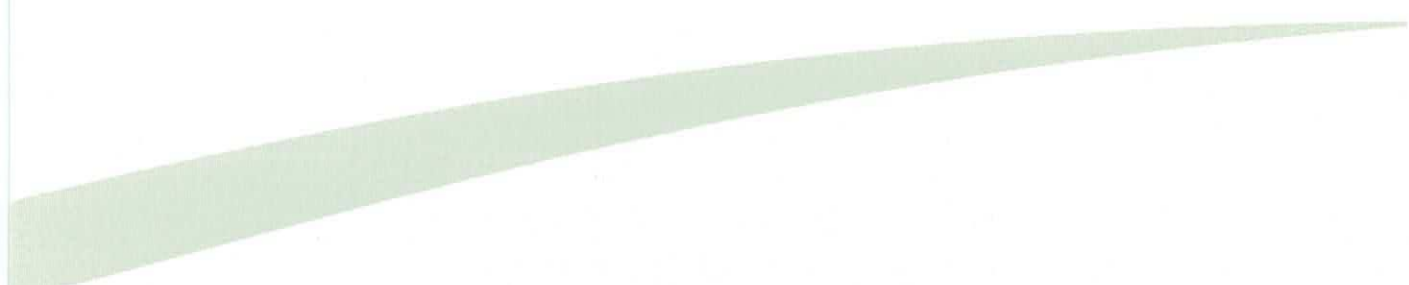


Charity Registration No. 327461

Company Registration No. 02132178 (England and Wales)

THE KARUNA TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017



THE KARUNA TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Ulla Brown (Chair) Prof. Dominic Houlder Amanda Seller Dr William McGinley (Treasurer) Zoe Stephenson Dr Pratap Rughani Nicolas Soames
Chief executive officer	Ciaran Maguire
Secretary	Mr M C 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
Auditor	Carter Backer Winter LLP 66 Prescott Street London E1 8NN
Bankers	Clydesdale Bank Plc Studio B 146-158 Kensington High Street London W8 7RL
Solicitors	Bates Wells and Braithwaite Cheapside House 138 Cheapside London EC2V 6BB

THE KARUNA TRUST

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THE KARUNA TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2017

Foreword

Caste discrimination is a very real force that limits the life opportunities of millions of people around the world. In India, Dalit children are discriminated against at school to such a degree that they feel forced to drop out. The dropout rate from elementary school for Dalit children is 51% while the national average is 37%. Dalit women are generally trapped in overtly patriarchal communities and face discrimination by virtue of being both a Dalit and a woman. As well as being frequent targets of violence their choices are restricted and their freedoms in multiple areas of life are limited. Despite efforts to curb child slavery in India, the practice continues and 60% of the victims are Dalits.

Apologists want us to see caste as division of labour or traditional way of South Asian life. Deniers say that it no longer exists and talk of caste discrimination is anti-Hindu. Yet we must see caste discrimination for what it is, a very real, functioning system of graded inequality which governs every facet of life and deems millions of people to be seen and treated as "impure".

Our projects are run in some of the poorest places in South Asia. More than 400 million people in India live in poverty - that's 1/3 of the world's poor. A significant number of these people are Dalit and Tribal. The UN describes India as having "persistent inequality reflected in the low human development attainments of the country's most marginalized groups including scheduled castes, tribal and rural populations, women..." Furthermore, "multidimensional poverty among SC and ST [Dalit and Tribal] is alarmingly high with over 2/3 of SC and over 3/4 of ST population deemed multi-dimensionally poor".

With a population of 27 million, Nepal is the poorest country in South Asia and ranks as the twelfth poorest country in the world. It has a female literacy rate of only 57.4% (5). It is estimated that there are 3.5 million Dalits there. They are landless and much poorer than the dominant caste population. Their life expectancy is lower than the national average, and so is their literacy rate (6).

This means that Dalits and Tribal communities suffer from poorer health, lower education, inadequate living standards, lower income, disempowerment, poor quality of work and threat from violence especially for women.

At Karuna we believe that when an individual's life changes, they can change their community and when that community changes, it can change society. Individual change, individual transformation is at the heart of our work and in the overview that follows you will read about the transformational impact our projects make on the lives of marginalised people in India and Nepal.

(1) Source Human Rights Watch 2016

(2) NY Times 2016

(3) Dr Bhimrao Ramji Ambedkar

(4) <http://www.in.undp.org/content/india/en/home/countryinfo.html>

(5) <http://www.np.undp.org/content/nepal/en/home/sustainable-development-goals.html>

(6) <http://idsn.org/countries/nepal/>

THE KARUNA TRUST

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2017

The trustees present their report and accounts for the year ended 31 March 2017.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts 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)" (as amended for accounting periods commencing from 1 January 2016)

Objectives and activities

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

- **International development and grant making**
With a range of different local partner NGOs, our work with individuals focuses on Education, Dignified Livelihoods and Gender Equality, transforming communities and changing society.
- **Capacity Building**
As well as funding projects, we aim to help our project partners develop their capacity so they can become strong, independent organizations. This is a particular need as the majority of our partners are from a Dalit or Tribal backgrounds. A significant proportion of our funding goes towards training in strategic planning, financial monitoring, monitoring and evaluation, good governance, leadership development, effective project management and in-country fundraising.
- **Awareness raising**
Through our website, annual review, social media, public talks, networks and other events we aim to raise awareness of the impact of caste discrimination and poverty in South Asia to an audience in the UK and beyond.
- **Fundraising**
This is carried out through door-to-door campaigns, phone campaigns, online platforms, one-off donations and applications to charitable trusts and institutional donors.

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

Overview of our work

During the year 2016/17 Karuna spent on programmes £1,180,000. This enabled the Trust to make grants totaling £890,000 to fund 35 partner organizations, funding a total of 52 projects, benefitting a total of 60,000 people directly, and a further 268,000 indirect beneficiaries.

Overall our Karuna-supported projects worked directly with 10,000 boys, 13,000 girls, 23,000 women, and 14,000 men, from the most marginalized Dalit and Tribal communities in India and Nepal offering them opportunities for education, livelihood development and access to justice and welfare services.

Of the Programmes spent, 54% - £637,000 was allocated to Education projects, 20% - £236,000 to Livelihoods Development and 26% - £307,000 to Women's Empowerment and Gender Equality.

THE KARUNA TRUST

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2017

Achievements and performance

Key achievements by Theme

Education programme

Over the past year Karuna supported 33 Educational projects run by 19 Partner organizations in India and Nepal. The projects provide non-formal education services, such as hostels, out of school study classes, and educational support centers, enabling children from the most marginalized communities to stay in school as long as possible and take full possible advantage of the mainstream Government School system. The projects place special priority on the needs of girl children, as evidence shows that very high numbers (up to 75%) of girls from marginalized communities drop or are forced out of school between the ages of 12 and 16.

Through these projects we have provided support for 5,550 boys and 6,960 girls to continue with their education, including 114 boys and 88 girls with disabilities. 12,000 mothers and fathers were supported to take part in awareness raising activities promoting the importance of education for children, particularly girls, from marginalized communities. 160 children who had previously dropped out of school were helped to re-enroll.

Of the children involved with our projects 95% of girls and 98% of boys were able to continue their education beyond the age of 14 and 89% of girls and 96% of boys were able to continue beyond the age of 16 into further education. By comparison, on average 51% of children from Dalit and Tribal communities drop out of school before the age of 14 and 75% drop out before the age of 16.

Over the past year 552 boys and 731 girls were supported to gain an accredited vocational qualification, such as a diploma in IT skills which will improve their prospects of securing a more skilled and secure livelihood in future.

Livelihoods

Over the past year Karuna supported 10 livelihoods projects implemented by 9 partner organizations in India and Nepal. The projects aim to give targeted skills training and guidance to adults and young people from marginalized communities, enabling them to transition from unskilled daily wage, and caste-based labour, to more skilled dignified and secure forms of livelihood.

On average 55% of Dalits in rural areas are engaged in daily wage labour, living hand to mouth. Over the past year our projects have supported 670 women and 220 men to access skilled or semi-skilled work for the first time. 2,066 women and 534 men have received skills training for improved livelihoods and 3,553 people from marginalized communities have been supported to access government welfare services such as rural employment guarantee schemes.

3,555 families (with approx. 14,000 family members) report that they are now enjoying an increase in their monthly income as a result of participating in Karuna-supported projects. For example young people from the slums of Nagpur report an increase from ₹2,000 rupees (£20), to ₹7,000 (£70) per month as a result of gaining an accredited training in basic IT skills. Women from ex-manual scavenging communities in Madhya Pradesh report increases in income from ₹1,200 per month to ₹2,400 through participating in social enterprises for incense and garment manufacture.

Women's Empowerment/ Gender Equality

Karuna recognizes that women from Dalit and Tribal communities in India and Nepal face a double disadvantage as a result of a combination of caste and gender discrimination. For this reason an emphasis on women's empowerment and gender equality is included in all Karuna projects, and over the past year we have supported 19 projects where the primary focus is on empowering women from marginalized communities and promoting greater gender equality. Many of these projects are run by organizations led by women from the beneficiary communities and Karuna has established a capacity building network to support the development of these new Dalit women leaders.

According to a study by Dalit Solidarity Network (DSN) more than 50% of Dalit women report having experienced some form of domestic or communal violence, with 23% reporting having been raped. There is considerable evidence of a "culture of impunity" protecting perpetrators in cases where the victim is from a Dalit or Tribal background. National statistics suggest that the rate of conviction in cases of rape against Dalit women is as low as 2% compared to a national average of 25% for women from other communities.

THE KARUNA TRUST

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

FOR THE YEAR ENDED 31 MARCH 2017

As a result of Karuna's work over the past year 4,655 women have been trained to know their rights under laws governing domestic and caste based violence and received training in how to access legal support and protection in cases of violence and abuse. A further 626 women victims of violence and abuse have been supported directly through counseling, medical and legal support.

Over the past year, 6,900 women from Dalit and marginalized backgrounds have been trained and supported to participate in local decision making for the first time, through institutions such as village parliaments and education committees. As a result 1,880 women have become leaders in their local communities.

4,600 women report that they now enjoy increased respect and decision making power within their families and 9,300 report feeling safer and more confident, as a result of participating in Karuna supported programmes.

In addition, Karuna recognizes that working with adolescent boys is crucial in helping to change the underlying cultural assumptions that lead to violence against women. Over the past year 4,700 adolescent girls and boys have been involved in gender awareness and sensitization programmes designed to counter discrimination and promote greater gender equality in future generations.

New Developments and Notable Successes

Over the past year Karuna has further developed its newly established work in Nepal and is currently working with three partner organizations Green Tara Nepal, FEDO and ADWAN all of whom focus particularly on work with women from Dalit/Tribal backgrounds.

Through GTN Karuna delivered health promotion to 3,100 women and adolescent girls in the earthquake affected region of Dhading. Through ADWAN, 87 women took part in training for technical and vocational skills and are now engaged in small scale agricultural enterprises. Through FEDO 496 Dalit women have received training in access to justice, and 99 Dalit children have been enrolled into school. We are in the process of developing much larger programs with ADWAN and FEDO over the coming years.

Through the newly established Nishtha Bhalobasha project for disabled children in West Bengal, 47 children and their families are now receiving support and care including support to claim their rights, and medical support including physiotherapy, speech therapy and occupational therapy. 17 of those children have now been enrolled in mainstream schools. Disabled certificates, identity cards and bus concessions have been obtained for 29 children. The project has supported 6 families of disabled children to claim food rations. This is a huge success as disability is a taboo area especially within poorer communities who often relate to it as though it were a curse.

Just over a year ago Karuna helped establish a new IT training centre for children living in slum districts in Raipur in Chhattisgarh (one of our new priority states). Over the past year 181 students from different caste backgrounds studied together in the new centre. Of these, 158 Students have gone on to further studies, and 60 students have got jobs using their IT skills. We are especially delighted as this project is being run by a former student of one of our training centers in Nagpur.

Karuna continues to support the respected and ground-breaking work of Jan Sahas, who focus on communities affected by the abusive caste-based practice of 'manual scavenging'. Manual scavenging is a rather sanitized term for the disgusting caste allotted duty of having to clean human faeces manually in return for next to no financial reward. Through this project 120 women and young people have started their own businesses, 387 women have been given skills training and are now working for Jan Sahas garment manufacturing or incense making businesses. Beneficiaries who have received training report an average increase of 60% in income. 47 cases have been filed in court relating to atrocities and caste based violence. 11 people have been trained as paralegals. 802 Dalit children have been supported to remain in school, have learned about their legal rights under the constitution and received training to understand the causes and effects of caste discrimination. These are tremendous successes considering the levels of absolute poverty faced by these communities on top of being treated as untouchable by other so-called 'untouchable' castes.

THE KARUNA TRUST

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

FOR THE YEAR ENDED 31 MARCH 2017

Difficulties and Challenges

The wider context for our work in India remains challenging, with what many commentators are describing as a shrinking space for rights based organizations especially those who are challenging attitudes towards caste. However this is creating an opportunity to be innovative and we have been able to free up funding to place a greater emphasis on much needed livelihoods and skills training. This change in direction is reflected in a reduction in our overall number of beneficiaries compared with previous years. That is because the livelihoods projects we have funded focus more intensively on a smaller number of beneficiaries, whereas large scale advocacy campaigns reach much larger numbers but in a more diffuse way.

In the UK uncertainty created by the EU referendum, low bank interest rates and a number changes to fundraising regulation have not made it the easiest years for fundraising. However, Karuna's most important asset - our team - is genuinely dedicated to make a difference to the lives of people affected by caste discrimination and as a result the charity is faring well.

Collaborations

Karuna continues to seek out and develop links with similar like-minded organizations both in India/Nepal and in the UK. Over the past year Karuna has played a leading role in the BOND Caste and Development group; a consortium of UK based NGOs interested and involved in caste issues worldwide. The BOND group has developed resources for other International NGOs so that they are aware of and better equipped to understand how caste functions in development work. It has also discussed common approaches to the debate around whether a clause prohibiting caste discrimination should be included in the UK Equalities Act. In India we have developed new links with a number of organizations including Change Alliance and Centre for Philanthropy who share our values and who will be able to add value to our work through specialist skills and in-country expertise. This is alongside our existing partner network who meet annually to share skills and experience, our Maitri women's network of 13 NGOs who reached 30,000 women last year.

Collaboration with Karuna Germany

The Karuna Trust continues to work closely with Karuna Germany and has recently formalized its working relationship through a formal Collaboration Agreement. Karuna Germany has developed a successful track record in securing funds from the German Government's Department for International Aid called BMZ. We are currently looking for ways to support the development of fundraising from Trusts and Foundations in Germany. Our CEO will sit on their board as a non-executive board member to ensure both organizations are working towards the same strategic aims.

Capacity building for Partner Sustainability

For many years Karuna has supported its partners in India to develop their own fundraising and management skills so that they can move towards becoming more autonomous and independent.

Over the past year we have provided training in fundraising and project management to more than 30 of our partners and organized a number of training and networking events, including an India/ Nepal Leaders' meeting involving the heads of 24 partner organizations.

After more than five years of providing these types of training and support, we are pleased to report that last year our partners raised the rupee equivalent of **£480,000** through their own fundraising activities, and generated a further **£60,000** in Government grants. For example one of our partners working to improve access to education for marginalized communities in rural Maharashtra raised more than **£24,000** from local villagers and government officers to help improve the facilities in local government schools.

THE KARUNA TRUST

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

FOR THE YEAR ENDED 31 MARCH 2017

Financial review

Income

The total income received by the Karuna Trust for the year ended 31 March 2017 was £1,755,809 (2016: £1,828,991).

Our Regular-Giving income is typically derived from a number of sources: primarily door-to-door campaigns, give-as-you-earn and telephone upgrade campaigns. In the year to 31st March 2017 total income from Regular Giving was £1,375,541 (2016: £1,379,441). This represented a decrease year-on-year of £3,900. However, this result was achieved without the benefit of income from our usual, annual Telephone Upgrade Campaign which contributed £24,713 to our income figures in 2016.

We mounted 9 Door-to-Door appeals including 3 solo appeals (2016: 8). 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 £139,606 (2016: £300,994) a decrease of £161,388.

However, our accounts for 2016 included funds from two annual appeals (2014: £48,004) rather than one, together with other exceptional income, namely funds raised for the Nepal Earthquake and also the floods in Tamil Nadu (2016: £131,000).

During the year we received £4,943 in legacy gifts (2016: £48,580). 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 £222,147 (2016: £84,289) a significant and welcome increase of £137,858. We are deeply grateful to our Trust partners, with whom we work closely, for their ongoing support of our work in India and Nepal.

Expenditure

Our expenditure for the year was £1,811,302 (2016: £1,860,600).

We invested £1,170,304 in programme delivery (2016: £1,229,093). Of this, grants to partners in India and Nepal were £889,600 for the year (2016: £911,369) Programme Management, including Partner training and capacity building, was £289,539 (2016: £296,792).

Our Programme costs include an exchange rate gain of £9,118 (2016: 20,931 loss).

During the year the value of Sterling against the Indian Rupee fell dramatically: a drop of around 20%. The ongoing volatility of the currency markets presents a significant challenge for us, not least because Karuna aims to pay all grants against agreed budgets at a value agreed with our Partners in Indian Rupees. To facilitate this process we convert funds to Rupees when and as we are able to obtain preferential rates of exchange. Last year, aware that the outcome of the Referendum on Europe could have a negative impact on the value of Sterling we converted significant sums of Sterling to Rupees ahead of the vote. This action saved the Trust over £70k that would have been incurred if we had not purchased Rupees ahead of time.

The cost of generating funds for the year was £617,094 (2016: £601,130). Of this figure £442,245 was incurred in direct fundraising costs and the balance of £174,848 in administrative support costs (including IT, financial processing and publicity).

THE KARUNA TRUST

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

FOR THE YEAR ENDED 31 MARCH 2017

Reserves Policy

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

Unrestricted reserves have been established for the purpose of meeting the Karuna Trust's charitable objectives, by ensuring the continued operations of its Programmes work and to making provision for unforeseen or uninsurable organizational obligations. The reserves are regularly reviewed to safeguard the charity's continued 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 and Nepal with adequate time to find alternative ways to continue meeting the needs of the highly disadvantaged people who are our beneficiaries.

At the end of the year, we had reserves of £876,038 a decrease of £55,493 against the previous year.

An analysis of the reserve amount is as follows:-

- Unrestricted Operating reserve £558,694 (funds for the general operation of the charity)
- Unrestricted Fixed Asset reserve £255,352 (tangible net assets net of bank loan)
- Restricted funds: £61,992 (funds for specific projects)

At the year-end we carried £1,708,097 in future grant commitments to Partners in India and Nepal (2016: 1,394,834). These are contingent liabilities, not contractual and therefore do not appear on our balance sheet or included in the reserve calculation, but nonetheless 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 and Nepalese Partner trusts are within their three or four year grant cycle.

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.

Programmes - Plans and Opportunities for the Coming Year

Over the coming year we plan to continue to broaden the scope of our work by developing new projects in our target states of Bihar Jharkhand and Odisha. Working in partnership with Indian organization 'Change Alliance' we will conduct a thorough feasibility study followed by a pilot project to provide livelihood opportunities for marginalized communities in Bihar and Odisha.

We will also seek to extend the scope of our work through applications to institutional grant funders including DFID and EU. We are already working on second-stage applications focusing on Livelihoods in Nepal and Access to justice in India (Maharashtra, Uttar Pradesh, and Jharkhand). Success with one of these applications would enable us to take successful approaches from or existing work and scale them up to deliver to much larger beneficiary groups across a number of states or regions.

Funding

To assure our continued growth we will continue to invest in three key areas: supporter engagement, training and technology. Team members recruited recently within the fields of supporter recruitment and major donor fundraising are proving themselves to be excellent fundraisers and relationship builders. Fundraising team members have access to the best industry training and our investment in our website capability and in our CRM system will allow us to continue to maximize the potential of our supporter base.

Systems

During the year to 31 March 2017 we initiated the purchase of a new finance management system and a significant upgrade to our donor management software at a cost of £54,184. Additional investment will be required in the coming financial year to complete the operation. The new systems are designed to improve significantly the charity's workflows, management information and services to donors and beneficiaries. Delivery of the new systems together with relevant staff training will take place during 2017-18.

THE KARUNA TRUST

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2017

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:

Ulla Brown (Chair)
Prof. Dominic Houlder
Amanda Seller
Dr William McGinley (Treasurer)
Zoe Stephenson
Dr Pratap Rughani
Nicolas Soames

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 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.

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.

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 1980, when a small group of Western Buddhists travelled home to the UK, deeply moved by the suffering they had witnessed among the very poor, Dalit communities in India and inspired by the teachings of social reformer Dr. Ambedkar. We only fundraise using staff and volunteers and never outsource our fundraising to agencies.

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

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 undertake a full annual review and regular periodic reviews 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 2017 was conducted in July 2017. The next full review is scheduled for July 2018.

THE KARUNA TRUST

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

FOR THE YEAR ENDED 31 MARCH 2017

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:

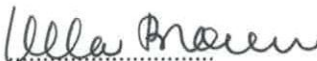
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity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

Auditor

In accordance with the company's articles, a resolution proposing that Carter Backer Winter LLP be reappointed as auditor of the company will be put at a General Meeting.

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



Ulla Brown (Chair)

Trustee

Dated: 28.7.2017



Dr William McGinley (Treasurer)

Trustee

Dated: 28/7.2017

THE KARUNA TRUST

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE KARUNA TRUST

We have audited the accounts of The Karuna Trust for the year ended 31 March 2017 set out on pages 12 to 25. 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), including Financial Reporting Standard 102.

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 charity 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 auditor

As explained more fully in the statement of trustees' responsibilities set out on pages 1 - 9, 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 charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the 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 2017 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.

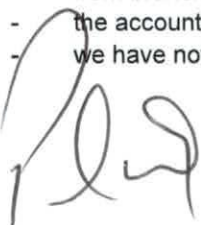
THE KARUNA TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS 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 accounts are not in agreement with the accounting records and returns; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



Paul Woosey (Senior Statutory Auditor)
for and on behalf of Carter Backer Winter LLP

2 August 2017

Chartered Accountants
Statutory Auditor

66 Prescott Street
London
E1 8NN

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 2017

	Notes	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
<u>Income from:</u>					
Donations and legacies	3	1,425,161	317,078	1,742,239	1,815,300
Investments	4	13,570	-	13,570	14,691
Total income		1,438,731	317,078	1,755,809	1,829,991
<u>Expenditure on:</u>					
Raising funds	5	588,106	28,988	617,094	601,130
Charitable activities	6	829,968	364,240	1,194,208	1,259,470
Total resources expended		1,418,074	393,228	1,811,302	1,860,600
Net income/(expenditure) for the year/ Net movement in funds		20,657	(76,150)	(55,493)	(30,609)
Fund balances at 1 April 2016		793,389	138,142	931,531	962,140
Fund balances at 31 March 2017		814,046	61,992	876,038	931,531

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 2017

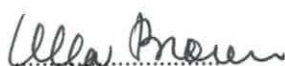
	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	13		295,159		246,155
Current assets					
Debtors	15	78,014		169,761	
Cash at bank and in hand		654,256		723,593	
		<u>732,270</u>		<u>893,354</u>	
Creditors: amounts falling due within one year	17	<u>(134,951)</u>		<u>(168,171)</u>	
Net current assets			597,319		725,183
Total assets less current liabilities			892,478		971,338
Creditors: amounts falling due after more than one year	18		(16,440)		(39,807)
Net assets			<u>876,038</u>		<u>931,531</u>
Income funds					
Restricted funds			61,992		138,142
Unrestricted funds			814,046		793,389
			<u>876,038</u>		<u>931,531</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 2017, 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 trustees' responsibilities for ensuring that the charity 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 provisions applicable to companies subject to the small companies' regime.

The accounts were approved by the Trustees on 28.07.2017



Ulla Brown (Chair)
Trustee


Dr William McGinley (Treasurer)
Trustee

Company Registration No. 02132178

THE KARUNA TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash absorbed by operations	24		(4,055)		(132,345)
Investing activities					
Purchase of tangible fixed assets		(58,335)		-	
Proceeds on disposal of tangible fixed assets		1,384		-	
Investment income	4	13,570		14,691	
Net cash (used in)/generated from investing activities			(43,381)		14,691
Financing activities					
Repayment of bank loans		(21,901)		(20,525)	
Net cash used in financing activities			(21,901)		(20,525)
Net decrease in cash and cash equivalents			(69,337)		(138,179)
Cash and cash equivalents at beginning of year			723,593		861,772
Cash and cash equivalents at end of year			654,256		723,593

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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 accounts have been prepared in accordance 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)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

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

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

These accounts for the year ended 31 March 2017 are the first accounts of The Karuna Trust prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 April 2015. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

At the time of approving the accounts, 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 accounts.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

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 accounts.

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

1.4 Incoming resources

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

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

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

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

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

1.5 Resources expended

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

1.6 Tangible fixed assets

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

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

Land and buildings	Not depreciated
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 net income/(expenditure) for the year.

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).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

1.8 Cash and cash equivalents

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

1.9 Financial instruments

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

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

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

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

Basic financial assets

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

Basic financial liabilities

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

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

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

Derecognition of financial liabilities

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

1.10 Employee benefits

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

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

1.11 Retirement benefits

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

1.12 Leases

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

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.

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2017	Total 2016
	£	£	£	£
Donations and gifts	1,420,218	317,078	1,737,296	1,766,720
Legacies receivable	4,943	-	4,943	48,580
For the year ended 31 March 2017	1,425,161	317,078	1,742,239	1,815,300
For the year ended 31 March 2016	1,481,884	333,416		1,815,300

4 Investments

	2017	2016
	£	£
Rental income	13,200	13,800
Interest receivable	370	891
	13,570	14,691

5 Raising funds

	Unrestricted funds	Restricted funds	Total 2017	Total 2016
	£	£	£	£
For the year ended 31 March 2017				
<u>Fundraising and publicity</u>				
Bank charges	12,064	-	12,064	12,841
Newsletters, printing and postage	19,104	-	19,104	24,988
Fundraising expenses	151,372	-	151,372	137,695
Loan interest	2,433	-	2,433	3,427
Rent and hire	41,635	988	42,623	39,213
Loss disposal of fixed assets	1,384	-	1,384	-
Staff costs	354,670	28,000	382,670	374,509
Depreciation	5,444	-	5,444	8,457
Fundraising and publicity	588,106	28,988	617,094	601,130
	588,106	28,988	617,094	601,130
For the year ended 31 March 2016				
Fundraising and publicity	577,051	24,079		601,130

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

6 Charitable activities

	2017 £	2016 £
For the year ended 31 March 2017		
Grant funding of activities (see note 7)	880,482	932,299
Share of support costs (see note 9)	289,822	296,793
Share of governance costs (see note 9)	23,904	30,378
	<u>1,194,208</u>	<u>1,259,470</u>
Analysis by fund		
Unrestricted funds	829,968	1,053,751
Restricted funds	364,240	205,719
	<u>1,194,208</u>	<u>1,259,470</u>

7 Grants payable

	2017 £	2016 £
Grants to institutions	<u>880,482</u>	<u>932,299</u>

Included within grants payable are exchange rate gains of £9,118 (2016: loss of £20,930) a movement of £30,048 over a two year period. These movements represent the profit/loss on exchange at the balance sheet date, in respect of 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 costs of the projects in hand. See note 8.

8 Grants to partners

	Unrestricted grants	Restricted grants	Total grants	Support & development cost	Total funds 2017	Total funds 2016
Adarsha Fellowship	-	-	-	-	-	12,391
Adecom	17,360	6,356	23,716	7,726	31,442	42,284
Aryaloka	-	27,011	27,011	8,800	35,811	24,462
Aryaloka - Chhattisgarh	9,221	-	9,221	3,004	12,226	8,156
Bahujan Hitay Hostels	38,719	14,626	53,345	17,379	70,724	78,075
BH Amravati	4,075	42,774	46,849	15,263	62,112	51,621
BH Goa	26,632	555	27,187	8,857	36,044	29,346
BH Nagpur	7,848	9,000	16,848	5,489	22,337	21,837
BH Wardha	14,478	-	14,478	4,717	19,194	17,907
Bhaja and Bordharan	17,818	-	17,818	5,805	23,622	23,094
Bhusawal	3,168	-	3,168	1,032	4,200	4,116
Bushindo	-	-	-	-	-	1,413
CBT - Capacity Building Team	17,393	-	17,393	5,667	23,060	20,255

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

8 Grants to partners

(Continued)

Central Services Team - BH	6,869	-	6,869	2,238	9,107	8,904
Central Services Team - TBMSG	23,989	-	23,989	7,815	31,805	31,206
Dhammajyoti - Mazi Asmita	-	-	-	-	-	3,136
Green Tara Foundation	-	21,107	21,107	6,876	27,984	25,996
Vishrantwadi	21,841	22,500	44,341	14,446	58,787	50,741
HRLN	24,616	2,448	27,063	8,817	35,880	34,537
ITBCI	2,099	62,041	64,140	20,896	85,036	94,195
Jan Sahas	17,621	5,400	23,021	7,500	30,521	37,987
Jeevak	15,894	950	16,843	5,487	22,330	19,593
Maitri Network	5,448	-	5,448	1,775	7,223	44,519
Manuski Trust	2,023	-	2,023	659	2,682	10,581
Modinagar Study Classes	10,310	-	10,310	3,359	13,669	20,491
NACDOR	3,155	-	3,155	1,028	4,183	29,075
Nagarjuna Training Institute	24,141	-	24,141	7,865	32,006	27,100
NIRMAN	16,949	9,197	26,146	8,518	34,664	72,961
NISD Education project	45,729	8,100	53,829	17,537	71,366	52,058
NISHTHA	6,217	-	6,217	2,025	8,243	7,972
NNBY	-	16,203	16,203	5,279	21,482	14,204
Pardhi Project	32,003	-	32,003	10,426	42,430	31,372
Sadhana	35,853	-	35,853	11,681	47,533	44,153
Samita Mahila Foundation	26,627	207	26,834	8,742	35,576	40,977
Sukhavati Trust	5,352	77,814	83,166	27,095	110,261	98,871
TBMSG Hostels Project	21,046	2,321	23,367	7,613	30,980	31,697
URJA	-	35,631	35,631	11,608	47,239	40,879
Grants to Nepalese partners	10,000	-	10,000	3,258	13,258	-
Green Tara Nepal	10,865	-	10,865	3,540	14,405	-
FEDO	9,118	-	9,118	-	9,118	20,930
ADWAN						
Foreign Exchange						
Totals	516,242	364,240	880,482	289,822	1,170,304	1,229,092

Buddhist activities

2% of our funding goes towards providing facilities to enable people from poor Dalit-Buddhist communities attend meditation retreats. These activities are funded separately through donations earmarked for this purpose.

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

9 Support costs

	Support costs	Governance costs	2017	2016	Basis of allocation
	£	£	£	£	
Staff costs	191,037	5,412	196,449	187,573	
Depreciation	2,156	347	2,503	3,200	
Training & Development	5,981	-	5,981	7,414	
Consultants	43,087	-	43,087	17,862	
Rent	4,885	-	4,885	4,885	
Other costs	28,401	-	28,401	62,992	
Loan interest	778	-	778	1,096	
Travel and subsistence	13,497	-	13,497	17,841	
Audit fees	-	11,520	11,520	11,100	Governance
Legal and professional	-	492	492	4,931	Governance
Office costs	-	5,258	5,258	5,360	Governance
Travel	-	1,180	1,180	3,176	Governance
Bank charges	-	40	40	45	Governance
Interest	-	155	155	218	Governance
Recharge AFI	-	(500)	(500)	(500)	Governance
	<u>289,822</u>	<u>23,904</u>	<u>313,726</u>	<u>327,171</u>	
Analysed between					
Charitable activities	<u>289,822</u>	<u>23,904</u>	<u>313,726</u>	<u>327,171</u>	

Governance costs includes payments to the auditors of £6,000 + VAT (2016: £6,000 + VAT) for audit fees and £3,600 + VAT (2016: £3,250 + VAT) for other services.

10 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year. Reimbursed expenses of £1,270 were paid to 4 trustees (2016: 6 trustees were reimbursed a total of £3,535).

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

During the year Aid for India paid £500 (2016: £500) as a management fee to The Karuna Trust. At the year the charitable company owed £8,296 (2016: £8,796) to Aid to India.

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

11 Employees

Number of employees

The average monthly number employees during the year was:

	2017 Number	2016 Number
Grant management	7	7
Fundraising	17	18
Governance	1	1
	<u>25</u>	<u>26</u>

Employment costs

	2017 £	2016 £
Wages and salaries	532,535	523,067
Social security costs	38,484	36,396
Other pension costs	8,100	2,619
	<u>579,119</u>	<u>562,082</u>

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

12 Taxation

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

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

13 Tangible fixed assets

	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 April 2016	295,100	80,792	47,166	423,058
Additions	-	57,985	350	58,335
Disposals	-	(45,641)	-	(45,641)
At 31 March 2017	295,100	93,136	47,516	435,752
Depreciation and impairment				
At 1 April 2016	60,229	69,843	46,831	176,903
Depreciation charged in the year	2,101	5,141	290	7,532
Eliminated in respect of disposals	-	(43,842)	-	(43,842)
At 31 March 2017	62,330	31,142	47,121	140,593
Carrying amount				
At 31 March 2017	232,770	61,994	395	295,159
At 31 March 2016	234,871	10,949	335	246,155

14 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	55,550	160,529
Carrying amount of financial liabilities		
Measured at amortised cost	143,923	201,756

15 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Other debtors	55,550	160,529
Prepayments and accrued income	22,464	9,232
	78,014	169,761

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

16 Loans and overdrafts

	2017 £	2016 £
Bank loans	39,807	61,708
Payable within one year	23,367	21,901
Payable after one year	16,440	39,807

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

17 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank loans	16	23,367	21,901
Other taxation and social security		7,468	6,222
Other creditors		36,622	98,661
Accruals and deferred income		67,494	41,387
		134,951	168,171

18 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Bank loans	16	16,440	39,807

19 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 £8,100 (2016: £2,619).

20 Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total £
Fund balances at 31 March 2017 are represented by:			
Tangible assets	295,159	-	295,159
Current assets/(liabilities)	535,327	61,992	597,319
Long term liabilities	(16,440)	-	(16,440)
	814,046	61,992	876,038

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

21 Financial commitments, guarantees and contingent liabilities

The Karuna Trust has contingent liabilities of £1,708,097 (2016: £1,394,834) towards charitable projects at the year end.

22 Operating lease commitments

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:

	2017 £	2016 £
Within one year	24,187	21,136
Between two and five years	72,562	72,562
In over five years	24,187	48,374
	<u>120,936</u>	<u>142,072</u>

23 Related party transactions

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

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

During the year Aid for India paid £500 (2016: £500) management fees to The Karuna Trust. At the year end the charitable company owed £8,296 (2016: £8,796) to Aid for India.

24 Cash generated from operations

	2017 £	2016 £
Deficit for the year	(55,493)	(30,609)
Adjustments for:		
Investment income recognised in statement of financial activities	(13,570)	(14,691)
Loss on disposal of tangible fixed assets	415	-
Depreciation and impairment of tangible fixed assets	7,532	11,657
Movements in working capital:		
Decrease/(increase) in debtors	91,747	(93,192)
(Decrease) in creditors	(34,686)	(5,510)
Cash absorbed by operations	<u>(4,055)</u>	<u>(132,345)</u>