

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 2018**

# THE KARUNA TRUST

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	Ulla Brown (Chair) Prof. Dominic Houlder Amanda Seller Dr William McGinley (Treasurer) Zoe Stephenson Dr Pratap Rughani Nicolas Soames
<b>Chief executive officer</b>	Ciaran Maguire
<b>Secretary</b>	Mr M C Baird
<b>Patron</b>	Dame Judith Dench CH, DBE, FRSA
<b>Charity number</b>	327461
<b>Company number</b>	02132178
<b>Principal address</b>	72 Holloway Road Holloway London N7 8JG
<b>Registered office</b>	72 Holloway Road Holloway London N7 8JG
<b>Auditor</b>	Carter Backer Winter LLP 66 Prescott Street London E1 8NN
<b>Bankers</b>	Clydesdale Bank Plc Studio B 146-158 Kensington High Street London W8 7RL
<b>Solicitors</b>	Bates Wells and Braithwaite Cheapside House 138 Cheapside London EC2V 6BB

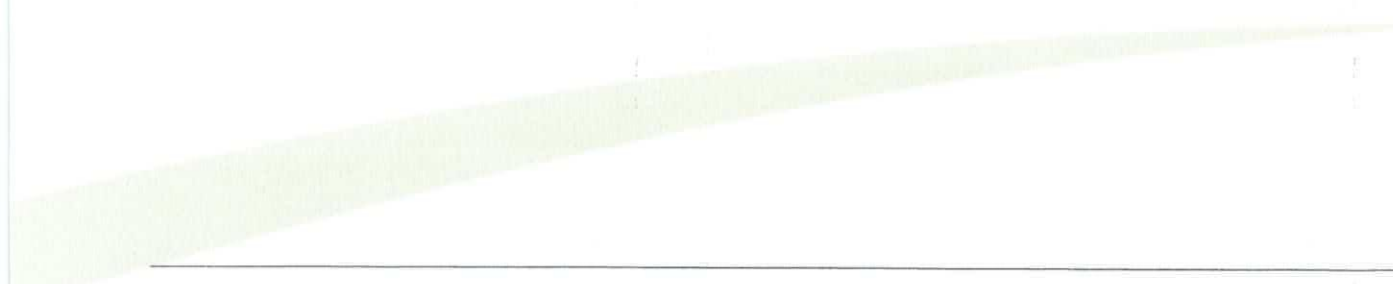
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# THE KARUNA TRUST

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# THE KARUNA TRUST

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2018

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The trustees present their report and accounts for the year ended 31 March 2018.

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

- **International developing and grant making**  
We make grants to a range of different in-country local partner NGOs. Our work focuses on Education, Dignified Livelihoods and Gender Equality aiming to transform communities and positively change wider society.
- **Capacity Building**  
As well as funding projects, we assist our project partners to develop their capacity so that they are effective and sustainable organizations. This is a particular need as we tend to work with grass-roots organizations where the majority staff and volunteers will come from Dalit or Tribal backgrounds. A significant proportion of our funding goes towards training in strategic planning, financial management, monitoring and evaluation, governance, leadership development, effective project management and fundraising from in-country and foreign sources.
- **Awareness raising**  
Through our website, annual review, social media, public talks, networks and other events we aim to raise awareness of the impact of 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, digital platforms, one-off donations and grants applications to charitable trusts, foundations and institutional donors.

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



# THE KARUNA TRUST

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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### Programmes Review 2017/18

#### Overview of our work

Over the past year, the context for Karuna's work in the UK and overseas has been a tough one. In the UK, new charity regulations, charity scandals, a loss of trust, economic uncertainty and rising overheads have created challenging climate for raising funds. Meanwhile, our Partners and others working in the field in India report restrictions, such as tight controls on foreign funding and regular harassment of Dalit human rights activists and leaders. Harsh environmental issues and grinding poverty in Nepal weigh heavy on Dalit and Tribal communities there.

However, these difficult conditions only motivate us more at Karuna to do everything we can to support the communities we serve in India and Nepal - as their needs are as pressing as ever.

We have continued to focus our work in India and Nepal in the key areas of Education, Livelihoods and Gender Equality, addressing what we see as the root causes of inequality that keep millions trapped in extreme poverty and excluded from the mainstream of society.

During 2017/18 our work directly benefited 75,000 people. More widely, it further impacted approximately 537,000, enabling them to have greater agency in their lives, through building skills, forming networks, and challenging deeply ingrained caste and gender discrimination. Overall our Karuna-supported projects worked directly with 11,000 boys, 14,000 girls, 35,000 women and 15,000 men from the most marginalized Dalit and Tribal communities, offering them opportunities for education, livelihood development and access to justice and welfare services.

This year saw the successful completion of our 3 year **Earthquake Rehabilitation Project** in Nepal. This project was initiated in the aftermath of the 2015 Earthquake and reached a total of 5,500 beneficiaries, through 63 mothers' groups, training of 63 Community health volunteers, and health awareness sessions in 26 schools involving 2,800 students.

**Our Disabled Children's Project (Bhalobasha)** near Calcutta was initiated two years ago with the aim of providing intensive support to 20 severely disabled children. It has now doubled in size and is providing care and support to 45 children and their parents. Although a small project, this has been a huge success and is genuinely transforming the lives of these children and their families.

**Our Rural Schools Project in Maharashtra** has expanded thanks to a new grant from Waterloo Foundation which enabled us to start new initiative supporting 2,500 girls to continue their education on into secondary school.

In 2017 we carried out **Livelihoods Research** in Bihar and Odisha to identify suitable options for livelihoods development for marginalized Dalit and tribal communities in those States, where we know the problems of caste discrimination are particularly acute. On the basis of this research in 2018/19 we will implement a number of pilot projects to provide livelihood training opportunities for marginalized communities in Bihar and Odisha.

These are just a few examples of how Karuna's work is helping to change the lives of some of the most disadvantaged communities, thereby opening up the possibility of greater dignity and freedom.

On behalf of all the people we are helping, we would like to thank all our supporters in the UK and elsewhere, without whom none of this work would be possible.

#### Education: the key to a better life

For millions of Dalit and Tribal children in India and Nepal, education represents the key to a better life, opening up opportunities to escape the vicious cycle of daily-wage-labour poverty, discrimination and social exclusion. Traditionally, Dalits were viewed as "untouchable" and excluded from all forms of education. Still today children from the most marginalised communities face massive barriers to their education at every level.



# THE KARUNA TRUST

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

FOR THE YEAR ENDED 31 MARCH 2018

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In schools, Dalit and Tribal children face prejudice from teachers and other students, often being forced to sit apart and eat separately from children from other communities (even though these types of discrimination are officially illegal). In Dalit areas the Government schools are often very poor quality, with minimal facilities and high rates of teacher absenteeism (while children from higher castes attend costly private schools). Children, and especially adolescent girls from poor backgrounds are often forced out of school early to get married or to earn extra income to support the family and look after younger children

As a result millions of Dalit young people enter adult life lacking the confidence and basic literacy and numeracy skills needed to break out of traditional caste based roles and occupations. According to a Human Rights Watch report (2014) 51% of Dalit children drop-out, or are forced, out of school before the age 14, compared to national average of 37%. For adolescent Dalit girls, the drop-out rate is as high as 64%.

Karuna projects aim to help disadvantaged children overcome the obstacles of institutionalised caste and gender prejudice enabling the most marginalized children to access quality education and equal prospects for a better future.

Our approach is to work with local partner organizations to provide support services enabling the most marginalized children to take advantage of the mainstream Government school system and complete their education. Our Out of School Study Centres and Hostels support children with extra tuition and study facilities. In addition, workshops and awareness raising campaigns make parents, teachers and local government officers aware of the benefits of education and the particular needs of children from marginalized communities, whilst community-based livelihood schemes decrease the pressure on parents to take their children out of school. In some areas Karuna partners work with local education committees to improve school facilities and provide training to teachers in under-resourced Government Schools. Special classes on IT and language skills help prepare children with the basic skills they need to transition from daily-wage-labour into more skilled, stable and dignified jobs.

Many of our partners have a particular focus on working with adolescent girls, helping them overcome the double barriers of caste and gender discrimination; intervening to prevent illegal child marriages, and raising awareness among parents and teachers so that they can begin to value and support girls' education equally to boys'.

Working to promote education in this community-based way, can help bring about a process of transformational change affecting whole communities. Different stakeholders learn to work together to acknowledge and confront deeply entrenched social attitudes and promote the education of all their children.

### Detailed overview of Our Work

During the year 2017/18 Karuna's spend on Programmes was £1,218,417. This enabled the Trust to make grants totalling £877,237 to fund 40 partner organizations, funding a total of 72 projects, benefiting a total of 75,000 people directly, and a further 537,000 indirect beneficiaries.

Of the Programmes spend, 49% - £608,417 was allocated to Education projects, 22% - £263,000 to Livelihoods Development, and 29% - £347,000 to Women's Empowerment and Gender Equality.



# THE KARUNA TRUST

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

FOR THE YEAR ENDED 31 MARCH 2018

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### Education Programme

Over the past year, Karuna ran 31 Educational projects run through 20 partner organizations in India and Nepal. These projects provided non-formal education services, such as hostels, out-of-school study classes and educational support centres, 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 girls, as evidence shows that very high numbers (up to 75%) of girls from marginalized communities drop-out or are forced out of school between the ages of 12 and 16.

Through these projects we have directly supported 11,000 boys and 12,000 girls to continue with their education, including 285 boys and 149 girls with disabilities. 15,000 parents 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 in our projects, 96% were able to continue their education beyond the age of 14 and 54% of girls and 55% 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.

During this period we supported 442 boys and 810 girls to gain accredited vocational qualifications, such as diplomas in IT skills, which improved their prospects of securing skilled and secure livelihoods in the future.

### Livelihoods

During the year, Karuna funded 17 livelihoods projects run through 13 Partner Organizations in India and Nepal. These 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 livelihoods.

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 523 women and 315 men to access skilled or semi-skilled work for the first time. 1,774 women and 709 men have received skills training for improved livelihoods and 4,457 people from marginalized communities have been supported to access government welfare services such as rural employment guarantee schemes.

2,092 families (approx 12,500 family members) report that they are now enjoying an increase in their monthly income as a result of participating in Karuna-supported projects. On average they were able to increase their incomes from an average of ₹1,768 rupees to ₹4,029 rupees per month (from approximately £20 to £45) through participation in the project, an average increase of 128%.

### Women's Empowerment/ Gender Equality

Karuna recognises 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. Firstly, they are viewed by many as being inferior because of their place in the caste system. Secondly, women and girls are viewed as inferior to men and boys. Therefore we place a great emphasis on women's empowerment and gender equality and ensure that it is included in all of our projects.

We have run 24 projects over the past year where the primary focus was 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 called 'Maitri' to support the development of these new Dalit women leaders.



# THE KARUNA TRUST

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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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.

A recent UN report stated that, "The reality of Dalit women and girls is one of exclusion and marginalisation ... They are often victims of civil, political, economic, social and cultural rights violations, including sexual abuse and violence. They are often displaced; pushed into forced and/or bonded labour, prostitution and trafficking." UN Special Rapporteur on Violence against Women, Rashida Manjoo.

As a result of Karuna's work over the past year, 3,205 women have been trained to know their rights under laws governing domestic and caste-based violence and have received training in how to access legal support and protection in cases of violence and abuse. A further 407 women victims of violence and abuse have been supported directly through counselling, medical and legal support.

10,000 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, 2,179 women have become leaders in their local communities.

5,000 women report that they now enjoy increased respect and decision-making power within their families and 8,000 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, 10,000 adolescent girls and boys have been involved in gender awareness programmes designed to counter discrimination and promote greater gender equality for future generations.

### **New projects**

This year saw the successful completion of our 3-year **Earthquake Rehabilitation project** in Nepal. The project reached a total of 5,500 beneficiaries, through 63 mothers' groups, training of 63 Community health volunteers, and health awareness sessions in 26 schools involving 2,800 students.

**Our new Disabled Children's Project (Bhalobasha)** was initiated two years ago and planned to provide intensive support to 20 severely disabled children. It has now doubled in size and is providing comprehensive care and support to 45 children and their parents.

**Our Rural Schools project in Maharashtra** has expanded thanks to a new grant from The Waterloo Foundation which enabled us to start a new initiative supporting 2,500 girls to continue their education on into secondary school.

In 2017/18 we carried out **Livelihoods Research** in Bihar and Odisha to identify suitable options for livelihoods development for marginalised Dalit and tribal communities in those States.

### **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 organisations, especially those who are challenging attitudes towards caste. In the UK, a loss of trust in the charity sector as a whole and ongoing economic uncertainty makes it challenging to raise funds.



# THE KARUNA TRUST

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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### Collaborations

Karuna continues to participate actively in a number of international NGO Networks including the **BOND Caste and Development Group**. The group aims to raise awareness within the NGO sector of the need to address caste discrimination when working in countries where caste is observed. It also brings together like-minded organisations and enables them to share experience and resources with one another.

### Collaboration with Karuna Germany

The Karuna Trust continues to develop our sister organisation **Karuna Germany**. Based in Essen, Karuna Germany has developed a successful track record of securing funds from the German Government's Department for International Aid called BMZ. In order to increase our impact, Karuna UK is supporting the development of fundraising from BMZ, the EU and Trusts and Foundations in Germany.

Karuna Germany successfully raised a €170,624 grant from BMZ for the Maitri Women's Network project. In 2017 this project reached 811 stakeholders from police, judiciary, or other public service providers; 8,291 women, 2,685 men, 391 families, 66 community-based organisations.

With another grant from BMZ two obstetrics centers have been established in Nawal Parasi, Southern Nepal, serving an estimated 440 new-born babies together with their parents per year. A further 400 women were supported through Self Help Groups and another 380 families via home visits.

Karuna Germany also contributed to our work for the Pardhi Hostel, Amravati Girls' hostel, Indo Tibetan Buddhist Cultural Institute and Green Tara Nepal.

In June 2017 Karuna CEO, Ciaran Maguire, signed a formal Collaboration Agreement with Karuna Germany at a board meeting in Essen, Germany. He sits on the board as a non-executive director. During the year Karuna staff attended meetings in Germany assisting with fundraising training.

With uncertainty in the UK concerning the implications of Brexit, having a firm foothold in the EU through Karuna Germany will serve the charity well and could open up numerous funding opportunities that would otherwise be closed.

### Capacity-Building for Partner Sustainability

Karuna supports our project partners in India and Nepal to enhance and develop their fundraising and management skills helping them to be more effective and make a bigger impact.

Over the past year, we have provided trainings in strategic planning, project management and fundraising to more than 30 of our partners as well as running a number of networking events and exposure visits.

After more than five years of focused **fundraising training** events, we are pleased to report that last year our partners raised the rupee equivalent of **£1.1 million** through their own fundraising, and accessed a further rupee equivalent of £50,000 in Government grants.

# THE KARUNA TRUST

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

FOR THE YEAR ENDED 31 MARCH 2018

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### Financial review

#### Income

The total income received by the Karuna Trust for the year ended 31 March 2018 was £1,790,776 (2016/17: £1,755,809).

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 31 March 2018 total income from Regular Giving was £1,431,251 (2016/17: £1,375,541). This represented an increase year-on-year of £55,710.

We ran 9 Door-to-Door appeals including 3 solo appeals. 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 us to reduce fundraising costs and for the volunteers to make an important contribution to Karuna's work.

Funds raised from Door-to-Door appeals typically have a lifespan of 5-7 years. Income generated in 2017/18 has an anticipated lifetime value of between £570k to £750k.

Other donations from individuals totalled £70,409 (2016/17: £139,606) an apparent decrease of £69,197. However, our accounts for 2017/18 included all the funds raised from our December appeal 'Big Give 2016' (£60,791) all of which was applied during the financial year 2016/17. Whereas, for 2017/18 of the total funds raised in our December appeal (£62,115), £51,561 will be applied to the target project in Nepal over the next two years. This income (£51,561) is treated in these accounts as income-in-advance and will be recognised as income over the course of the next two years as it is distributed to our Nepalese partner.

During the year we received £13,845 in legacy gifts (2016/17: £4,943). We are enormously grateful that Karuna is considered for such gifts left in wills, no matter how small; they make a significant impact on our work.

Income from Grant-Giving Trusts was £261,201 (2016/17: £222,147) an increase year-on-year of £39,054. We are deeply grateful to our Trust partners, with whom we work closely, for their ongoing support of our work in India and Nepal.



# THE KARUNA TRUST

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

FOR THE YEAR ENDED 31 MARCH 2018

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### Expenditure

Our expenditure for the year was £1,917,497 (2016/17: £1,811,302). The increase of £106,196 was committed in support of our current 5 year strategic plan (mostly investment in staff) to enable us to extend our reach to more beneficiaries in India and Nepal.

We committed £1,218,417 in programme delivery (2016/17: £1,170,304). Of this, grants to partners in India and Nepal were £877,237 for the year (2016/17: £889,600). Programmes Management, including Partner training, Partner workshops, capacity building and awareness raising, was £341,180 (2016/17: £289,539).

Our Programmes costs include an exchange rate loss of £16,660 (2016/17: £9,118 gain). The exchange rate loss reflects an adjustment to show the sterling value of Indian Rupees held by the charity as at 31 March 2018. 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 or the beneficiaries are affected by the change in valuation, nonetheless current accounting convention requires us to include it.

During the year the value of sterling against the Indian Rupee recovered some of the losses experienced during the previous financial period. The on-going 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 Rupees when and as we are able to obtain preferential rates of exchange. In the event that we make a gain on the exchange rate, we look to share the gain with the partners through the payment of what we refer to as 'booster grants'.

The cost of generating funds for the year was £671,716 (2016/17: £617,093). Of this figure £472,413 (2016/17: £442,245) was incurred in direct fundraising cost and the balance £199,303 (2016/17: £174,848) in administrative support costs (including IT, financial processing and publicity).

To generate further new monthly income, we recruited two additional solo 'door-to-door' fundraisers, bringing the total number of solo fundraisers to three. New annual income from door-to-door fundraising was £24,262 up year-on-year, with an expected lifetime value of approximately £120,000 in new regular donations from this stream.



# THE KARUNA TRUST

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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### 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 making provision for unforeseen or uninsurable organisational 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.

At the end of the year, we had reserves of £749,318 a decrease of £126,720 against the previous year. The Trustees' drew on reserves during the year in support of our current strategic plan to reach a greater number of beneficiaries in an additional 5 states in India and to further develop our work in Nepal.

An analysis of the reserve amount is as follows:-

- Unrestricted Operating reserve £456,207 (funds for the general operation of the charity)
- Unrestricted Fixed Asset reserve £263,552 (tangible net assets net of bank loan)
- Restricted funds: £29,559 (funds for specific projects)

At the year-end we carried £1,322,733 in future grant commitments to Partners in India and Nepal (2016/17: £1,708,097). 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 Partner trusts are within their three or four year grant cycle.

# THE KARUNA TRUST

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

FOR THE YEAR ENDED 31 MARCH 2018

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### 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. In addition, we forward purchase Indian rupees for future grant payments when possible and when the exchange rate is favourable to us. At the year-end we held £386,626 in Indian rupees, all of which was earmarked for upcoming grant payments.

### 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 organisation 'Change Alliance' and its associated charitable trust The Phia Foundation we will implement a number of pilot projects to provide livelihood opportunities for marginalised communities in Bihar and Odisha.

We will carry out pilot projects working with groups of young men and boys to challenge negative gender attitudes and encourage them to promote greater gender equality.

We will continue to seek to extend the scope of our work in India and Nepal through applications to institutional grant funders including DFID and EU and are in process of making a series of applications to DFID Aid Direct. 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

The recent safeguarding scandals within household name charities have worsened public confidence and made fundraising more challenging than ever. However, the success of our most recent fundraising appeals can give us confidence that our principled approach is both appreciated and effective.

Looking ahead, we will continue to invest in recruiting regular supporters to the charity, which assures sustainability. At the same time, in recognition of the need to diversify our income, we will explore new funding opportunities such as digital and continue to build our in-house leadership giving team to secure additional funding.

### Systems

As part of our plans to improve our administrative capability and management information, in July 2017 we took delivery of a new accounting system, PS Financials. The transfer of data and general adoption of this new system has gone well. In July 2018 we will take delivery of new software to manage our donor database, ThankQ Lightning. We anticipate that the investment in these new programmes will provide a significant enhancement to our operations.



# THE KARUNA TRUST

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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### Structure, governance and management

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

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

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 partner projects. 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, Programmes Team and Admin 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 extremely impoverished, Dalit communities in India. They were inspired by the critique of the caste system and teachings of the social reformer Dr. BR Ambedkar.

They began fundraising in the UK and evolved a new form of door-to-door fundraising based on the ethical principles of Buddhism.

Karuna, which means "compassion", only fundraises using volunteers and never outsources fundraising to agencies. We do not send gifts and gimmicks nor bombard our donors with letters and we don't share donor details with third-parties. We empower our new donors to make a conscious and considered choice to give, rather than feel pressured or manipulated into donating. Our fundraisers incorporate their spiritual and ethical frameworks into their fundraising and do not work to quotas or for bonuses. This is echoed in our salary system, as each employee at Karuna, including our CEO, is paid on a needs basis and not according to seniority.

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



# THE KARUNA TRUST

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

FOR THE YEAR ENDED 31 MARCH 2018

### 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 the year 2018/19 will be conducted in July 2018. The next full review thereafter is scheduled for July 2019.

### Statement of trustees' responsibilities

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

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

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

### Auditor

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

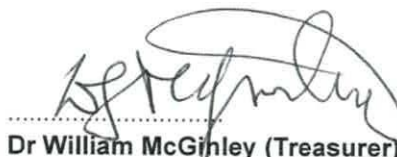
The trustees' report was approved by the Board of Trustees.



Ulla Brown (Chair)

Trustee

Dated: 31.7.2018



Dr William McGinley (Treasurer)

Trustee

Dated: 31 July 2018

# THE KARUNA TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE KARUNA TRUST

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### Opinion

We have audited the financial statements of The Karuna Trust (the 'charity') for the year ended 31 March 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2018 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

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

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

We have nothing to report in this regard.



# THE KARUNA TRUST

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE TRUSTEES OF THE KARUNA TRUST

#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

#### Responsibilities of trustees

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

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

#### Auditor's responsibilities for the audit of the financial statements

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Carter Backer Winter LLP

Chartered Accountants  
Statutory Auditor



66 Prescott Street  
London  
E1 8NN



# **THE KARUNA TRUST**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE TRUSTEES OF THE KARUNA TRUST**

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Carter Backer Winter LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under 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 2018

	Notes	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
<b><u>Income from:</u></b>					
Donations and legacies	3	1,463,934	314,389	1,778,323	1,742,239
Investments	4	12,453	-	12,453	13,570
<b>Total income</b>		<b>1,476,387</b>	<b>314,389</b>	<b>1,790,776</b>	<b>1,755,809</b>
<b><u>Expenditure on:</u></b>					
Raising funds	5	639,219	32,498	671,717	617,094
Charitable activities	6	931,456	314,324	1,245,780	1,194,208
<b>Total resources expended</b>		<b>1,570,675</b>	<b>346,822</b>	<b>1,917,497</b>	<b>1,811,302</b>
<b>Net expenditure for the year/ Net movement in funds</b>		<b>(94,288)</b>	<b>(32,433)</b>	<b>(126,721)</b>	<b>(55,493)</b>
Fund balances at 1 April 2017		814,047	61,992	876,039	931,531
<b>Fund balances at 31 March 2018</b>		<b>719,759</b>	<b>29,559</b>	<b>749,318</b>	<b>876,038</b>

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 2018

	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Tangible assets	13		279,992		295,159
<b>Current assets</b>					
Debtors	14	132,984		78,014	
Cash at bank and in hand		461,336		654,256	
		594,320		732,270	
<b>Creditors: amounts falling due within one year</b>	16	(124,994)		(134,951)	
Net current assets			469,326		597,319
<b>Total assets less current liabilities</b>			749,318		892,478
<b>Creditors: amounts falling due after more than one year</b>	17		-		(16,440)
<b>Net assets</b>			749,318		876,038
<b>Income funds</b>					
Restricted funds			29,559		61,992
Unrestricted funds			719,759		814,046
			749,318		876,038

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 2018, 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 financial statements under the requirements of the Companies Act 2006.

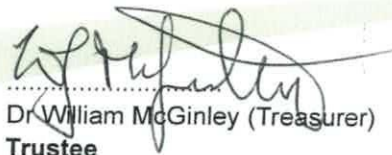
The trustees acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its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

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

The financial statements were approved by the Trustees on 31.7.2018



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 2018

	Notes	2018 £	£	2017 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	23		(180,986)		(4,055)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(1,020)		(58,335)	
Proceeds on disposal of tangible fixed assets		-		1,384	
Investment income	4	12,453		13,570	
<b>Net cash generated from/(used in) investing activities</b>			11,433		(43,381)
<b>Financing activities</b>					
Repayment of bank loans		(23,367)		(21,901)	
<b>Net cash used in financing activities</b>			(23,367)		(21,901)
<b>Net decrease in cash and cash equivalents</b>			(192,920)		(69,337)
Cash and cash equivalents at beginning of year			654,256		723,593
<b>Cash and cash equivalents at end of year</b>			461,336		654,256

# THE KARUNA TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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

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

#### 1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 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 financial statements.

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

#### 1.4 Incoming resources

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

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

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

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



# THE KARUNA TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 1 Accounting policies

(Continued)

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.

#### *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.

# THE KARUNA TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 1 Accounting policies

(Continued)

#### *Basic financial liabilities*

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

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

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

#### *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 2018

### 3 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2018	Total 2017
	£	£	£	£
Donations and gifts	1,450,089	314,389	1,764,478	1,737,296
Legacies receivable	13,845	-	13,845	4,943
<b>For the year ended 31 March 2018</b>	<b>1,463,934</b>	<b>314,389</b>	<b>1,778,323</b>	<b>1,742,239</b>
<b>For the year ended 31 March 2017</b>	<b>1,425,161</b>	<b>317,078</b>		<b>1,742,239</b>

### 4 Investments

	2018	2017
	£	£
Rental income	12,200	13,200
Interest receivable	253	370
	<b>12,453</b>	<b>13,570</b>

### 5 Raising funds

	Unrestricted funds	Restricted funds	Total 2018	Total 2017
	£	£	£	£
<b>For the year ended 31 March 2018</b>				
<u>Fundraising and publicity</u>				
Bank charges	13,456	-	13,456	12,064
Newsletters, printing and postage	19,601	-	19,601	19,104
Fundraising expenses	139,387	-	139,387	151,372
Loan interest	1,288	-	1,288	2,433
Rent and hire	42,810	2,498	45,308	42,623
Loss disposal of fixed assets	-	-	-	1,384
Staff costs	411,557	30,000	441,557	382,670
Depreciation	11,120	-	11,120	5,444
Fundraising and publicity	639,219	32,498	671,717	617,094
	<b>639,219</b>	<b>32,498</b>	<b>671,717</b>	<b>617,094</b>
<b>For the year ended 31 March 2017</b>				
Fundraising and publicity	588,106	28,988		617,094

# THE KARUNA TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 6 Charitable activities

For the year ended 31 March 2018	2018 £	2017 £
Grant funding of activities (see note 7)	877,237	880,482
Share of support costs (see note 9)	341,180	289,822
Share of governance costs (see note 9)	27,363	23,904
	<u>1,245,780</u>	<u>1,194,208</u>
<b>Analysis by fund</b>		
Unrestricted funds	931,456	829,968
Restricted funds	314,324	364,240
	<u>1,245,780</u>	<u>1,194,208</u>

### 7 Grants payable

	2018 £	2017 £
Grants to institutions	<u>877,237</u>	<u>880,482</u>

Included within grants payable are exchange rate loss of £16,660 (2017: gain of £9,118) a movement of £7,542 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
Adecom	24,743	-	24,743	9,809	34,552	31,442
Aryaloka	4,627	20,616	25,243	10,008	35,251	35,811
Aryaloka - Chhattisgarh	1,195	6,394	7,589	3,009	10,598	12,226
Bahujan Hitay Hostels	60,206	-	60,206	23,869	84,075	70,724
BH Amravati	10,373	25,945	36,318	14,398	50,716	62,112
BH Goa	28,114	36	28,150	11,160	39,310	36,044
BH Nagpur	17,288	-	17,288	6,854	24,142	22,337
BH Wardha	15,605	-	15,605	6,187	21,792	19,194
Bhaja and Bordharan	18,283	-	18,283	7,248	25,531	23,622
Bhusawal	3,254	-	3,254	1,290	4,544	4,200
CBT - Capacity Building Team	16,596	-	16,596	6,580	23,176	23,060
Change Alliance	28,548	-	28,548	11,318	39,866	-
Central Services Team - BH	6,959	-	6,959	2,759	9,718	9,107



# THE KARUNA TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 8 Grants to partners

(Continued)

Central Services Team - TBMSG	24,303	-	24,303	9,635	33,938	31,805
Green Tara Foundation						
Vishrantwadi	6,227	14,483	20,710	8,211	28,921	27,984
HRLN	12,864	18,130	30,994	12,288	43,282	58,787
ITBCI	22,584	3,096	25,680	10,181	35,861	35,880
Jan Sahas	2,219	66,811	69,030	27,367	96,397	85,036
Jeevak	23,194	-	23,194	9,195	32,389	30,521
Maitri Network	16,478	3,748	20,226	8,019	28,245	22,330
Manuski Trust	-	-	-	-	-	7,223
Modinagar Study Classes	-	-	-	-	-	2,682
NACDOR	-	-	-	-	-	13,669
Nagarjuna Training Institute	-	-	-	-	-	4,183
Nagpur Women's Social Empowerment	36,117		36,117	14,319	50,436	47,533
NIRMAN	5,109	6,300	11,409	4,523	15,932	32,006
NISD	-	36,628	36,628	14,521	51,149	34,664
NISHTHA	15,338	35,420	50,758	20,123	70,881	71,366
NNBY	8,023	-	8,023	3,181	11,204	8,243
Pardhi Project	6,892	11,452	18,344	7,273	25,617	21,482
Sadhana	26,579	-	26,579	10,537	37,116	42,430
Sukhavati Trust	27,478	19	27,497	10,901	38,398	35,576
TBMSG Hostels Project	61,491	20,916	82,407	32,671	115,078	110,261
URJA	5,565	18,083	23,648	9,375	33,023	30,980

### Grants to Nepalese partners

Green Tara Trust Nepal	-	21,247	21,247	8,423	29,670	47,239
FEDO	10,000	-	10,000	3,965	13,965	13,258
ADWAN	-	5,000	5,000	1,982	6,982	14,405
Foreign Exchange	16,660	-	16,660	-	16,660	9,118

<b>Totals</b>	<b>562,912</b>	<b>314,324</b>	<b>877,236</b>	<b>341,180</b>	<b>1,218,416</b>	<b>1,170,304</b>
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### 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 2018

### 9 Support costs

	Support costs	Governance costs	2018	2017	Basis of allocation
	£	£	£	£	
Staff costs	215,494	4,316	219,810	196,449	
Depreciation	4,551	514	5,065	2,503	
Training & Development	7,610	-	7,610	5,981	
Consultants	23,583	-	23,583	43,087	
Rent	7,434	-	7,434	4,885	
Other costs	25,460	-	25,460	28,401	
Loan interest	514	-	514	778	
Travel and subsistence	25,005	-	25,005	13,497	
Programmes communications & publicity	31,529	-	31,529	-	
Audit fees	-	11,520	11,520	11,520	Governance
Legal and professional	-	452	452	492	Governance
Office costs	-	5,572	5,572	5,258	Governance
Travel	-	5,407	5,407	1,180	Governance
Bank charges	-	25	25	40	Governance
Interest	-	57	57	155	Governance
Recharge AFI	-	(500)	(500)	(500)	Governance
	<u>341,180</u>	<u>27,363</u>	<u>368,543</u>	<u>313,726</u>	
Analysed between					
Charitable activities	<u>341,180</u>	<u>27,363</u>	<u>368,543</u>	<u>313,726</u>	

Governance costs includes payments to the auditors of £6,250 + VAT (2017: £6,000 + VAT) for audit fees and £3,600 + VAT (2017: £3,600 + VAT) for other accountancy services.

### 10 Trustees

None of the trustees (or any person connected with them) received any remuneration during the year. Four trustees were reimbursed a total of £5,767 (2017: 4 were reimbursed £1,270) mostly in respect of a Trustees' visit to projects in India.

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

# THE KARUNA TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 11 Employees

#### Number of employees

The average monthly number employees during the year was:

	2018 Number	2017 Number
Grant management	7	7
Fundraising	18	17
Governance	1	1
	<u>26</u>	<u>25</u>

#### Employment costs

	2018 £	2017 £
Wages and salaries	621,135	532,535
Social security costs	48,907	38,484
Other pension costs	8,559	8,100
	<u>678,601</u>	<u>579,119</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.

### 13 Tangible fixed assets

	Land and buildings £	Plant and machinery £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>				
At 1 April 2017	295,100	93,136	47,516	435,752
Additions	-	1,020	-	1,020
At 31 March 2018	<u>295,100</u>	<u>94,156</u>	<u>47,516</u>	<u>436,772</u>
<b>Depreciation and impairment</b>				
At 1 April 2017	62,330	31,143	47,122	140,595
Depreciation charged in the year	2,101	13,855	229	16,185
At 31 March 2018	<u>64,431</u>	<u>44,998</u>	<u>47,351</u>	<u>156,780</u>
<b>Carrying amount</b>				
At 31 March 2018	<u>230,669</u>	<u>49,158</u>	<u>165</u>	<u>279,992</u>
At 31 March 2017	<u>232,770</u>	<u>61,994</u>	<u>395</u>	<u>295,159</u>



# THE KARUNA TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 14 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Other debtors	108,740	55,550
Prepayments and accrued income	24,244	22,464
	<u>132,984</u>	<u>78,014</u>

### 15 Loans and overdrafts

	2018 £	2017 £
Bank loans	16,440	39,807
Payable within one year	16,440	23,367
Payable after one year	-	16,440
	<u>16,440</u>	<u>79,614</u>

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

### 16 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank loans	15	16,440	23,367
Other taxation and social security		11,423	7,468
Other creditors		70,461	36,622
Accruals and deferred income		26,670	67,494
		<u>124,994</u>	<u>134,951</u>

### 17 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Bank loans	15	-	16,440
		<u>-</u>	<u>16,440</u>

### 18 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 £8,558 (2017: £8,100).

# THE KARUNA TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 19 Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total £
Fund balances at 31 March 2018 are represented by:			
Tangible assets	279,992	-	279,992
Current assets/(liabilities)	388,202	81,123	469,326
	<u>668,194</u>	<u>81,123</u>	<u>749,318</u>

### 20 Financial commitments, guarantees and contingent liabilities

The Karuna Trust has contingent liabilities of £1,322,733 (2017: £1,708,097 ) towards charitable projects at the year end.

### 21 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:

	2018 £	2017 £
Within one year	24,300	24,187
Between two and five years	72,900	72,562
In over five years	-	24,187
	<u>97,200</u>	<u>120,936</u>

### 22 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 (2017: £500) management fees to The Karuna Trust. At the year end the charitable company owed £7,796 (2017: £8,296) to Aid for India.

# THE KARUNA TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

23 Cash generated from operations	2018 £	2017 £
Deficit for the year	(126,718)	(55,493)
Adjustments for:		
Investment income recognised in statement of financial activities	(12,453)	(13,570)
(Gain)/loss on disposal of tangible fixed assets	-	415
Depreciation and impairment of tangible fixed assets	16,185	7,532
Movements in working capital:		
(Increase)/decrease in debtors	(54,970)	91,747
(Decrease) in creditors	(3,030)	(34,686)
<b>Cash absorbed by operations</b>	<b>(180,986)</b>	<b>(4,055)</b>