

Charity Registration No. 327461

Company Registration No. 02132178 (England and Wales)

THE KARUNA TRUST
TRUSTEES' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016

THE KARUNA TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

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

THE KARUNA TRUST

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THE KARUNA TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2016

Foreword

At the end of 2015, when the UN finalised its proposed Sustainable Development Goals (SDGs), Karuna was celebrating its 35th Anniversary and with it a new and revitalised strategy for the future. We are delighted that the UN's resolve to be the first generation to end all forms of poverty is more possible now than ever before. Yet, the reality for so many in South Asia is that they are still bound to a life of inequality on the basis of caste and descent. There is much more work to do.

As we move forward, we want to play our part in achieving this end. With our three decades of experience we are working directly with communities affected by these issues, by exclusion and poverty. We are focusing our efforts on the key structural causes of caste and descent-based discrimination.

Like the UN, we know that to treat poverty and its symptoms we have to address the root causes. When women are not allowed to make their own choices, children are denied an education in favour of hard-labour and communities are left without options for a self-sufficient future, the problems of poverty and suffering can only grow.

We support inspiring and innovative projects that promote dignity and independence, and break down caste and religious barriers in India and Nepal. As a Buddhist charity we are proudly committed to human development and to challenging the ignorance and prejudice that traps people in poverty. Although caste discrimination and untouchability has been illegal in India since 1950 it is still very much alive, Dalits still face discrimination, exclusion and extreme poverty in modern India.

Caste and descent-based discrimination remains one of the world's worst and least addressed injustices, affecting the life chances of many millions of people and fostering violence, untouchability and humiliation. This is despite the fact that South Asian governments have made caste discrimination illegal, and introduced various provisions and protections for Dalits. It isn't dependent on religion or country, it is a systemic and deeply ingrained issue that permeates societies at every level.

That's why we have committed to prioritising our future work on precisely these three themes: Gender Equality, Education and Livelihoods, finally dissolving the barrier to social development that caste discrimination represents.

We are now one year into our five year strategy and are committed to establishing these three goals; in the next 4 years we are aiming to increase the number of people who benefit from our work by 50%. By building on our strong partnerships and networks in India and Nepal, we know we can work together to create a future where Dalit and Tribal communities can live equally alongside everyone else.

We don't want to leave anyone behind. I am proud to say that, this year we have expanded our reach to include working with children with learning and physical disabilities, are working in new states in India and have established new projects in Nepal. We are also doubling our spending on livelihood projects, ensuring that we are helping to establish a secure and independent future for all those benefiting from our projects. None of this would be happening without the continued support of our donors.

With that, I am pleased to share our Annual Report of 2015/2016, where I hope you will see the real difference we are making to the lives of Dalit and Tribal communities in South Asia.

Kind regards,

Ciaran Maguire

Chief Executive, Karuna Trust

THE KARUNA TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

The trustees present their report and accounts for the year ended 31 March 2016.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Companies Act 2006 and the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2015.

Structure, governance and management

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

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

David Zukas	(Resigned 22 July 2015)
Ulla Brown (Chair)	
Prof. Dominic Houlder	
Amanda Seller	
Dr William McGinley	
Zoe Stephenson	
Pratap Rughani	(Appointed 27 October 2015)
Nicolas Soames	(Appointed 27 October 2015)

The Trustees give their time on a voluntary basis to the management and governance of the charity. They meet five times a year to review the progress of the charity in all its activities, and to make major decisions regarding direction, policy, staffing and grants to project partners. When necessary the Trustees establish working groups to deal with particular issues and report back to the full meeting.

The Trustees liaise closely with the Management Team, Fundraising Team, Admin Team and Programmes Team, who are paid staff and are responsible for ensuring that the standard of care required by the Trustees is carried out in the areas of grant management, governance, fundraising and publicity. The day-to-day management of the charity is delegated to the Chief Executive Officer, who is the main link with the Trustee body.

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

New Trustees attend an induction meeting with the Chair and CEO where they receive briefings on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the Business Plan and the current financial position as set out in the latest published accounts. During the induction, the Trustee may also meet other senior staff. Trustees are encouraged to attend appropriate external training events so they may keep abreast of their duties and current developments.

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

The charity was founded in 1987 to support social, humanitarian and religious projects, working especially with the Dalit's and Dalit Buddhist communities of Maharashtra and other parts of India. The Trust's main activities are international development and grant making to overseas project partners working to provide educational opportunities and empower individuals and groups from some of the most deprived communities in India.

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

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

The Management undertake an annual review of the risks that the Charity is exposed to and report back to the Trustees accordingly. The risk register is then updated. The review for 2016 was conducted in July 2016 and the next review is scheduled for June 2017.

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TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

Objectives and activities

The charity's objects are to support and enable the most disadvantaged children, women and men in South Asia to meet their needs, access their rights and participate fully in society.

To achieve this mission the following activities are carried out:

- **International development and grant making:**
with a range of different partner NGOs, focusing particularly on increasing access to education among people from some of the poorest, most marginalised communities in India. Our main beneficiary groups are the Dalits, Adivasi (Tribal) and other marginalised communities.
- **Capacity building:**
as well as funding projects, we also aim to help our project partners develop their capacity so that they can become independent, autonomous organisations. This is a particular need for those partners who are themselves from Dalit backgrounds and have therefore been deprived of educational opportunities. A proportion of our funding goes towards training and capacity building for our overseas partners.
- **Buddhist activities:**
roughly 5% of our funding goes towards providing facilities to enable people from poor Buddhist communities to practise their religion. These activities are funded separately through donations specially earmarked for this purpose.
- **Awareness Raising:**
through our website, newsletter, Facebook and other activities, we aim to raise awareness in the UK of the issues facing our project partners.
- **Fundraising:**
this is carried out through door-to-door campaigns, telephone upgrade campaigns and applications to charitable trusts and other institutional donors.

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

Programme Review

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

In 2015/16 Karuna worked with 45+ partner organisations in India and Nepal. These NGOs and Civil Society Organisations (CSOs) operate within Dalit and Tribal communities across 10 different states and a multiplicity of caste and religious groups. During the year our programmes directly impacted more than **89,832** men, women and children and more widely benefiting a further **1,231,446** through awareness raising, changes in legislation and improved access to government schemes.

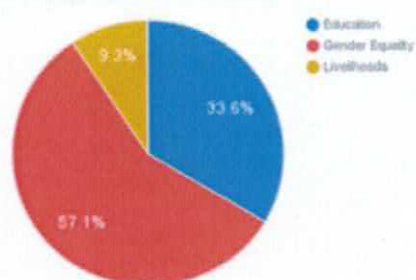
THE KARUNA TRUST

TRUSTEES' REPORT (CONTINUED)

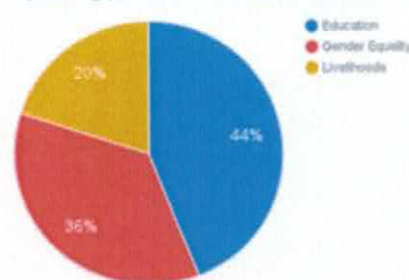
FOR THE YEAR ENDED 31 MARCH 2016

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

Direct beneficiaries: 89,832



Spending per theme - total £1,208,162



Our interventions provide education, gender equality and economic opportunities so that beneficiaries become change makers and role models providing leadership, confidence and skill- sharing.

Primary areas of work

58% of people in India live on less than \$3.10 per day. That's 720 million people surviving on just over £2 a day (1).

We have a particular emphasis on Education, Women's Empowerment and Innovative Livelihoods Development. These three themes are underpinned by the three cross-cutting themes of Capacity Building, Advocacy and Welfare Provision. A typical Karuna project directly improves the quality of people's lives, whilst enabling them to access mainstream welfare services and build their capacity to become more self-reliant.

Achievements and performance

Education

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

According to Human Rights Watch, on average across India, 51% of children from Dalit backgrounds, 58% from Tribal and 64% of adolescent girls drop out of school before the age of 13. Karuna believes that an education is the key to unlocking these children's potential, transforming both their lives and those of future generations. Last year we helped **30,149** children and adolescents to access the quality education and life skills they need to fully participate in society.

We work with local partners who know from personal experience the effects of poverty and caste. For instance, one of our smaller partners in Nagpur runs education projects for Dalit and Tribal girls and boys. Last year 994 children from slum areas from the age of 11 - 16 were able continue their education in a supportive environment through hostel provision, community based learning clubs and *Open Schools* in the slums.

(1) <http://povertydata.worldbank.org/poverty/country/IND>

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TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

They achieve a 90% + retention rate of children in school.

- 34 Karuna Partners run Education initiatives
- Funding: £531,590 (44% of overall total)
- 10,170 children supported to complete their education
- A further 9,850 children benefited from confidence building and leadership training

42,779 parents from labourer communities were involved in programmes raising awareness on the importance of educating their children

Livelihoods

The reality of some caste-based occupations equates to modern-day slavery. Millions of Dalits are still condemned to illegal and dangerous jobs, such as manually disposing of human waste (known as manual scavenging). Considered outsiders within their own community, they are born into a role which they are forced to undertake for well below subsistence.

We believe that sustainable and humane livelihoods are a basic right. With Karuna's support, our community groups are helping more than **8,394** Dalits reclaim their dignity through our livelihood projects. Some provide training in business development, entrepreneurship and other vocational skills. Some offer start-up loans, savings schemes and microcredit. Others promote safer, healthier working conditions. Together they are helping people to break free from the slavery and stigma of degrading caste based occupations and to develop new, more dignified livelihoods.

- 24 Karuna Partners run Livelihoods initiatives
- £241,632 funding for livelihoods (20% of overall Karuna funding)
- 3,129 people received vocational training
- 1,189 accessed new skilled livelihoods for the first time

Gender Equality

In marginalised communities in India & Nepal, women are usually the most vulnerable. Often denied an education, married-off young and regarded as property, with little choice about their future, many women will live lives of isolation and abuse unless intervention and proper support is provided. 52% of adolescent girls (and 57% of adolescent boys) think it is justifiable for a man to abuse his wife (2). That's why Karuna and its partners want to be the voice for change.

Through our projects, we are encouraging **51,289** women to reclaim their rights and choices, gain an equal education and access to vocational skills to become champions of their communities.

- 26 Karuna Partners run Gender Equality initiatives over 9 states
- Funding: £434,940 (36% of overall Karuna funding)
- 6,779 women trained in rights and access to justice
- 2,262 women took part in leadership and decision making processes for the first time

Nishta, one of our key Partners, based in rural West Bengal, worked intensively last year with 1000 girls and their families to enable them to stay in full time education. This has the significant added benefit of preventing these girls from entering into early marriage - which is a big risk in this area. In the project area of Baruipur child marriage (though illegal) runs at 49% - whereas in the project cohort there have been less than 1% child marriages during the last year. School dropout before secondary school runs at 82% in West Bengal - in the project cohort dropout from school is less than 1%. These are fantastic results and demonstrate the life changing impact of this work.

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

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TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

Sustainability

Karuna works with grassroots NGOs many of which have required significant input to establish effective activities. In 2015/16 we continued to place great emphasis on helping our partners develop more sustainable projects as well as making their organisations more sustainable in themselves. In February of this year we hosted a major training event for all our Partners in Nagpur. Over the course of four days, we offered workshops in strategic planning, project management, fundraising and good governance. This annual training event is a vital part of our work. Last year we supported many partners to raise substantial funds from Indian sources, as well as helping them access funds from the West. Our programmes team also provides regular support to Partners to help them establish clear monitoring and evaluation mechanisms.

Nepal

As part of Karuna's commitment to tackling caste discrimination, we have extended our reach into Nepal. With a population of 28 million people, Nepal is ranked the third lowest country in Asia on the Human Development Index. Adult literacy is only 57.4% and a ¼ of the population live on less than \$1.25 a day. Caste discrimination affects the lives of the majority of the poor in Nepal with women in particular suffering the brunt. The situation has been made significantly worse since the tragic earthquake in April last year.

One of our new partners is *Green Tara Nepal*. They are primarily focussing on community health promotion, maternal and child health and on women's empowerment. Their project is in one of the regions severely impacted by the earthquake. They were able to provide immediate and effective medical relief due to their strong relationship with the local community after years of working in the region.

Our second new Partner in Nepal is called the *Association for Dalit Women's Advancement of Nepal* or *ADWAN*, and they work at a grassroots level with rural Dalit and other marginalized women. They focus on social and economic empowerment by providing a range of skills trainings. In addition they provide community based gender equality programmes to eliminate caste and gender based discrimination. We have just begun funding a pilot project with ADWAN in Gorkha district which is an earthquake affected area.

Our third new partner in Nepal is called the *Feminist Dalit Organisation* or *FEDO*. They work in education and livelihoods development for marginalised women all over Nepal. Women's leadership development training and entrepreneurship for women are their strong emphases. The integration of Dalit girls, in particular, into mainstream education is a key objective. Karuna and FEDO are developing a project to train women leaders in rural Dalit communities.

Caste: out of the shadows, conference

In September 2015, SOAS University, London, hosted a landmark one-day conference which brought together academics and activists from India and the UK to discuss caste, inequality and development. Karuna was part of the steering group for this event and the main issue was summed up perfectly in Prof David Mosse's introduction. He said, "In South Asia poverty persists alongside growing wealth. A disproportionate number of those in extreme poverty are Dalits. Poverty, inequality and caste are deeply enmeshed, yet there is little appetite to address caste oppression in the international development community."

The speakers pointed out that when Dalits have protested, claimed their rights, or struggled for dignity, they have often faced brutal reprisals. The issue of caste injustice has been silenced in wider national and international communities. Research shows how caste is an on-going aspect of modern economies, shaping labour markets, access to services, health, education, opportunity and well-being. As the development of Sustainable Development Goals refocuses international attention on social inclusion and human rights for all, it is time to examine the relationship between caste and development.

Bond: Caste and Descent discrimination group

Following the SOAS conference, the steering group for the conference teamed up with NGO specialists - Bond - and created a working party of organisations, activists and academics who all have a focus on caste and descent based discrimination. Karuna is on the steering group for this and, although still in its early days, this group is already sharing resources, expertise and experience. The group is developing presentations that will highlight the importance of caste to development and will challenge perceptions that this is a 'special interest' issue. The aim is to build awareness of the fact that addressing caste will lead to improvements in development practice.

THE KARUNA TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

Combatting violence against women

For the past 6 years Karuna has been building the Maitri Network - an alliance of Indian NGOs who work with women and girls. Alongside this we have been developing a new branch of Karuna in Essen, Germany. Maitri, Karuna Germany and Karuna UK have developed a new project that will build a strong Dalit and Adivasi women's movement with the skills and capacities to challenge all forms of violence against women.

We were delighted at the end of 2015/16 to have confirmation that the German ministry for development, BMZ, would be granting € 150,000 to us which will allow this fantastic new project to happen. Through this the Maitri network of women's organisations will be strengthened and enlarged. These organisations will become even more able to counteract violence against women and to support individual victims of gender based violence more effectively. One key objective of the project is to improve gender relations by sensitising men and challenging gender stereotypes and roles.

Investment policy and performance

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

Financial review

Reserves

At the end of the year, we had reserves of £931,531 which is an decrease of £30,609 over the previous year.

An analysis of the reserve amount is as follows:-

Unrestricted funds:

- Operating reserve £607,567 (funds for the general operation of the charity)
- Unrestricted Fixed Asset reserve £185,822 (tangible net assets net of bank loan)

Restricted funds: £138,142 (funds for specific projects)

The deficit for the year of £30,609 includes an exchange rate loss of £20,931 (2015: 25,109 gain). This exchange rate loss reflects an adjustment to show the sterling value of Indian Rupees held by the charity as at 31 March 2016. These funds are held in Indian Rupees exclusively for the payment of partner grants and will not be converted back into sterling. Neither the charity nor its beneficiaries are affected by the change in valuation.

At the year-end we carried £1,394,834 in future grant commitments to Partners in India and Nepal. These are contingent liabilities, not contractual and therefore do not appear on our balance sheet but do represent a very real responsibility for the Karuna Trust. The level of forward grant commitments varies from time-to-time depending on where our Indian Partner trusts are within their three or four year grant cycle.

THE KARUNA TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

Income

The total income received by the Karuna Trust for the year ended 31st March 2016 was £1,828,991 (2015: £1,861,458).

Regular-giving income deriving from a number of sources, primarily door-to-door campaigns, telephone upgrade campaigns and give-as-you-earn was £1,320,679 for the year to 31st March 2016 (2015: £1,261,197) an increase year-on-year of £59,482. In a year when public confidence in charities and in particular their fundraising practices was at an all-time low, we're grateful and encouraged by the growing support of individual givers to Karuna.

As in the previous year, we mounted 8 Door-to-Door appeals including 2 solo appeals, plus a Telephone Upgrade appeal. These appeals are staffed in the most part by volunteers who give 6 weeks of their time to support Karuna with its work. This is an enormously generous act on the part of the volunteers that enables Karuna to reduce fundraising costs and for the volunteers to make an important contribution to Karuna's work.

Other donations from individuals totalled £307,889 (2015: £120,629) an increase of £187,260.

Included here were funds raised in two annual appeals: £48,004 from the Big Give Christmas Appeal 2014 and £49,903 from the Karuna Christmas Appeal 2015. Funds for the latter appeal were raised for the Pardhi Hostel in Maharashtra. In addition, there was a tremendous response from individual donors to our appeal for funds for the Nepal Earthquake and also towards the floods in Tamil Nadu that followed later in the year raising around £131,000 in on-line donations.

Expenditure

Our expenditure for the year was £1,860,600 (2015: £1,748,236).

We invested £1,229,092 in programme delivery (2015: £1,202,498). Of this, grants to partners in India and Nepal were £911,369 for the year (2015: £914,753) and Programme Management £296,792 (2015: £287,744).

Our Programme Management Team work closely with our partners in India, establishing funding agreements, understanding the needs of partners and beneficiaries, monitoring progress and evaluating effectiveness.

Our grant expenditure for 2015-16 includes grants made for emergency work in Nepal and Tamil Nadu plus £91,177 of booster grants made to a range of partners in December 2015.

During the year, in line with our current 5 year strategy, we commenced work with new project partners and beneficiaries in Chhattisgarh and Nepal. We also invested more in partner training and sustainability delivered in part via workshops and a Partner convention held in India in November 2015 and February 2016.

2015 was a difficult year for fundraising in the UK and some fundraising practices received much needed scrutiny. In order to grow the charity we are investing more in our fundraising capabilities so that we can raise additional funds in the next five years. The costs of generating funds for the year were £601,130 (2015: £547,006).

During the year we received £48,580 in legacy gifts (2015: £207,286). We are enormously grateful that Karuna is considered for such gifts left in wills, no matter how small; they have a significant impact on our work.

Income from Grant-Giving Trusts was £136,156 (2015: £177,026) including £11,180 income in advance from the Big Give 2014. During the year our Trust Fundraising team secured several sizeable pledges that will make a huge impact on our work in the coming year.

As previously reported, our four year UK Government funding came to an end at 31 March 2015, so this year's income from DfID was £Nil (2015: £67,269). However, in collaboration with our sister Trust, Karuna Germany, we launched a successful application during the year to the German Ministry for Development (BMZ) for funds for the Maitri Network. The benefits of this application will be felt in 2016-17.

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TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

The Karuna Trust reserves have been divided into restricted and unrestricted funds. Income that has been received for specific purposes is treated as restricted income and accounted for as restricted funds.

Unrestricted reserves have been established for the purpose of meeting the Karuna Trust's charitable objectives, by ensuring the continued operations of its Programmes work and to making provision for unforeseen or uninsurable organizational obligations. The reserves are regularly reviewed to safeguard the charity's continued operations.

Each year the Trustees consider the appropriate level of free reserves. The current level of reserves is deemed satisfactory. Because Karuna is a grant making Trust and our partners and beneficiaries are in most cases highly dependent on receiving quarterly grant payments, the minimum reserve policy is 4 months of grant payments plus our operational costs. The reserve level is set at this rate so that in the event of a catastrophic failure of our Trust, we would still be able to provide our Partners in India with adequate time to find alternative ways to continue meeting the needs of the highly disadvantaged people who are our beneficiaries.

Plans for the future Programmes

Next year we will be funding 3 new partners in Nepal all of whom work with impoverished women. Our new work in Nepal is vitally important as caste discrimination plays a major role in poverty and exclusion. By the end of the first year we anticipate significantly up-scaling two of these projects in order to reach more beneficiaries. We will also start funding our first project in Bihar with a new partner called Nari Gunj. They work with the Musahar community who are looked down upon even by other dalit communities. Musahar means 'rat eater', and this is a practice which still happens. This community live in appalling conditions and face extreme poverty and exclusion.

We will continue our focus on sustainability, supporting partners to develop innovative organisational models such as starting small businesses, diversifying their in-country funding streams and establishing long term strategies.

Funding

Our fundraising focus for the year ahead is to continue to increase income in order to deliver our current strategy of transforming the lives of the most marginalised communities in India and Nepal.

Our primary focus is on better connecting with our supporters so that more become champions of Karuna. This will increase loyalty, retention and donations. We aim to increase the number of door to door appeals each year which will bring in more individual supporters and increase our regular giving.

We are investing in our leadership gifts team to identify new prospects within Trusts, Major Donors and Corporations. To achieve our objectives we are investing in skills development, industry best practice and effective systems.

Systems

Karuna programmes have been adopting a Logical Framework Approach to project management. We have been providing on-going training to our partners to learn how to use this strategic planning and monitoring tool. As well as adopting this as the primary framework for gathering and analysing information we are exploring different data gathering software tools accurately compile information from our partners. The aim is that Karuna will have a system that provides more detailed information about progress being made and will also make it easier for our partners to record and monitor progress. We are also working with a team on Indian development consultants who are able to offer training and conduct project evaluations using local languages.

During the course of the last 18 months we have carried out an in-depth review of our IT systems guided in part by a firm of specialist charity IT consultants. Over the coming months we will be investing in new systems based upon the outcomes from our review and guidance from the consultants.

THE KARUNA TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

Auditors

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

On behalf of the board of trustees



Ulla Brown (Chair)

Trustee

Dated: 26.7.2016

THE KARUNA TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

THE KARUNA TRUST

INDEPENDENT AUDITORS' REPORT

TO THE TRUSTEES OF THE KARUNA TRUST

We have audited the accounts of The Karuna Trust for the year ended 31 March 2016 set out on pages 14 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of The Karuna Trust for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

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

Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

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

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

THE KARUNA TRUST

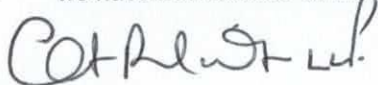
INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE TRUSTEES OF THE KARUNA TRUST

Matters on which we are required to report by exception

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

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



Carter Backer Winter LLP

Chartered Accountants

Statutory Auditor

66 Prescott Street

London

E1 8NN

Dated: 27 July 2016

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

THE KARUNA TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
<u>Incoming resources from generated funds</u>					
Donations and legacies	2	1,481,884	333,416	1,815,300	1,847,893
Investment income	3	14,691	-	14,691	13,515
		<u>1,496,575</u>	<u>333,416</u>	<u>1,829,991</u>	<u>1,861,408</u>
Other incoming resources	4	-	-	-	50
Total incoming resources		<u>1,496,575</u>	<u>333,416</u>	<u>1,829,991</u>	<u>1,861,458</u>
<u>Resources expended</u>					
Charitable activities					
Costs of generating funds	6	577,051	24,079	601,130	547,007
Charitable activities	7	1,023,373	205,719	1,229,092	1,177,389
Total charitable expenditure		<u>1,600,424</u>	<u>229,798</u>	<u>1,830,222</u>	<u>1,724,396</u>
Governance costs	14	30,378	-	30,378	23,840
Total resources expended		<u>1,630,802</u>	<u>229,798</u>	<u>1,860,600</u>	<u>1,748,236</u>
Net (expenditure)/income for the year/ Net movement in funds		<u>(134,227)</u>	<u>103,618</u>	<u>(30,609)</u>	<u>113,222</u>
Fund balances at 1 April 2015		<u>927,616</u>	<u>34,524</u>	<u>962,140</u>	<u>848,918</u>
Fund balances at 31 March 2016		<u><u>793,389</u></u>	<u><u>138,142</u></u>	<u><u>931,531</u></u>	<u><u>962,140</u></u>

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

THE KARUNA TRUST

BALANCE SHEET

AS AT 31 MARCH 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	15		246,155		257,812
Current assets					
Debtors	16	169,761		76,569	
Cash at bank and in hand		723,593		861,772	
		893,354		938,341	
Creditors: amounts falling due within one year	17	(168,171)		(172,306)	
Net current assets			725,183		766,035
Total assets less current liabilities			971,338		1,023,847
Creditors: amounts falling due after more than one year	18		(39,807)		(61,707)
Net assets			931,531		962,140
Income funds					
Restricted funds			138,142		39,899
Unrestricted funds			793,389		922,241
			931,531		962,140

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 2016, although an audit has been carried out under section 144 of the Charities Act 2011. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these accounts under the requirements of the Companies Act 2006.

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

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

THE KARUNA TRUST

BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2016

The accounts were approved by the Board on 26.7.2016



Ulla Brown (Chair)
Trustee



Dr William McGinley
Trustee

Company Registration No. 02132178

THE KARUNA TRUST

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention.

The accounts have been prepared in accordance with applicable accounting standards, the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005 and the Companies Act 2006.

Fund accounting policy

Unrestricted income funds are general funds that are available for use at the trustees' discretion in furtherance of the objectives of the charity.

Restricted funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

1.2 Incoming resources

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

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

Investment income is recognized on a receivable basis.

1.3 Resources expended

Liabilities are recognized as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Costs of generating funds are the costs associated with attracting voluntary income.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include costs of the preparation and examination of the statutory accounts, the costs of trustee meetings and the cost of any legal advice to trustees on governance or constitutional matters.

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

THE KARUNA TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold land is not depreciated	
Freehold buildings	Not depreciated
Leasehold property	1% straight line
Plant and machinery	Straight line between 3 and 5 years
Fixtures, fittings & equipment	Straight line between 3 and 5 years

1.5 Leasing and hire purchase commitments

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

1.6 Foreign currency translation

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

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

2 Donations and legacies

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Donations and gifts	1,433,304	333,416	1,766,720	1,640,607
Legacies receivable	48,580	-	48,580	207,286
	<u>1,481,884</u>	<u>333,416</u>	<u>1,815,300</u>	<u>1,847,893</u>

3 Investment income

	2016 £	2015 £
Rental income	13,800	12,800
Interest receivable	891	715
	<u>14,691</u>	<u>13,515</u>

THE KARUNA TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

4 Other incoming resources

	Total 2016 £	Total 2015 £
Net gain on disposal of fixed assets	-	50

5 Total resources expended

	Staff costs £	Depreciation £	Other costs £	Grant funding £	Total 2016 £	Total 2015 £
Charitable activities						
<u>Costs of generating funds</u>						
Activities undertaken directly	374,509	8,457	218,164	-	601,130	547,007
<u>Charitable activities</u>						
Activities undertaken directly	-	-	35,889	-	35,889	49,754
Grant funding of activities	-	-	-	932,299	932,299	889,645
Support costs	182,020	2,683	76,201	-	260,904	237,990
Total	182,020	2,683	112,090	932,299	1,229,092	1,177,389
	556,529	11,140	330,254	932,299	1,830,222	1,724,396
Governance costs	5,553	517	24,308	-	30,378	23,840
	562,082	11,657	354,562	932,299	1,860,600	1,748,236

Governance costs includes payments to the auditors of £6,000 + VAT (2015: £6,000 + VAT) for audit fees and £3,600 + VAT (2015: £3,000 + VAT) for other services.

THE KARUNA TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

6 Costs of generating voluntary income

	2016 £	2015 £
Staff costs	374,509	325,125
Fundraising expenses	137,695	125,640
Newsletters, printing and postage	24,988	21,713
Bank charges	12,841	12,295
Loan interest	3,427	4,358
Rent and hire	39,213	45,576
Depreciation	8,457	12,300
	<u>601,130</u>	<u>547,007</u>

7 Grants payable

	2016 £	2015 £
Charitable activities (see note 8)	1,193,203	1,127,635
Programme development (see note 9)	35,889	49,754
	<u>1,229,092</u>	<u>1,177,389</u>

Included within grants payable are exchange rate gains/(losses) 2016: (£20,930) (2015: £25,109) a movement of £46,039 over a two year period. These represent the profit/loss on exchange at the balance sheet date, in respect to rupees that have been purchased by Karuna Trust throughout the year to protect the organization against any major currency fluctuations; which could ultimately have an adverse effect on the cost of the projects in hand. See note 8.

THE KARUNA TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

8 Grants to partners

	Unrestricted grants	Restricted grants	Total grants	Support & development cost	Total funds 2016	Total funds 2015
	£	£	£	£	£	£
Adarsha Fellowship	-	9,347	9,347	3,044	12,391	13,582
Adecom	27,882	4,014	31,896	10,388	42,284	29,818
Aryaloka	18,452	-	18,452	6,009	24,461	21,238
Aryaloka - Chhattisgarh	6,152	-	6,152	2,004	8,156	-
Bahujan Hitay Hostels	58,896	-	58,896	19,180	78,076	97,980
BH Amravati	16,440	22,500	38,940	12,681	51,621	59,474
BH Goa	6,408	15,730	22,138	7,209	29,347	33,535
BH NAGPUR	7,473	9,000	16,473	5,364	21,837	44,093
BH WARDHA	13,508	-	13,508	4,399	17,907	18,984
Bhaja and Bordharan	17,421	-	17,421	5,673	23,094	28,193
BHT- Konkan	24,513	6,398	30,911	10,066	40,977	40,496
Bhusawal	3,105	-	3,105	1,011	4,116	4,011
Bushindo	1,066	-	1,066	347	1,413	2,700
CBT - Capacity Building Team	15,279	-	15,279	4,976	20,255	36,155
Central Services Team - BH	6,716	-	6,716	2,187	8,903	8,637
Central Services Team - TBMSG	23,540	-	23,540	7,666	31,206	33,484
Dhammajyoti - Mazi Asmita	2,366	-	2,366	770	3,136	7,624
Green Tara Foundation Vishrantwadi	-	19,610	19,610	6,386	25,996	24,187
Green Tara Trust Nepal	-	30,837	30,837	10,042	40,879	-
Gujarat Dhamma	-	-	-	-	-	461
HRLN	10,483	27,793	38,276	12,465	50,741	39,120
ITBCI	23,470	2,583	26,053	8,484	34,537	28,626
Jan Sahas	71,056	-	71,056	23,140	94,196	68,698
Jeevak	28,655	-	28,655	9,332	37,987	17,908
Maitri Network	12,060	2,720	14,780	4,813	19,593	30,295
Manuski Trust	33,582	-	33,582	10,936	44,518	44,393
Modinagar Study Classes	7,982	-	7,982	2,599	10,581	16,928
NACDOR	15,457	-	15,457	5,034	20,491	12,029
Nagarjuna Training Institute	21,933	-	21,933	7,143	29,076	24,731
NIRMAN	20,443	-	20,443	6,657	27,100	31,125
NISD Education project	38,211	16,826	55,037	17,923	72,960	113,034
NISHTHA	24,820	14,450	39,270	12,789	52,059	28,350
NNBY	6,013	-	6,013	1,958	7,971	7,853
NVC	-	-	-	-	-	5,145
Pardhi Project	10,715	-	10,715	3,489	14,204	16,303
Sadhana	23,665	-	23,665	7,707	31,372	22,740
Samita Mahila Foundation	33,306	-	33,306	10,847	44,153	42,844
SPMM	-	-	-	-	-	19,301
TBMSG Hostels Project	74,583	-	74,583	24,288	98,871	103,740
URJA	-	23,910	23,910	7,787	31,697	24,681
Foreign Exchange	20,930	-	20,930	-	20,930	-25,109
Totals	726,581	205,718	932,299	296,793	1,229,092	1,177,387

THE KARUNA TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

9 Programme development

	2016 £	2015 £
Training and development	1,654	47
Consultants	30,595	48,495
Travel and subsistence	3,469	1,142
Other costs	171	70
	<u>35,889</u>	<u>49,754</u>

10 Support costs

	2016 £	2015 £
Training	5,760	2,977
Consultants	17,691	16,196
Rent and service charges	4,885	4,885
Other costs	32,397	24,492
Loan interest	1,096	1,393
Travel and subsistence	14,372	13,524
Staff costs	182,020	171,003
Depreciation	2,683	3,520
	<u>260,904</u>	<u>237,990</u>

11 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year; however, 6 of them were reimbursed a total of £3,535 for travelling expenses (2015: 3 were reimbursed £2,508).

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

During the year Aid for India paid £500 (2015: £500) as a management fee to The Karuna Trust. At the year end the charitable company owed £8,796 (2015: £9,296) to Aid for India.

THE KARUNA TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

12 Employees

Number of employees

The average monthly number of employees during the year was:

	2016 Number	2015 Number
Grant management	7	4
Fundraising	18	18
Governance	1	1
	<u>26</u>	<u>23</u>

Employment costs

	2016 £	2015 £
Wages and salaries	523,067	467,750
Social security costs	36,396	32,670
Other pension costs	2,619	1,437
	<u>562,082</u>	<u>501,857</u>

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

13 Taxation

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

14 Governance costs

	2016 £	2015 £
Employment costs	5,553	5,729
Depreciation	517	671
Office costs	5,360	4,527
Motor and travel	3,176	2,325
Bank charges	45	46
Audit fees	11,100	10,800
Professional fees	4,931	-
Loan interest	218	278
Recharge AFI	(500)	(500)
Other costs	(22)	(36)
	<u>30,378</u>	<u>23,840</u>

THE KARUNA TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

15 Tangible fixed assets

	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 April 2015	295,100	101,069	47,903	444,072
Disposals	-	(20,277)	(737)	(21,014)
At 31 March 2016	295,100	80,792	47,166	423,058
Depreciation				
At 1 April 2015	58,128	80,786	47,346	186,260
On disposals	-	(20,277)	(737)	(21,014)
Charge for the year	2,101	9,334	222	11,657
At 31 March 2016	60,229	69,843	46,831	176,903
Net book value				
At 31 March 2016	234,871	10,949	335	246,155
At 31 March 2015	236,972	20,283	557	257,812

16 Debtors

	2016 £	2015 £
Income tax recoverable	152,484	36,944
Other debtors	8,045	31,550
Prepayments and accrued income	9,232	8,075
	169,761	76,569

17 Creditors: amounts falling due within one year

	2016 £	2015 £
Bank loans	21,901	20,526
Taxes and social security costs	6,222	5,831
Other creditors	98,661	122,399
Accruals	41,387	23,550
	168,171	172,306

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

THE KARUNA TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

18 Creditors: amounts falling due after more than one year	2016 £	2015 £
Bank loans	39,807	61,707
Analysis of loans		
Wholly repayable within five years	61,708	82,233
Included in current liabilities	(21,901)	(20,526)
	39,807	61,707
Loan maturity analysis		
Debt due in one year or less	21,901	20,526
In more than one year but not more than two years	23,367	45,267
In more than two years but not more than five years	16,440	16,440
	61,708	82,233

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

19 Pension and other post-retirement benefit commitments Defined contribution

	2016 £	2015 £
Contributions payable by the company for the year	2,619	1,437

20 Share capital

The charity is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

21 Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total £
Fund balances at 31 March 2016 are represented by:			
Tangible fixed assets	246,155	-	246,155
Current assets	690,312	203,042	893,354
Creditors: amounts falling due within one year	(103,271)	(64,900)	(168,171)
Creditors: amounts falling due after more than one year	(39,807)	-	(39,807)
	793,389	138,142	931,531

THE KARUNA TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

22 Contingent liabilities

The Karuna Trust has contingent liabilities of £1,394,834 (2015: £1,831,328) towards charitable projects at the year end.

23 Commitments under operating leases

At 31 March 2016 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2016	2015
	£	£
Expiry date:		
In over five years	21,136	21,136
	<u> </u>	<u> </u>

24 Related parties

Controlling entity

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

Related party transactions

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

During the year Aid for India paid £500 (2015: £500) management fees to The Karuna Trust. At the year end the charitable company owed £8,796 (2015: £9,296) to Aid for India.