi - Partner: Green Tara/REED Nepal

This project sets out to challenge the traditional and degrading 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 menstruation, 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 women and girls from 36 villages in Western Nepal promoting safe menstruation practices. The project, which started in September 2021, is a joint initiative between Karuna Trust and Karuna Germany with BMZ providing 75% funding of the total four-year budget of £535,000. **Over the past year the project has worked with 10,961, girls, mothers and other stakeholders, with a wider impact on 17,726 indirect beneficiaries.**

THE KARUNA TRUST

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

FOR THE YEAR ENDED 31 MARCH 2023

Migrant Labourer Resilience Project - Partner: 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 as result of nationwide lockdowns and had been forced to return often on foot to their home villages. Over the past year the project has worked in 600 villages across 6 Indian states helping 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 120,000 households, helping a total of 43,000 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.** Over the past year Karuna has contributed £75,000 to this project.

Strong Girls/Learning Champions Project - Partner: Green Tara/REED Nepal

The project gives 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. **In the last year the project engaged directly with 1,577 girls and brought positive benefits to a further 11,123 parents and other family members.**

Voice of Women Project - Partner: 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 5,864 women and engaged with a further 8,366 through training and awareness raising campaigns.**

Grassroots Academy Project - Partner: Soul Scale

This newly established project aims to provide much needed training and capacity building support to leaders from 40 grassroots organisations working directly with marginalised communities across 5 states in India. In recent years the environment for local community-based organisations has become much harder with new Indian Government restrictions and tighter regulations affecting the receipt and use of funds from overseas funding organisations like Karuna. The project aims to equip a new generation of community leaders with the Finance and Leadership skills they need to run effective organisations and maximise their impact in their target communities. **In its first year of operation the project worked with 16 organisations with a combined impact on 296,521 direct beneficiaries from the most marginalised communities.**

Safe Migration Project - Partner: Pragya

This project which started in October 2021 aims to provide 15,000 women and girls from vulnerable border areas of West Bengal protection from Gender Based Violence and human trafficking. **In the past year 10,312 women have received training and counselling in Safe Migration, and awareness campaigns have reached out to a further 3,505 people in areas close to the India-Bangladesh border.**

Inclusion of Disabled Children - Partner AAINA

This project, which Karuna started supporting in June 2022, gives 250 disabled children the opportunity to become integrated into the mainstream school system. **Over the past year the project engaged directly with 256 children in the area around Bhubaneswar in Odisha bringing benefits to 926 family and other community members.**

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Women's Empowerment Network - Partner: Maitri

The Maitri Women's Empowerment Network, which was initiated in 2009, currently consists of 12 Karuna-supported Civil Society Organisations working with women from marginalised communities in 9 States in India. Maitri Campaigns focus on building of women's leadership capacity and prevention of violence against women. **Over the past year the network has engaged directly with 20,215 people and a further 51,821 indirectly benefitting.**

Education for NT/DNT Communities - Partner: Nirman

Nirman is a community-based organisation working with some of the most marginalised and discriminated-against communities in India: The Notified and De-notified Tribal Communities which were previously designated as "criminal castes". **Over the past year this project has worked to support 987 children from these very disadvantaged communities to continue their education benefitting a wider community of 1,685 people.**

Sustainable Livelihoods Project - Partner: SSEVS Bihar

Located in the remote rural West Champaran district of Bihar this project supports smallholder farmers from very marginalised communities achieve greater economic security through improved sustainable farming methods and the formation of producer federations. **Over the past year the project worked directly with 286 farmers benefitting a wider community of 1,144.**

Shelter for Homeless Women - Partner: URJA Mumbai

This project provides safe shelter and rehabilitation to women and girls who arrive at Dardar 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. **In the year 2022/23 the project enabled 800 homeless young women and survivors of gender-based violence to access safe spaces, to build healthy relationships and develop coping strategies to enhance their quality of life and resilience.**

THE KARUNA TRUST**TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2023****Karuna supported projects**

Project name	Project Objective
INDIA	
ADECOM	Supports a network of 25 Women's Self Help and Empowerment Groups in Tamil Nadu.
AAINA Disability: Odisha	Supports 250 children with disabilities to attend mainstream schools
Aryaloka: Computer Education Chhattisgarh	Provides IT Training to 243 children from Raipur slum districts
Aryaloka: Computer Education Nagpur	Provides IT Training to 2,225 children from Nagpur slum districts
Bahujan Hitay: Amravati	1,500 children from 20 Amravati schools receive training in prevention of gender-based violence
TBMSG Nagpur: Women's Social Project	Early education support, health, and livelihoods training for 2,500 women and girls
ITBCI: Kalimpong	Ongoing support for a library and visitors' centre on the site of the former ITBCI school
Jan Sahas: Child Rights Project	Provision of quality education and rights awareness among 4,200 children from Dalit communities around Dewas in MP
Jan Sahas: Livelihoods Development	Provision of skills training and enterprise support to 600 women from ex-manual scavenger communities.
Jan Sahas: Migrant Labourers	To empower 40,000 migrant workers and their families across 3 districts in Madhya Pradesh, by providing them access to social security schemes, raise their awareness on safe migration and provide access to legal services.
Jan Sahas: Voice of Women	8,000 Dalit and Adivasi (DA) women in 12 districts and 4 states affected by violence have access to legal services and are supported by competent civil society organisations
Jan Sahas: Civil Society Academy	To capacity build 40 newly established grassroots Civil Society Organisations so they can work effectively with most marginalised communities
Maitri Womens Network: India	A network of 22 CSOs working across 8 states to combat gender-based violence reaching 20,200 beneficiaries from Dalit and other marginalised communities
NIRMAN: Educate and Empower NT/DNT	Supporting 400 children from Notified / De-Notified Tribal children (NT/DNT) Communities in rural Maharashtra to complete their education
NIRMAN: Livelihoods NT/DNT	200 families from NT/DNT communities achieve improved food security through support for rural livelihoods
NISD: Girls' Education project	To enable 2455 girls from marginalised communities in rural Maharashtra to get the education they need to transform their lives and secure their future.
Nishtha: Bhalobasha, West Bengal	100 children with severe disabilities are supported to attend a day care centre providing care and rehabilitation
Nishtha: Higher Secondary Girls	320 girls from marginalised communities in West Bengal are supported to complete higher secondary Education
Nishtha: Natun Digata (post cyclone) project	645 girls and their mothers supported to remain in school and avoid early marriage
Nishtha: Sikhai Hatiyar	800 girls and their parents supported to stay in school and avoid early marriage
Pragya: Ending Violence Against Women in West Bengal	Providing 15,000 women and girls from vulnerable border areas of West Bengal protection from Gender Based Violence and human trafficking
Pragya: India Climate Adaptation	The project takes place in 2 districts in Eastern India and empowers communities to manage climate risks and disasters benefitting 20,000 households in vulnerable river and coastal regions.

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Project name	Project Objective
INDIA	
SSEVS: SLIDE Livelihoods Bihar	500 Dalit farmers are being trained to achieve sustainable income through vegetable farming in 12 villages of West Champaran district in Bihar.
URJA: Journey with Homeless Young Women	800 homeless young women and survivors of gender-based violence enabled to access safe spaces, to build healthy relationships, and coping strategies that enhance their quality of life and resilience.
NEPAL	
Green Tara Nepal: Dignity for Women	4,000 women and adolescent girls from 36 villages in rural Western Nepal are empowered to make well-informed decisions about their menstrual practices and health in supportive environments
Green Tara Nepal: Strong Girls	To support 1,577 girls from marginalised communities in Southern Nepal to stay in school
REED: Learning Champions/SG	9,500 girls from marginalised communities in Southern Nepal are supported to remain in school and complete their education avoiding early marriage
Pragya Solutions: Climate Resilience	Promoting disaster resilience and climate adaptation among marginalised communities in two districts in Nepal that are most vulnerable to adverse effects of climate change, directly benefiting 2,000 smallholder households with outreach to an estimated 20,000 households in the target area
REED: Strengthening Climate Resilience	The project works with 4,900 children and young people in schools in Southern Nepal to raise awareness of climate change and strengthen the climate resilience of local communities
FEDO: Mahila Saman	The project works with 1,000 children and adults from marginalised communities in Kapilavastu district, to support children's access to education and increase participation of women in local governance
BANGLADESH	
Pragya Solutions: Climate Adaptation	The project takes place in 2 districts of Bangladesh and empowers communities to manage climate risks and disasters benefitting 20,000 households in vulnerable river and coastal regions
Pragya Solutions: Naranyanganj	To support climate-adapted and alternative livelihoods for 300 vulnerable families in Naranyanganj district, along with capacity for resilient technologies in 30 target communities

THE KARUNA TRUST

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

FOR THE YEAR ENDED 31 MARCH 2023

Our programme priorities for 2023-26 will be:

TO SUPPORT FAMILIES

To support 50,000 families per year to access improved livelihood security and protection from exploitation.

TO KEEP MORE GIRLS IN EDUCATION

To keep 12,000 girls per year in school and out of child marriage.

TO PROTECT WOMEN

To protect 20,000 women per year from violence and trafficking.

TO EMPOWER COMMUNITIES

To enable 20,000 people per year who are living on the frontline of climate disasters to create resilient communities and mitigate the impacts of climate change.

TO EXTEND OUR REACH

To have researched options for extending the reach of our work beyond India, Nepal and Bangladesh.

*Please see our 2023-26 strategic plan for more detail: <https://www.karuna.org/storage/reports/Karuna%20-%202023-2026%20Strategy.pdf>

The Wider Karuna Family

For over 40 years, Karuna has mobilised resources to transform the lives of people in South Asia. We have grown and now have two sister charities — Karuna Germany and Karuna USA. Together we want to build a network of organisations working together and sharing resources with the common aim of supporting programmes in South Asia. We have been collaborating with *Karuna Germany* for more than a decade and together we fund several major projects. This successful collaboration was the basis for us establishing and launching *Karuna USA* with the goal of widening our base, reaching new funders and generating more support. Like Karuna Germany, Karuna USA has attracted a highly skilled staff and Board of Trustees.

Karuna Germany

Karuna Germany's income for last year was €1,332,354 and supported a total of 67,401 people in India, Nepal and Bangladesh. Karuna UK and Karuna Germany have a close working relationship and jointly fund and manage the same projects. We also collaborate on funding applications and last year, the funding for three new major projects was secured: one funded by BMZ, the German government's Department for International Development, one funded by the European Union and one funded by two German foundations. These three new projects for the year are:

1. Project Nirbhaya – Empowering Women and Girls to end sexual violence in India (EU)
2. Learning Champions – Strong Girls in Nepal II (BMZ)
3. Dignified livelihoods for most marginalised communities in Bihar, India

The Nirbhaya Project and funding stream is made possible through the collaboration between Karuna UK and Karuna Germany. As a UK registered organisation, Karuna UK would not have access EU funding, therefore we are thrilled to be working closely with European partners on this major new project.

Karuna USA

During its second year of operations, Karuna USA raised \$77,745 in donations of which \$25,000 came from Trusts and Foundations and \$37,000 from Major Donors. This performance enabled Karuna USA to make grant payments to Karuna UK of \$80,000. This is very encouraging progress. Karuna UK continued to support Karuna USA with grants to cover operating costs, totalling \$100,359.

THE KARUNA TRUST**TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2023**

CONSOLIDATED ACCOUNTS FOR KARUNA UK, GERMANY & USA					
FOR THE YEAR ENDED 31 MARCH 2023	Karuna UK	Karuna De	Karuna USA	Total funds	Total funds
	2022/23	2022/23	2022/23	2022/23	2021/22
Income from:					
Donations and legacies	2,089,371	1,218,257	63,207	3,370,835	2,872,130
Grants K-UK/K-USA	68,681	-	84,921	16,240	-
Other income	40,801	-	-	40,801	30,410
	2,198,853	1,218,257	148,128	3,427,876	2,902,540
Expenditure on:					
Raising funds	714,521	21,878	70,844	807,243	663,666
Grants K-UK/K-USA	84,921	-	68,681	16,240	-
Charitable activities	1,410,494	905,502	9,256	2,325,252	2,114,463
Total resources expended	2,209,936	927,381	148,781	3,148,735	2,778,129
Net Income / expenditure	-11,083	290,877	-653	279,141	124,411
Fund balances at 1 April 2022	1,256,374	132,000	12,189	1,400,563	1,249,650
Fund balances at 31 March 2023	1,245,291	422,877	11,536	1,679,704	1,374,061
CONSOLIDATED BALANCE SHEET FOR KARUNA UK, GERMANY & USA					
AS AT 31 MARCH 2023	Karuna UK	Karuna De	Karuna USA	Total funds	Total funds
	2022/23	2022/23	2022/23	2022/23	2021/22
Fixed Assets					
Tangible assets	233,422	-	-	233,422	239,285
Current Assets					
Debtors	323,652	-	-	323,652	183,845
Cash at bank and in hand	739,820	422,877	11,536	1,174,233	1,027,170
	1,063,472	422,877	11,536	1,497,885	1,211,015
Creditors: amounts due within one year	51,603	-	-	51,603	76,239
Total Assets less Current Liabilities	1,245,291	422,877	11,536	1,679,704	1,374,060
Funds					
Unrestricted funds	1,187,489	-	11,536	1,199,025	1,221,203
Restricted funds	57,802	422,877	-	480,679	152,857
	1,245,291	422,877	11,536	1,679,704	1,374,060

Note: Figures for Karuna De & USA are from pre-audited accounts, contain interorganisational transactions, exchange rate estimates and are indicative only.

THE KARUNA TRUST**TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2023**

Charitable Activities	Karuna UK	Karuna De	Karuna USA	Total 2022/ 23	Total 2021/ 22
Indian partners					
AAINA	12,013	-	-	12,013	-
Adecom	25,762	-	-	25,762	27,747
Aryaloka	28,996	-	-	28,996	26,756
Aryaloka – Chhattisgarh	11,490	-	-	11,490	7,831
Bahujan Hitay Hostels	-	-	-	-	45,648
BH Amravati	41,479	8,275	-	49,754	60,221
Bhaja and Bordharan	-	-	-	-	13,995
Central Services Team – BH	-	-	-	-	22,724
Central Services Team – TBMSG	-	-	-	-	25,766
Darabar Sahityar Sansad	-	-	-	-	9,519
FHSM Chennai	-	413	-	413	34,889
Green Tara Foundation	12,603	-	-	12,603	18,335
ITBCI	4,655	-	-	4,655	56,276
Jambudvipa	-	-	-	-	2,571
Jan Sahas	212,511	75,883	-	288,394	304,640
Jeevak	-	-	-	-	43,324
Maitri Network	30,629	152,300	-	182,929	153,494
Nirbhaya	-	72,242	-	72,242	-
NIRMAN	59,611	-	-	59,611	66,559
NISD	39,711	-	-	39,711	50,768
NISHTHA	140,393	-	-	140,393	145,617
PHIA Foundation	16,471	13,901	-	30,372	10,604
Prabodhini women's self defence	-	5,975	-	5,975	3,403
Pragya	137,524	73,375	-	210,899	52,432
Sadhana Institute	-	-	-	-	35,799
Soulscale	103,984	-	-	103,984	-
SSEVS Bihar	32,890	-	-	32,890	18,865
Sukhavati Trust	4,688	-	-	4,688	19,698
TBMSG Hostels Project	-	-	-	-	106,386
TBMSG Nagpur	36,478	-	-	36,478	33,521
TBC India Covid Relief Project	-	1,842	-	1,842	-
URJA	54,406	-	-	54,406	37,521
Nepalese partners					
ADWAN	13,751	111,086	-	124,837	29,782
FEDO	19,883	-	-	19,883	9,652
Green Tara Trust Nepal	35,881	312,634	-	348,515	259,872
NNDSWO Nepal	15,427	-	-	15,427	8,800
Pragya	70,159	-	-	70,159	-
REED	108,325	-	-	108,325	-
Bangladeshi partners					
Pragya Solutions	46,905	73,374	-	120,279	158,864
German partners					
FEB Educational Project in Germany	-	2,526	-	2,526	11,919
Karuna Germany	4,772	-	-	4,772	-

THE KARUNA TRUST**TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2023**

Charitable Activities	Karuna UK	Karuna De	Karuna USA	Total 2022/23	Total 2021/22
US partners					
Karuna USA	27,646	-	-	27,646	99,093
Sub-totals	1,349,043	903,826	-	2,252,869	2,012,891
Governance & other charitable costs	61,451	1,676	9,256	72,383	101,573
Totals	1,410,494	905,502	9,256	2,325,252	2,114,464

Financial review**Income**

The total income received by The Karuna Trust for the year ended 31 March 2023 was £2,198,853 (2021/22: £2,296,485), a decrease of £97,632 year-on-year. The difference reflects the tremendous response from our donors to the COVID Crisis Appeal that we mounted in 2021/22.

In the year to 31 March 2023, total income from Regular Giving was £1,419,919 (2021/22: £1,458,492). Our Regular Giving income is typically derived from several sources: primarily door-to-door campaigns, give-as-you-earn, telephone upgrade campaigns and online giving. We rely heavily on volunteers to run these campaigns. Despite a challenging economic climate, we were able to run three door-to-door appeals and one telephone upgrade appeal.

One-off donations from individual donors raised £210,143 (2021/22: £211,260).

Our Christmas Appeal 2022 raised a further £94,111 plus Gift Aid (2021/22 £70,893) for disability projects in India. Due to the success of the appeal, funds raised will be applied as grant payments in 2023/24 as well as 2022/23.

In recent years, we have been developing our online presence through digital campaigns, including via the Global Giving platform which is based in the USA. This year income from digital campaigns was £91,387 (2021/22: £96,167). We are very encouraged by the underlying growth from digital initiatives.

During the year we received £58,265 in legacy gifts (2021/22: £89,402). 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 £211,571 (2021/22: £262,624) of which £181,695 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.

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Expenditure

Our expenditure for the year was £2,209,933 (2021/22: £2,157,761).

We committed £1,433,965 in programme delivery (2021/22: £1,418,079), an increase of £15,886. Of this, direct grants to partners totalled £1,081,790 for the year (2021/22: £1,024,915). Programme management expenditure, including partner training, partner workshops, capacity building and awareness raising, was £352,175 (2021/22: £316,164).

Sterling remained strong against the Indian Rupee enabling us to make ₹70.6M in grants to India at a Sterling cost of £748,210 (2021/22: ₹90.96M at a Sterling cost of £909,412). Sterling grants to Partners in Nepal were £220,613 (2021/22 £79,795). Grants to Partner organisations in Bangladesh totalled £35,386 (2021/22: £35,707)

In addition, we made grant payments of £84,921 to Karuna USA (2021/22: £77,000) and Karuna Germany of £3,600 (2021/22: £0).

At the year-end, we carried £1,621,521 in future grant commitments to partners (2021/22: £1,118,936). 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 £714,521 (2021/22: £654,285). Of this figure, £428,640 (2021/22: £386,037) was incurred in direct fundraising costs and the balance of £285,881 (2021/22: £268,248) in administrative support costs (including IT, financial processing and communications). This means that our direct fundraising costs this year were 19.8% of income (2021/22: 16.8%), a tremendous achievement by our fundraising team in what continues to be a challenging and unpredictable fundraising environment.

Governance costs for the year were £61,450 (2021/22: £85,397) a reduction year-on-year of £23,947. Figures for 2021/22 included several one-off costs connected with the establishment of Karuna USA.

Overall, the charity recorded a small deficit for the year of £11,083.

Reserves Policy

At the end of the year, the charity had total reserves of £1,245,291 a decrease of £11,083 against the previous year. An analysis of the reserve amount is as follows:

- Unrestricted Operating reserve £954,067 (funds for the general operation of the charity)
- Unrestricted Fixed Asset reserve £233,422 (tangible net assets net of bank loan)
- Restricted funds: £57,802 (funds for specific projects)

The charity's reserves policy aims to maintain an operating reserve equivalent to 4 months costs, which on 31 March 2023 equated to approximately £736,000.

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.

Looking Ahead: the next 3 years

For over 40 years, Karuna has mobilised resources to transform the lives of people in South Asia. We have grown and now have two *sister charities* — Karuna Germany and Karuna USA. Together, we've formed a network of three organisations collaborating and pooling resources to support marginalised communities in South Asia.

To deliver our aims and be a thriving organisation without significantly increasing costs, we need to continually improve how we work. We will ensure the sustainability of our impact by diversifying our funding opportunities and amplifying our voice.

THE KARUNA TRUST

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

FOR THE YEAR ENDED 31 MARCH 2023

By end of 2026 we aim to have:

1. Developed and strengthened the relationships within Karuna's sister charities.
5. Increased our income by reaching new audiences and deepening our connection with our existing supporters, increasing support and inviting people to fundraise for us.
6. Developed fundraising expertise by protecting, deepening and sharing our unique approach and connecting with the wider fundraising world to draw on best practice.
7. Engaged the wider Buddhist community to help champion our work.

Collectively, Karuna (The Karuna Trust, Karuna Germany and Karuna USA) is starting the new strategy period in a strong financial position. This solid financial foundation provides the organisation with the resources needed to continue its work and make a positive impact on the lives of those it serves. To ensure its continued success and growth, we have set an ambitious goal to increase our income by 20% over the next 3 years. This will require a focused effort to expand the organisation's reach, deepen its impact and secure new resources.

In all, we aim to invest **£8.8 million** towards achieving our programme objectives in the next 3 years. This growth of income will enable Karuna to expand its programmes and reach more people. It will also provide the organisation with the resources needed to address the challenges facing communities in South Asia and beyond. The commitment to £8.8 million will help ensure that Karuna can deliver on its purpose to make a meaningful difference in the lives of those it serves.

Our strategic programmes priorities for the next three years will focus on the key areas of girls' education, prevention of violence against women, protection of migrant workers and their livelihoods and enhancing climate resilience of marginalised communities.

During the global pandemic, vulnerable communities across South Asia suffered some of the highest COVID-19 infection rates recorded anywhere in the world. As well as the direct health effects of the pandemic, millions of the most vulnerable families had to cope without access to basic needs like food or health care. Violence against women and child marriages increased, millions of children lost access to education and many households were unable to generate an income. These communities are also among the most vulnerable to the impact of climate change. The lack of access to resources only served to compound the effects of drought, flooding and other climate catastrophes.

Our strong community connections in some of the most-overlooked and hard-to-reach places means that we have been able to mobilise our resources and reach those that others couldn't. Our strategic focus is responsive to these long-term and will ensure that the progress already made is not undone.

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

Vajramudita Armstrong, Chair.
Su Yen Tan, Treasurer (appointed 27 April 2022).
Sundeep Grewal (appointed 27 April 2022).
Prof. Dominic Houlder (resigned 27 April 2022).
Prof. Pratap Rughani (resigned 27 April 2022).
Zoe Stephenson (resigned 2 August 2022).
Carolyn Milosevic MBE (appointed 2 August 2022).
Peter White (appointed 2 August 2022).

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 CEO, 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 KARUNA TRUST

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

FOR THE YEAR ENDED 31 MARCH 2023

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

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 2023/24 will be conducted in June/July 2023. The next full review thereafter is scheduled for June 2024.

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; 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:.....

**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 2023 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 2023 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.

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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE TRUSTEES OF THE KARUNA TRUST

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.

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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE TRUSTEES OF THE KARUNA TRUST

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

**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2023**

		Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £
	Notes						
<u>Income from:</u>							
Donations and legacies	3	1,871,929	286,123	2,158,052	1,910,230	355,845	2,266,075
Investments	4	40,801	-	40,801	30,410	-	30,410
Total income		<u>1,912,730</u>	<u>286,123</u>	<u>2,198,853</u>	<u>1,940,640</u>	<u>355,845</u>	<u>2,296,485</u>
<u>Expenditure on:</u>							
Raising funds	5	697,711	16,810	714,521	616,935	37,351	654,286
Charitable activities	6	1,248,733	246,682	1,495,415	1,128,747	374,728	1,503,475
Total expenditure		<u>1,946,444</u>	<u>263,492</u>	<u>2,209,936</u>	<u>1,745,682</u>	<u>412,079</u>	<u>2,157,761</u>
Net (expenditure)/income for the year/							
Net movement in funds		(33,714)	22,631	(11,083)	194,958	(56,234)	138,724
Fund balances at 1 April 2022		<u>1,221,203</u>	<u>35,171</u>	<u>1,256,374</u>	<u>1,026,245</u>	<u>91,405</u>	<u>1,117,650</u>
Fund balances at 31 March 2023		<u><u>1,187,489</u></u>	<u><u>57,802</u></u>	<u><u>1,245,291</u></u>	<u><u>1,221,203</u></u>	<u><u>35,171</u></u>	<u><u>1,256,374</u></u>

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 2023**

	Notes	2023 £	£	2022 £	£
Fixed assets					
Tangible assets	13		233,422		239,284
Current assets					
Debtors	15	323,652		183,845	
Cash at bank and in hand		739,820		909,484	
		<u>1,063,472</u>		<u>1,093,329</u>	
Creditors: amounts falling due within one year	16	<u>(51,603)</u>		<u>(76,239)</u>	
Net current assets			1,011,869		1,017,090
Total assets less current liabilities			<u>1,245,291</u>		<u>1,256,374</u>
Income funds					
Restricted funds	18		57,802		35,171
Unrestricted funds			1,187,489		1,221,203
			<u>1,245,291</u>		<u>1,256,374</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 2023, 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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	24		(211,288)		30,346
Investing activities					
Purchase of tangible fixed assets		(4,873)		(19,359)	
Investment income received		40,801		30,410	
Net cash generated from investing activities			35,928		11,051
Financing activities					
Purchase of derivatives		5,696		-	
Net cash generated from/(used in) financing activities			5,696		-
Net (decrease)/increase in cash and cash equivalents			(169,664)		41,397
Cash and cash equivalents at beginning of year			909,484		868,087
Cash and cash equivalents at end of year			739,820		909,484

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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. 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.

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.

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.

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in income and expenditure in support costs or other income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Derecognition of financial liabilities

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

1.10 Derivatives

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in income/(expenditure) for the year, unless hedge accounting is applied and the hedge is a cash flow hedge.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting date. The resulting gain or loss is recognised in net income/(expenditure) immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.11 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.

1.12 Retirement benefits

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

1.13 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

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 2023	Total 2022
	£	£	£	£
Donations and gifts	1,813,664	286,123	2,099,787	2,176,674
Legacies receivable	58,265	-	58,265	89,401
For the year ended 31 March 2023	<u>1,871,929</u>	<u>286,123</u>	<u>2,158,052</u>	
For the year ended 31 March 2022	<u>1,910,230</u>	<u>355,845</u>		<u>2,266,075</u>

4 Investments

	Unrestricted funds	Unrestricted funds
	2023 £	2022 £
Rental income	24,243	30,046
Interest receivable	16,558	364
	<u>40,801</u>	<u>30,410</u>

THE KARUNA TRUST**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2023****5 Raising funds**

	Unrestricted funds	Restricted funds	Total 2023	Total 2022
For the year ended 31 March 2023	£	£	£	£
<u>Fundraising and publicity</u>				
Bank charges	11,810	-	11,810	11,888
Newsletters, printing and postage	9,040	-	9,040	12,151
Fundraising expenses	156,638	-	156,638	134,863
Rent and hire	21,876	-	21,876	17,915
Loss disposal of fixed assets	-	-	-	2,855
Staff costs	490,777	16,810	507,587	469,391
Depreciation	7,570	-	7,570	5,223
	<u>697,711</u>	<u>16,810</u>	<u>714,521</u>	<u>654,286</u>
Fundraising and publicity	697,711	16,810	714,521	654,286
	<u>697,711</u>	<u>16,810</u>	<u>714,521</u>	<u>654,286</u>
For the year ended 31 March 2022				
Fundraising and publicity	616,935	37,351		654,286
	<u>616,935</u>	<u>37,351</u>		<u>654,286</u>

6 Charitable activities

	2023 £	2022 £
For the year ended 31 March 2023		
Grant funding of activities (see note 7)	1,081,790	1,101,914
Share of support costs (see note 9)	352,175	316,163
Share of governance costs (see note 9)	61,450	85,398
	<u>1,495,415</u>	<u>1,503,475</u>
Analysis by fund		
Unrestricted funds	1,248,733	1,128,747
Restricted funds	246,682	374,728
	<u>1,495,415</u>	<u>1,503,475</u>

7 Grants payable

	Charitable activities 2023 £	Charitable activities 2022 £
Grants to institutions:		
Other	1,081,790	1,101,914
	<u>1,081,790</u>	<u>1,101,914</u>

THE KARUNA TRUST**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2023****8 Grants to programme partners**

	<i>Unrestricted grants</i>	<i>Restricted grants</i>	<i>Total grants</i>	<i>Support & development costs</i>	<i>Total funds 2023</i>	<i>Total funds 2022</i>
	£	£	£	£	£	£
Grants to Indian partners						
AAINA	9,062	-	9,062	2,950	12,012	-
Adecom	19,435	-	19,435	6,327	25,762	27,747
Aryaloka	21,875	-	21,875	7,122	28,997	26,756
Aryaloka Chhattisgarh	8,668	-	8,668	2,822	11,490	7,831
Bahujan Hitay Hostels	-	-	-	-	-	45,648
BH Amravati	30,770	523	31,293	10,187	41,480	53,189
Bhaja and Bordharan	-	-	-	-	-	13,995
Central Services Team - BH	-	-	-	-	-	22,724
Central Services Team - TBMSG	-	-	-	-	-	25,766
Darabar Sahityar Sansad	-	-	-	-	-	9,519
FHSM Chennai	-	-	-	-	-	13,059
Green Tara Foundation						
Vishrantwadi	6,532	2,975	9,507	3,095	12,602	18,335
ITBCI	3,511	-	3,511	1,143	4,654	56,276
Jambudvipa	-	-	-	-	-	2,571
Jan Sahas	106,297	54,022	160,319	52,193	212,512	212,868
Jeevak	-	-	-	-	-	43,324
Maitri Network	22,527	580	23,107	7,522	30,629	26,011
Nirman	29,029	15,942	44,971	14,640	59,611	56,431
NISD	-	29,958	29,958	9,753	39,711	50,768
Nishtha	27,318	78,595	105,913	34,478	140,391	145,617
PHIA Foundation	12,426	-	12,426	4,045	16,471	7,686
Pragya	87,549	16,200	103,749	33,773	137,522	52,432
Sadhana Institute	-	-	-	-	-	35,799
Soulscale	78,446	-	78,446	25,539	103,985	-
SSEVS Bihar	24,813	-	24,813	8,078	32,891	18,865
Sukhavati Trust	3,537	-	3,537	1,151	4,688	19,698
TBMSG Hostels Project	-	-	-	-	-	106,386
TBMSG Nagpur	27,519	-	27,519	8,959	36,478	33,521
URJA	28,985	12,059	41,044	13,362	54,406	37,521
Grants to Nepalese partners						
ADWAN	10,150	224	10,374	3,377	13,751	29,782
Green Tara Trust Nepal	6,464	20,605	27,069	8,812	35,881	54,456
FEDO	-	15,000	15,000	4,883	19,883	9,652
NNDSWO Nepal	11,638	-	11,638	3,789	15,427	8,800
Pragya	52,928	-	52,928	17,231	70,159	-
Reed	81,721	-	81,721	26,605	108,326	-
Grants to Bangladeshi partners						
Pragya Solutions	35,386	-	35,386	11,520	46,906	45,952

THE KARUNA TRUST**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2023****8 Grants to programme partners****(Continued)****Grants to German partners**

Karuna DE	3,600	-	3,600	1,172	4,772	-
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Grants to US partners

Karuna USA	84,921	-	84,921	27,647	112,568	99,093
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Totals	835,520	246,683	1,081,790	352,175	1,433,965	1,418,078
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9 Support costs

	Support costs	Governance costs	2023	2022	Basis of allocation
	£	£	£	£	
Staff costs	233,908	20,370	254,278	242,751	
Depreciation	2,756	409	3,165	3,607	
Rent	7,007	-	7,007	6,979	
Exchange Losses	5,698	-	5,698	-	
Training & Development	5,722	-	5,722	3,422	
Consultants	37,732	11,261	48,993	47,109	
Other costs	40,325	-	40,325	37,291	
Travel and subsistence	14,000	-	14,000	972	
Programmes communications & publicity	5,027	-	5,027	3,934	
Audit fees	-	16,300	16,300	10,060	Governance
Legal and professional	-	4,621	4,621	38,224	Governance
Office costs	-	6,812	6,812	6,654	Governance
Travel	-	1,493	1,493	327	Governance
Bank charges	-	184	184	231	Governance
	352,175	61,450	413,625	401,561	
Analysed between					
Charitable activities	352,175	61,450	413,625	401,561	

Governance costs includes payments to the auditors of £8,250 plus VAT (2022 - £7,750 plus VAT) for audit fees and £4,250 plus VAT (2022 - £4,250 plus VAT) for other accountancy services.

10 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year, and two trustees were reimbursed a total of £748 expenses (2022 - £666).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

11 Employees

The average monthly number of employees during the year was:

	2023 Number	2022 Number
Grant management	7	7
Fundraising	15	15
Governance	1	1
	<hr/>	<hr/>
Total	23	23
	<hr/>	<hr/>

Employment costs

	2023 £	2022 £
Wages and salaries	685,671	639,511
Social security costs	55,442	52,541
Other pension costs	20,752	20,090
	<hr/>	<hr/>
	761,865	712,142
	<hr/>	<hr/>

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.

13 Tangible fixed assets

	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 April 2022	295,100	31,365	33,182	359,647
Additions	-	1,003	3,870	4,873
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2023	295,100	32,368	37,052	364,520
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and impairment				
At 1 April 2022	72,835	14,346	33,182	120,363
Depreciation charged in the year	2,101	7,344	1,290	10,735
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2023	74,936	21,690	34,472	131,098
	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount				
At 31 March 2023	220,164	10,678	2,580	233,422
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2022	222,265	17,019	-	239,284
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

14 Financial instruments	2023	2022
	£	£
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
- Other financial liabilities	5,696	-
	<u>5,696</u>	<u>-</u>

During the year (as in prior years), the charity entered into forward contracts to secure Indian Rupees to cover future grant payment commitments. The forward contract outstanding at the year end has been closed out at a loss after the year-end to meet subsequent changes in Indian banking regulations that came into force after the charity committed to the contract.

15 Debtors	2023	2022
	£	£
Amounts falling due within one year:		
Other debtors	268,126	153,271
Prepayments and accrued income	55,526	30,574
	<u>323,652</u>	<u>183,845</u>

16 Creditors: amounts falling due within one year	2023	2022
	£	£
Other taxation and social security	8,924	7,372
Derivative financial instruments	5,696	-
Other creditors	12,912	35,602
Accruals and deferred income	24,071	33,265
	<u>51,603</u>	<u>76,239</u>

17 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 £20,752 (2022 - £20,090).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

18 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 2022 £	Movement in funds		Balance at 31 March 2023 £
		Incoming resources £	Resources expended £	
General Restricted Fund	35,171	286,123	(263,492)	57,802
	<u>35,171</u>	<u>286,123</u>	<u>(263,492)</u>	<u>57,802</u>

	Balance at 1 April 2021 £	Movement in funds - prior year		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>

19 Unrestricted funds

Unrestricted funds are free funds held by the trust.

	Balance at 1 April 2022 £	Movement in funds		Balance at 31 March 2023 £
		Incoming resources £	Resources expended £	
General fund	1,221,203	1,912,730	(1,946,444)	1,187,489
	<u>1,221,203</u>	<u>1,912,730</u>	<u>(1,946,444)</u>	<u>1,187,489</u>

	Balance at 1 April 2021 £	Movement in funds - prior year		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>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

20 Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total £
Fund balances at 31 March 2023 are represented by:			
Tangible assets	233,422	-	233,422
Current assets/(liabilities)	954,067	57,802	1,011,869
	<u>1,187,489</u>	<u>57,802</u>	<u>1,245,291</u>

Analysis of net assets between funds - prior year

	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>

21 Financial commitments, guarantees and contingent liabilities

At the reporting end date, the charity had contingent liabilities of £1,621,521 (2022 - £1,118,936) towards charitable projects.

22 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:

	2023 £	2022 £
Within one year	<u>25,000</u>	<u>21,742</u>

23 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 (2022 - £6,796) to Aid for India which is included in other creditors. There was also £5,000 (2022 - £nil) receivable under other debtors. All amounts are interest-free, unsecured and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

24 Cash generated from operations	2023 £	2022 £
(Deficit)/surplus for the year	(11,083)	138,724
Adjustments for:		
Investment income recognised in statement of financial activities	(40,801)	(30,410)
(Gain)/loss on disposal of tangible fixed assets	-	4,138
Depreciation and impairment of tangible fixed assets	10,735	7,547
Movements in working capital:		
(Increase) in debtors	(139,807)	(3,484)
(Decrease) in creditors	(30,332)	(86,169)
Cash (absorbed by)/generated from operations	(211,288)	30,346

The significant change in the cash absorbed by operations is due to a decrease in income by £97,632 while expenditure have increased by £52,175 in the year, reflecting the impact of the increasing costs of living. The increase is further supported by gift aid credits which are yet to be claimed from HMRC.

25 Analysis of changes in net funds

The charity had no debt during the year.