

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 2021

THE KARUNA TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Ulla Brown (Chair) Prof. Dominic Houlder Dr William McGinley (Treasurer) Zoe Stephenson Prof. Pratap Rughani Vajramudita Armstrong
Chief executive officer	Ciaran Maguire
Secretary	Mr M C Baird
Patrons	Dame Judith Dench CH, DBE, FRSA Professor Sir David Spiegelhalter FRS OBE
Charity number	327461
Company number	02132178
Principal address	72 Holloway Road Holloway London N7 8JG
Registered office	72 Holloway Road Holloway London N7 8JG
Auditor	CBW Audit Limited 66 Prescott Street London E1 8NN
Bankers	Clydesdale Bank Plc Studio B 146-158 Kensington High Street London W8 7RL
Solicitors	Bates Wells & Braithwaite London LLP 10 Queen Street Place London EC4R 1BE

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THE KARUNA TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2021

The Trustees present their report and accounts for the year ended 31 March 2021.

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 the Republic of Ireland (FRS 102)" as amended for accounting periods beginning after 1 January 2016.

Objectives and activities

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

International development and grant-making

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

Capacity Building

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

Awareness raising

Through our website, annual review, social media, public talks, networks and other events we aim to raise awareness of the impact of caste discrimination and poverty in South Asia.

Fundraising

This is carried out through several different streams: door-to-door campaigns, phone campaigns, digital platforms, one-off donations, grant applications to charitable trusts and institutional donors.

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

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

FOR THE YEAR ENDED 31 MARCH 2021

Programmes Report 2020/21

Introduction

The past year has been extremely challenging for Karuna's partners in India and Nepal and for people from the communities we work with. Whilst vulnerable communities across India and Nepal suffered some of the highest COVID infection rates recorded anywhere in the world, most Civil Society Organisations (CSOs) have been hit hard with many field staff unable to work. Project implementation has been obstructed by lockdown restrictions in many areas, including the closure of government schools which has directly impacted on educational projects, and travel restrictions which have prevented field staff accessing remote project areas. As well as the direct health effects of the pandemic, vulnerable communities have had to cope with devastating economic impacts from repeated lockdowns, which have hit the migrant and informal labour sectors especially hard.

However, in spite of the many challenges, Karuna has continued to work in partnership to deliver a successful year in terms of project outcomes, increasing our grant expenditure from previous years and reaching out to a record number of people from marginalised communities.

Thanks to the success of our COVID Emergency appeal, Karuna's total programmes investment was £1,263,658. We were able to make grants totalling £1,000,850 during the year 2020/21 of which £957,432 went to Indian projects and £43,418 to projects in Nepal. This is a significant increase on previous years.

We were also able to increase our impact by reaching out to more vulnerable people than ever before; during the year more than 350,000 participated in or benefited from our partners' project activities, including 145,000 recipients of emergency relief, 180,000 jobless migrant labourers, 4,700 school-aged girls and 23,000 women at risk from violence.

Of the total grant investment, £780,997 went directly to COVID-19 emergency relief responding to the immediate needs of communities hit hardest by the pandemic and associated economic impacts. 65 emergency grants supported the distribution of life-saving emergency food supplies and basic medical kits including masks and sanitisers to people from Dalit and other marginalised communities living in urban slums and remote rural areas across six Indian states and three districts of Nepal. Grants covered both the direct costs of emergency supplies, and the support costs of key field and admin staff involved in identifying target communities and co-ordinating the distribution of aid.

The remaining £219,853 supported Education, Livelihoods and Women's Empowerment projects with a particular focus on helping vulnerable communities become more resilient to the long term impacts of the pandemic.

At the start of the lockdown we identified three key priorities:

1. Supporting remote access to education

The closure of schools during lockdown had a disproportionate impact on children from the poorest communities, and especially adolescent girls who already faced severe economic and social barriers to remaining in school. Whilst government schools were closed Karuna supported its partners to provide opportunities for remote learning to children from urban slum and rural communities who wouldn't otherwise have been unable to access any learning resources. Distributions of mobile phones and other education resources helped ensure that children were able to continue some basic education whilst schools were closed, preventing them falling further behind children from other communities. Project funding focussed especially on adolescent girls who are always at greatest risk of dropping or being taken out of school.

2. Preventing violence against women

The social upheaval of the pandemic resulted in women from Dalit communities coming under increased risk of sexual and caste based violence. Karuna responded by increasing its funding for projects providing counselling and legal support to women victims of violence, and women and girls at risk. In all 23,000 women participated in training and support programmes designed to prevent violence.

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

FOR THE YEAR ENDED 31 MARCH 2021

3. Replacing lost livelihoods

As well as being a public health crisis, the pandemic in India and Nepal also precipitated a major livelihood crisis especially among migrant and daily wage labourers, millions of whom lost their fragile livelihoods and were forced to reverse migrate back to their home villages. Karuna responded by increasing its commitment to livelihood projects, including a grant of £77,287, supported by major grants from two UK foundations, for a new project providing counselling to displaced migrant workers, helping them access government welfare schemes.

Emergency Grants 2020/21

With many projects unable to deliver their usual long-term development programmes, Karuna focused on providing one-off emergency grants to deliver immediate relief to some of the most acutely affected communities, whilst covering partners' core costs so they can return to long-term development programmes as soon as possible.

In April 2020 following the announcement of nationwide lockdowns in India and Nepal, Karuna carried out a rapid needs assessment and invited applications for one-off emergency grants from what our partners had identified as the urgent needs of the most affected communities. During the year we made a total of 65 emergency grants totalling £780,997 to 26 partner organisations, delivering emergency relief, including 29,820 emergency food parcels and 22,580 medical kits to 145,000 people from marginalised COVID affected communities. Grants were focussed on Karuna's pre-existing partner networks, so we were confident that aid was being distributed by effective organisations with a strong track record working with the most vulnerable communities.

Other Programmes Highlights

Voice of Women Project (Gender Equality)

This project, jointly funded by Karuna and Karuna Germany, focuses on the prevention of violence against women and girls from marginalised communities during a period when women faced an increased risk of violence due to the disruption of the pandemic. It was implemented successfully in the states of Madhya Pradesh, Uttar Pradesh, Chhattisgarh, Maharashtra. Field teams investigated 550 incidents of violence against women, supported 160 legal cases, and secured 42 compensation payments for survivors. 42 new community groups were formed and 167 volunteer paralegals received training. 15 campaigns raised awareness of violence against women among an estimated 8,000 people.

Strong Girls Project Nepal (Education)

The project, jointly funded by Karuna and Karuna Germany, focuses on supporting girls from marginalised communities so they can resist the many pressures to drop out of school. With schools closed for much of the year the project pivoted to providing opportunities for remote learning via educational radio broadcasts. Working with 15 schools in 3 districts of the Terai region of southern Nepal, the project has supported 4,380 girls from marginalised backgrounds to enrol into schools and access remote learning opportunities during lockdown. Better WASH (Water, Sanitation and Hygiene) facilities were constructed in 10 schools and the project provided income generation training to 261 mothers of school age girls, of whom 189 have reported increases to their monthly incomes.

Jan Sahas Migrant Labourers' Project (Livelihoods)

A new project responding to the needs of migrant labourers who lost their jobs and were forced to migrate back to their homes during the first lockdown. With funding from UK foundations, Karuna has supported a project that overall has engaged with 180,000 migrant labourer families, and supported a total of 60,000 unemployed migrants and their families to access government welfare payments.

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FOR THE YEAR ENDED 31 MARCH 2021

Post Cyclone Girls' Education Project (Education)

Following Cyclone Amphan in May 2020 which devastated the coastal region of West Bengal, Karuna agreed to fund an extension of Nishtha Girls' Education project into a new coastal cyclone-affected area. 400 girls (300 supported by Karuna) aged 11–18 have now been re-enrolled in school in the project area. During the first year, no girls dropped out or got married. 150 girls leaders have participated in the adolescent girls' training programme. 400 women have been networked into mothers' groups. More than 105 fathers have participated in the project's activities.

Funding for Educational Hostels (Education)

In line with our 2020–23 strategic plan, last year we began carefully phasing out funding of a number of residential educational hostels. The traditional form of residential hostel had become less relevant due to improved school provision at local level, and increasing availability of government funded hostels. As of 31 March 2021 funding for 8 educational hostels came to an end: Nagpur Boys', Amravati Boys', Aurangabad Boys', Lohagaon Boys', Goa Boys', Goa Girls', Latur Boys', and Latur Girls'.

We are continuing funding for hostels in Omerga, Kolhapur, Ulhasnagar, Vishrantwadi, Nagpur and Wardha, and are adapting these projects so that they meet children's needs post-pandemic.

Cuts to Institutional Funding

In March 2021 we were disappointed to learn that our provisionally agreed UK Aid Direct grant had been withdrawn due to the merger of DFID (Department for International Development) with FCO (Foreign and Commonwealth Office) and the subsequent cuts to the UK Overseas Development Budget (department now FCDO). The grant for £125,000 per year would have supported an innovative new project to provide safer menstrual health for 3,000 girls and young women in western Nepal, where the traditional dangerous and degrading practice of excluding women from their homes during menstruation, known as chhaupadi, is still prevalent. A modified version of this proposal has now been submitted to BMZ in Germany. Initial indications are that they will agree to fund the project and it will be possible to initiate the project in the second half of 2021.

Changes to Indian Regulations for Foreign Contributions

The new FCRA Amendment Act, which introduces new regulations governing the transfer of funds by overseas donors to Indian NGOs passed into Indian law and became effective from 29 September 2020. The new regulations have a significant impact on the way Karuna supports projects and organisations and we have been in regular contact with our partners and others in India to ensure they comply. The three most significant changes are as follows:

1. Foreign funded Indian NGOs are no longer allowed to transfer funds to other Indian NGOs. This will affect some of our projects where we make grants to partners who then pass those funds on to other implementing organisations.
2. To receive foreign funding, partners need to set up a new bank account through a branch of the State Bank of India in Delhi. At the time of writing all Karuna partners have now set up these new accounts.
3. Indian NGOs receiving foreign funding are only allowed to allocate 20% to administrative costs including salaries for non-programmes staff.

We will continue to work closely with our partners to support them in the process of renewing their FCRA Agreements in the first half of 2021.

New Programmes Development Manager

The pandemic impacted on Karuna's capacity to oversee projects as UK and Germany based programme managers were unable to travel to India and Nepal to carry out routine project visits, leading to an increased risk of problems with project implementation and difficulties in developing new projects. To help counter these risks we recruited a new Programmes Development Manager based in Mumbai, with a brief to oversee project implementation and develop links with potential new partners and projects.

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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

This is a significant development as it is the first time Karuna has had a full time member of the programmes team who is Indian and based in India. We see this as an important step in helping to ensure that our programme decisions reflect the needs of the communities we serve.

Karuna Germany

Karuna Deutschland's income for last year was €665,580 and supported a total of 49,873 beneficiaries in Nepal and India. The project goes from strength to strength, and accesses funding from BMZ, the German government's Department for International Development. Headline projects for the year are:

Maitri Women's Network 'Prevention of Violence, Legal Aid and Empowerment of Women' project reached 22,176 beneficiaries (15,251 are women and 1,961 are girls).

Safe Deliveries, Nepal project promoted the establishment of 8 new and 2 existing maternity wards, as well as courses for pregnant women and mothers, creation of self-help groups and family planning for young people with a total of 18,591 beneficiaries.

Reducing Inequality For Violence-Free Schools project empowered Dalit children to stand against violence, to sensitise teachers and to offer children a secure and welcoming environment at school. 673 total beneficiaries, including teachers and parents.

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

FOR THE YEAR ENDED 31 MARCH 2021

CONSOLIDATED ACCOUNTS FOR KARUNA UK & KARUNA GERMANY					
FOR THE YEAR ENDED 31 MARCH 2021	Karuna UK	Karuna DE	Total funds	Total funds	Variance
	2020/21	2020/21	2020/21	2019/20	
Income from:					
Donations and legacies	2,265,712	538,060	2,803,772	2,225,323	578,449
Other income	23,200	0	23,200	15,419	7,781
Total income	2,288,912	538,060	2,826,972	2,240,742	586,230
Expenditure on:					
Raising funds	611,854	13,590	625,444	687,840	-62,396
Charitable activities – see table below	1,322,217	494,201	1,816,418	1,472,470	343,948
Total resources expended	1,934,071	507,791	2,441,862	2,160,310	281,552
Net income/(expenditure) for the year	354,841	30,269	385,110	80,432	304,678
Fund balances as 1 April 2020	762,809	101,731	864,540	784,108	
Fund balances at 31 March 2021	1,117,650	132,000	1,249,650	864,540	

CONSOLIDATED BALANCE SHEET				
AS AT 31 MARCH 2021	Karuna UK	Karuna DE	Total funds	Total funds
	2020/21	2020/21	2020/21	2019/20
Fixed Asset				
Tangible assets	231,610	0	231,610	250,355
Current Assets				
Debtors	180,361	0	180,361	149,125
Cash at bank and in hand	868,087	132,000	1,000,087	622,157
	1,048,448	132,000	1,180,448	771,282
Creditors: amounts due within one year	162,408	0	162,408	157,097
Total Assets less Current Liabilities	1,117,650	132,000	1,249,650	864,540
Funds				
Unrestricted funds	1,026,245	0	1,026,245	705,849
Restricted funds	91,405	132,000	223,405	158,691
	1,117,650	132,000	1,249,650	864,540

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

FOR THE YEAR ENDED 31 MARCH 2021

Charitable Activities	Karuna UK	Karuna DE	Total 2020/21	Total 2019/20
Grants to Indian partners				
Adecom	30,848	-	30,848	27,376
Aryaloka	18,034	-	18,034	31,493
Aryaloka [Chhattisgarh]	8,903	-	8,903	12,706
Bahujan Hitay Hostels	84,729	-	84,729	76,957
BH Amravati	60,623	14,113	74,737	47,280
BH Goa	20,131	-	20,131	32,917
BH Nagpur	23,490	-	23,490	18,662
BH Wardha	26,171	-	26,171	20,472
Bhaja and Bordharan	25,463	-	25,463	22,071
BH & TBMSG Hostel Coordinators	-	-	-	14,977
Central Services Team – BH	15,133	-	15,133	7,279
Central Services Team – TBMSG	24,248	-	24,248	23,008
Darabar Sahityar Sansad	1,411	-	1,411	0
Green Tara Foundation [Vishrantwadi]	24,865	-	24,865	24,262
HRLN	-	-	-	58,185
ITBCI	29,489	-	29,489	32,111
Jan Sahas	269,684	100,418	370,102	197,543
Jeevak	42,217	-	42,217	21,032
Maitri Network	11,408	98,112	109,520	72,752
NIRMAN	29,589	-	29,589	20,077
NISD	38,269	-	38,269	61,129
Nishtha	103,297	-	103,297	76,568
NNBY	8,210	-	8,210	7,279
Pardhi Project	-	3,170	3,170	14,611
PHIA Foundation	6,642	4,425	11,067	37,556
Prabodhini	-	4,623	4,623	3,529
Sadhana	27,901	-	27,901	33,360
SSEVS Bihar	6,206	-	6,206	0
Sukhavati Trust	20,556	-	20,556	22,897
TBMSG Hostels Project	161,448	-	161,448	98,900
TBMSG Nagpur	42,552	-	42,552	47,659
Triratna India COVID Relief	4,746	-	4,746	0
Urja	49,541	-	49,541	29,721
VICALP Odisha	5,137	-	5,137	0
Working with Boys – pilot project	-	-	-	4,158
Grants to Nepalese partners				
Green Tara Trust Nepal	27,196	240,671	267,867	197,814
FEDO	5,102	-	5,102	-
ADWAN	23,079	-	23,079	27,807
Voice of Children	191	-	191	-
Subtotals	1,276,509	465,532	1,742,041	1,424,148
Governance & other charitable costs	45,709	28,669	74,378	48,322
Totals	1,322,218	494,201	1,816,419	1,472,470

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

FOR THE YEAR ENDED 31 MARCH 2021

Financial review

Income

The total income received by The Karuna Trust for the year ended 31 March 2021 was £2,288,912 (2019/20: £1,895,189). This outcome represents an overall increase year-on-year of £393,722 – a remarkable performance by the charity and tremendous generosity from our donors.

In the year to 31 March 2021 total income from Regular Giving was £1,493,885 (2019/20: £1,425,404) an increase of £68,481 year-on-year.

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 2020/21 as a result of restrictions imposed by the COVID pandemic lock-down we were unable to mount any door-to-door appeals (2019/20: 4). Instead, we ran two telephone appeals, the first of which was the most successful ever, generating more than £63,000 per annum in new income from existing supporters.

In March 2020 we launched a COVID Crisis 2020 Appeal to raise emergency funds for our partners in India and Nepal. This appeal raised £323,833 plus Gift Aid. We are enormously grateful to our donors for their extraordinary response to our appeal for funds, enabling our partners to deliver emergency services in India and Nepal.

In March 2021 we launched our Breaking Free campaign, aimed at ending violence against women in the wake of the pandemic. By 31 March 2021 this campaign had raised £19,365 plus Gift Aid.

Other donations from individuals totalled £167,451 (2019/20: £180,825). These figures include £97,810 raised as restricted income for girls' education projects in India and Nepal.

Our Christmas Appeal 2020 raised a further £71,924 of restricted income for girls' education projects that will be released in 2021/22.

During the year we received £11,732 in legacy gifts (2019/20: £9,095). We appreciate deeply that Karuna is considered for gifts left in wills, no matter how small; they make a significant impact on our work.

Income from grant giving trusts was £301,670 (2019/20: £257,946) which includes £53,624 contributed to our COVID Crisis 2020 Appeal. 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 £1,934,071 (2019/20: £1,842,600).

We committed £1,276,508 in programme delivery (2019/20: £1,119,931). Of this, direct grants to partners in India and Nepal were £1,000,852 for the year (2019/20: £820,780). Programme management including partner training, partner workshops, capacity building and awareness raising, was £275,656 (2019/20: £299,151).

During the year the value of Sterling remained relatively strong against the Indian Rupee enabling us to make ₹86.82M in grants to India at a Sterling cost of £957,284 (2019/20 ₹70.56M at a Sterling cost of £782,958).

At the year end we carried £500,000 in future grant commitments to partners in India and Nepal (2019/20: £728,544). These are contingent liabilities, not contractual and therefore do not appear on our balance sheet and are not included in the reserve calculation, but nonetheless represent a very real responsibility for the Karuna Trust.

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

FOR THE YEAR ENDED 31 MARCH 2021

The cost of generating funds for the year was £611,853 (2019/20: £680,065). Of this figure £366,925 (2019/20: £439,121) was incurred in direct fundraising costs and the balance of £244,928 (2019/20: £240,944) in administrative support costs (including IT, financial processing and communications). This means that our direct fundraising costs this year were 16% of income (2019/20: 23%) a remarkable achievement by our fundraising team in a very difficult and challenging year.

Reserves Policy

At the end of the year, we had total reserves of £1,117,649, an increase of £354,840 against the previous year. An analysis of the reserve amount is as follows:

- Unrestricted Operating reserve £794,633 (funds for the general operation of the charity)
- Unrestricted Fixed Asset reserve £231,611 (tangible net assets net of bank loan)
- Restricted funds: £91,405 (funds for specific projects)

The charity's reserves policy aims to maintain an operating reserve equivalent to 4 months costs, which at 31 March 2021 equated to approximately £645,000. Over the course of the last 3 years we have managed to maintain our reserves at a stable level. However, 2020/21 was a year of extremes which disrupted this fine balance.

For Karuna, two factors in particular converged: the significant response to our COVID Crisis 2020 Appeal which led to a vitally important income surge, coupled with new Foreign Contribution Regulations Act (FCRA) governing the flow of funds for NGOs into India. Together, these created a bottleneck of fund transfers in March/April/May 2021 contributing to a large increase in our operating reserves carried forward from the financial year 2020/21 to 2021/22. In April 2021 a small number of our Indian partners had received the new FCRA permission to receive funds, and by May the majority of them had.

In April 2021 the deadly second wave of COVID struck India and in May it hit Nepal. Having additional reserve funds on account enabled us to provide immediate emergency relief to communities in India and Nepal. They will also be a vital resource for future COVID waves and post-COVID community rebuilding. This period will be reported against in the 2021/22 Trustees Annual Report.

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.

Future developments

Programmes

Ongoing Emergency Response:

At the time of writing the COVID situation in India and Nepal remains very challenging indeed, and Karuna continues to stay in regular touch with partners so we can follow the development of the crisis and respond in the best way possible. In the first three months of the year 2021/22 we have made further emergency grants totalling £289,172.

Post-COVID Rehabilitation Work:

Whilst we don't know how long the COVID crisis will go on, it is clear that the long term impacts on the most marginalised communities will be very severe indeed. The loss of livelihoods will devastate incomes, increasing economic hardship for those already in poverty, increasing caste and gender inequalities and pushing more children out of school and into early marriage.

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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Over the coming year we will commission and publish research into the impacts of the pandemic on people from the most marginalised communities. The findings of this research will be distributed widely within the development sector with the aim of ensuring that the needs of the most vulnerable are included in future policies for relief or rehabilitation work. The findings will also clarify priorities for Karuna's own programmes over the coming years.

New Work focusing on Climate Change:

During the year 2021/22 we plan to pick up on some of the priorities that were identified in our 2020-23 strategy but were put on hold in 2020 due to the pandemic. In particular we recognise that the areas we work in are becoming increasingly vulnerable to the long-term effects of climate change and that it is often the most socially marginalised and economically vulnerable who are worst affected. The east coast of India and Bangladesh are highly vulnerable to cyclones and flooding.

New Work in Bangladesh:

Bangladesh is one of the poorest countries in the world, with more than 45 million people (almost one third of the total population of 166 million) living below the poverty line. It shares many issues with India and Nepal, including severe caste and gender discrimination. It is also one of the countries in the world most affected by climate change, with an estimated 20 million people at risk of displacement due to flooding.

For this reason, we plan to extend our work to reach out to marginalised communities in Bangladesh, where caste based poverty is prevalent and where the impacts of climate change are especially severe. In May 2021 we initiated a new project working with climate change affected communities living in low lying flood-affected river delta areas in Munshiganj and Narayanganj districts of Bangladesh.

Over the coming years we plan to focus more on supporting communities to adapt to the long term challenges and threats posed by climate change as well as helping them rebuild their lives in the aftermath of the COVID crisis.

Fundraising

Looking ahead, our fundraising priority is to meet the funding needs of the charity by maintaining our current income and finding new and diverse fundraising opportunities.

Our 3 areas of focus will be:

1. Growing relationships with our existing supporter base to better inform and engage the supporter base and to encourage supporter-led fundraising initiatives.
2. Increasing our investment in online fundraising. Having recruited a dedicated digital fundraiser in 2019 and developed our strategy in 2020 we aim to significantly increase our income online with sustained digital campaigns and excellent data analysis.
3. Investing in improving our methods of leadership giving. In 2021 we are investing in appraising our current methods of trust and major donor fundraising. This has already identified a number of funding opportunities, which we aim to seize upon to increase our leadership giving from both trusts and major donors.

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FOR THE YEAR ENDED 31 MARCH 2021

Karuna USA

In 2021-22 we will be establishing a new organisation in the USA. It will be established as a sister-entity to Karuna UK and Karuna Germany – sharing a similar mission and charitable aims, while adapted to the US context: with its unique characteristics of a large geography, significant philanthropic opportunity and a demanding and deeply relevant domestic social justice context.

Karuna USA has the potential to become an entity that raises \$10m per annum in the next 10 years. An ambitious draft fundraising assessment shows that it can reach \$450k+ fundraised income within the first 3 years through a flow of unrestricted funds from digital donors, building solid relationships with major donors and trusts, and with the potential to access major institutional and USAID funds once its financial and governance credentials are established.

Office and working from home

Like most organisations, Karuna staff worked from home during the first year of the pandemic. On the whole this worked well for the organisation and for the staff. Looking ahead we are putting a plan in place to decide which model best suits us: office based, home based or hybrid. The plan will also help us to decide whether to remain in our current space on Holloway Road or to relocate.

Digital infrastructure

In 2021 Karuna will be investing more in our digital infrastructure to enable better decision making through understanding our data. This will include using the best and latest software, improved analysis, digital fundraising and a new programme management platform.

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

FOR THE YEAR ENDED 31 MARCH 2021

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)
Dr William McGinley (Treasurer)
Prof. Dominic Houlder
Amanda Seller (Resigned 27 April 2021)
Zoe Stephenson
Prof. Pratap Rughani
Vajramudita Armstrong

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.

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

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

Karuna, which means 'compassion', fundraises using volunteers and never outsources fundraising to agencies. We empower our new donors to make a conscious and considered choice to give, rather than feel pressured or manipulated into donating. Our fundraisers incorporate their spiritual and ethical frameworks into their fundraising. In our salary system each employee at Karuna, including our CEO, is paid modestly and not according to their level of seniority.

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

THE KARUNA TRUST

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

FOR THE YEAR ENDED 31 MARCH 2021

Risk Management

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

The Management undertakes a full annual review and regular periodic reviews of the risks that the Charity is exposed to and reports back to the Trustees accordingly. The risk register is then updated. The review for the year 2021/22 will be conducted in July 2021. The next full review thereafter is scheduled for July 2022.

Statement of trustees' responsibilities

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

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

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

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

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

Auditor

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

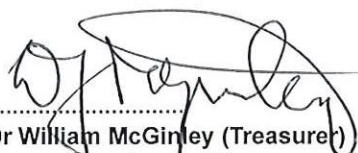
The trustees' report was approved by the Board of Trustees.



Ulla Brown (Chair)

Trustee

Dated: 27.7.2021



Dr William McGinley (Treasurer)

Trustee

Dated: 27 July 2021

THE KARUNA TRUST

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF THE KARUNA TRUST

Opinion

We have audited the financial statements of The Karuna Trust (the 'charity') for the year ended 31 March 2021 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 2021 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

THE KARUNA TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE KARUNA TRUST

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

THE KARUNA TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE KARUNA TRUST

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

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

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

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

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

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

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

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

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

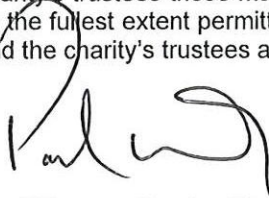
THE KARUNA TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE KARUNA TRUST

Use of our report

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



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

27 July 2021

Chartered Accountants
Statutory Auditor

66 Prescott Street
London
E1 8NN

THE KARUNA TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
<u>Income from:</u>							
Donations and legacies	3	1,858,865	406,847	2,265,712	1,468,730	411,040	1,879,770
Investments	4	23,200	-	23,200	15,419	-	15,419
Total income		1,882,065	406,847	2,288,912	1,484,149	411,040	1,895,189
<u>Expenditure on:</u>							
Raising funds	5	583,070	28,784	611,854	647,854	32,211	680,065
Charitable activities	6	978,599	343,618	1,322,217	807,526	355,009	1,162,535
Total resources expended		1,561,669	372,402	1,934,071	1,455,380	387,220	1,842,600
Net income for the year/ Net movement in funds		320,396	34,445	354,841	28,769	23,820	52,589
Fund balances at 1 April 2020		705,849	56,960	762,809	677,080	33,140	710,220
Fund balances at 31 March 2021		1,026,245	91,405	1,117,650	705,849	56,960	762,809

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 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	13		231,610		250,355
Current assets					
Debtors	14	180,361		149,124	
Cash at bank and in hand		868,087		520,427	
		<u>1,048,448</u>		<u>669,551</u>	
Creditors: amounts falling due within one year	15	<u>(162,408)</u>		<u>(157,097)</u>	
Net current assets			886,040		512,454
Total assets less current liabilities			<u>1,117,650</u>		<u>762,809</u>
Income funds					
Restricted funds	17		91,405		56,960
Unrestricted funds			1,026,245		705,849
			<u>1,117,650</u>		<u>762,809</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 2021, although an audit has been carried out under section 144 of the Charities Act 2011.

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


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

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

The financial statements were approved by the Trustees on 27 July 2021



 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 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	23		325,028		(63,595)
Investing activities					
Purchase of tangible fixed assets		(568)		(1,261)	
Investment income received		23,200		15,419	
Net cash generated from investing activities			22,632		14,158
Net cash used in financing activities			-		-
Net increase/(decrease) in cash and cash equivalents			347,660		(49,437)
Cash and cash equivalents at beginning of year			520,427		569,864
Cash and cash equivalents at end of year			<u>868,087</u>		<u>520,427</u>

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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. Since the year end the trustees have considered the impact of COVID-19 on the charity and do not foresee any impact on the charity and therefore continue to adopt the going concern basis.

1.3 Charitable funds

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

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

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

1.4 Incoming resources

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

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

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

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.

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

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

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

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 2021

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 as an expense 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 2021

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2021	Total 2020
	£	£	£	£
Donations and gifts	1,847,133	406,847	2,253,980	1,870,675
Legacies receivable	11,732	-	11,732	9,095
	<u>1,858,865</u>	<u>406,847</u>	<u>2,265,712</u>	<u>1,879,770</u>
For the year ended 31 March 2021				
	<u>1,468,730</u>	<u>411,040</u>		<u>1,879,770</u>

4 Investments

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
Rental income	23,200	14,094
Interest receivable	-	1,325
	<u>23,200</u>	<u>15,419</u>

5 Raising funds

	Unrestricted funds	Restricted funds	Total 2021	Total 2020
	£	£	£	£
For the year ended 31 March 2021				
<u>Fundraising and publicity</u>				
Bank charges	12,035	-	12,035	12,985
Newsletters, printing and postage	6,280	-	6,280	18,380
Fundraising expenses	91,343	-	91,343	134,831
Rent and hire	17,813	-	17,813	40,262
Staff costs	442,143	28,784	470,927	463,168
Depreciation	13,456	-	13,456	10,439
	<u>583,070</u>	<u>28,784</u>	<u>611,854</u>	<u>680,065</u>
Fundraising and publicity	583,070	28,784	611,854	680,065
	<u>647,854</u>	<u>32,211</u>		<u>680,065</u>
For the year ended 31 March 2020				
Fundraising and publicity				

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

6 Charitable activities

For the year ended 31 March 2021	2021 £	2020 £
Grant funding of activities (see note 8)	1,000,851	820,779
Share of support costs (see note 9)	275,656	299,152
Share of governance costs (see note 9)	45,710	42,604
	<u>1,322,217</u>	<u>1,162,535</u>
Analysis by fund		
Unrestricted funds	978,599	807,526
Restricted funds	343,618	355,009
	<u>1,322,217</u>	<u>1,162,535</u>

7 Grants to partners

	Unrestricted grants	Restricted grants	Total grants	Support & development costs	Total funds 2021	Total funds 2020
Adecom	24,186	-	24,186	6,661	30,848	27,376
Aryaloka	7,890	6,249	14,139	3,894	18,034	31,493
Aryaloka - Chhattisgarh	3,738	3,243	6,981	1,923	8,903	12,706
Bahujan Hitay Hostels	66,433	-	66,433	18,297	84,729	76,957
BH Amravati	39,513	8,019	47,532	13,091	60,623	43,368
BH Goa	15,784	-	15,784	4,347	20,131	32,917
BH Nagpur	18,418	-	18,418	5,073	23,490	18,662
BH Wardha	20,520	-	20,520	5,652	26,171	20,472
Bhaja and Bordharan	19,964	-	19,964	5,499	25,463	22,071
BH & TBMSG Hostel Coordinators	-	-	-	-	-	14,977
Central Services Team - BH	11,865	-	11,865	3,268	15,133	7,279
Central Services Team - TBMSG	19,012	-	19,012	5,236	24,248	23,008
Darabar Sahityar Sansad	1,106	-	1,106	305	1,411	-
Green Tara Foundation						
Vishrantwadi	5,138	14,357	19,495	5,369	24,865	24,262
HRLN	-	-	-	-	-	58,185
ITBCI	16,566	6,555	23,121	6,368	29,489	32,111
Jan Sahas	67,394	144,053	211,447	58,237	269,684	113,918
Jeevak	20,831	12,269	33,100	9,117	42,217	21,032
Maitri Network	7,533	1,411	8,945	2,464	11,408	36,012
NIRMAN	23,199	-	23,199	6,390	29,589	20,077
NISD	-	30,005	30,005	8,264	38,269	61,129
NISHTHA	21,905	59,085	80,990	22,306	103,297	76,568

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

7 Grants to partners							(Continued)
NBY	5,694	743	6,437	1,773	8,210	7,279	
Pardhi Project	-	-	-	-	-	12,213	
PHIA Foundation	-	5,207	5,207	1,434	6,642	37,556	
Sadhana	17,466	4,410	21,876	6,025	27,901	33,360	
SSEVS Bihar	4,866	-	4,866	1,340	6,206	-	
Sukhavati Trust	15,460	657	16,117	4,439	20,556	22,897	
TBMSG Hostels Project	126,584	-	126,584	34,864	161,448	98,900	
TBMSG Nagpur	26,525	6,838	33,363	9,189	42,552	47,659	
Tiratha India Covid Emergency Relief Project	3,721	-	3,721	1,025	4,746	-	
URJA	18,614	20,229	38,843	10,698	49,541	29,721	
VICALP Odisha	4,028	-	4,028	1,109	5,137	-	
Working with Boys - pilot project	-	-	-	-	-	4,159	
Grants to Nepalese partners							
Green Tara Trust Nepal	18,780	2,543	21,323	5,873	27,196	23,800	
FEDO	4,000	-	4,000	1,102	5,102	-	
ADWAN	350	17,745	18,095	4,984	23,079	27,807	
Voice of Children	150	-	150	41	191	-	
Totals	657,233	343,619	1,000,852	275,656	1,276,508	1,119,930	

8 Grants payable

	Charitable activities 2021 £	Charitable activities 2020 £
Grants to institutions:		
Other	1,000,851	820,779

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

9 Support costs	Support costs	Governance costs	2021	2020	Basis of allocation
	£	£	£	£	
Staff costs	220,434	8,748	229,182	224,568	
Depreciation	5,101	756	5,857	4,792	
Training & Development	2,869	-	2,869	4,411	
Consultants	15,513	6,852	15,513	16,879	
Rent	7,505	-	7,505	7,557	
Other costs	20,149	-	20,149	22,469	
Travel and subsistence	52	-	52	17,699	
Programmes communications & publicity	4,033	-	4,033	9,695	
Audit fees	-	15,000	15,000	14,597	Governance
Legal and professional	-	6,349	6,349	2,534	Governance
Office costs	-	5,396	5,396	5,645	Governance
Travel	-	2	2	4,533	Governance
Bank charges	-	16	16	25	Governance
Recharge AFI	-	-	-	(500)	Governance
	<u>275,656</u>	<u>45,710</u>	<u>321,366</u>	<u>341,756</u>	
Analysed between					
Charitable activities	<u>275,656</u>	<u>45,710</u>	<u>321,366</u>	<u>341,756</u>	

Governance costs includes payments to the auditors of £7,500 + VAT (2020: £7,250 + VAT) for audit fees and £4,150 + VAT (2020: £4,150 + VAT) for other accountancy services.

10 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year, and no trustees were reimbursed a total of £Nil expenses (2020: 5 were reimbursed £5,322).

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

During the year Aid for India paid £Nil (2020: £500) as a management fee to The Karuna Trust. At the year end the charitable company owed £6,796 (2020: £6,796) to Aid for India.

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

11 Employees

Number of employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
Grant management	7	7
Fundraising	15	16
Governance	1	1
	<u>23</u>	<u>24</u>

Employment costs

	2021 £	2020 £
Wages and salaries	632,730	624,261
Social security costs	53,758	50,620
Other pension costs	13,621	12,855
	<u>700,109</u>	<u>678,601</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 £
Cost				
At 1 April 2020	295,100	95,417	48,106	438,623
Additions	-	568	-	568
At 31 March 2021	<u>295,100</u>	<u>95,985</u>	<u>48,106</u>	<u>439,191</u>
Depreciation and impairment				
At 1 April 2020	68,633	71,759	47,876	188,268
Depreciation charged in the year	2,101	17,015	197	19,313
At 31 March 2021	<u>70,734</u>	<u>88,774</u>	<u>48,073</u>	<u>207,581</u>
Carrying amount				
At 31 March 2021	<u>224,366</u>	<u>7,211</u>	<u>33</u>	<u>231,610</u>
At 31 March 2020	<u>226,467</u>	<u>23,658</u>	<u>230</u>	<u>250,355</u>

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

14 Debtors		
	2021	2020
	£	£
Amounts falling due within one year:		
Other debtors	165,937	134,932
Prepayments and accrued income	14,424	14,192
	<u>180,361</u>	<u>149,124</u>
	<u><u>180,361</u></u>	<u><u>149,124</u></u>
15 Creditors: amounts falling due within one year		
	2021	2020
	£	£
Other taxation and social security	7,970	7,189
Other creditors	99,764	130,372
Accruals and deferred income	54,674	19,536
	<u>162,408</u>	<u>157,097</u>
	<u><u>162,408</u></u>	<u><u>157,097</u></u>

16 Retirement benefit schemes

Defined contribution schemes

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

The charge to profit or loss in respect of defined contribution schemes was £19,786 (2020: £18,553).

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

17 Restricted funds

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

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

	Movement in funds - prior year			Balance at 31 March 2020 £
	Balance at 1 April 2019 £	Incoming resources £	Resources expended £	
General Restricted Fund	33,140	411,040	(387,220)	56,960
	<u>33,140</u>	<u>411,040</u>	<u>(387,220)</u>	<u>56,960</u>

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

18 Unrestricted funds

General funds are free reserves held by the trust.

	Balance at 1 April 2020 £	Movement in funds		Balance at 31 March 2021 £
		Incoming resources £	Resources expended £	
General fund	705,849	1,882,064	(1,532,884)	1,055,029
	<u>705,849</u>	<u>1,882,064</u>	<u>(1,532,884)</u>	<u>1,055,029</u>

	Balance at 1 April 2019 £	Movement in funds - prior year		Balance at 31 March 2020 £
		Incoming resources £	Resources expended £	
General fund	677,080	1,484,149	(1,455,380)	705,849
	<u>677,080</u>	<u>1,484,149</u>	<u>(1,455,380)</u>	<u>705,849</u>

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

19 Analysis of net assets between funds

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

19 Analysis of net assets between funds - prior year

	Unrestricted Funds £	Restricted Funds £	Total £
Fund balances at 31 March 2020 are represented by:			
Tangible assets	250,355	-	250,355
Current assets/(liabilities)	455,494	56,960	512,454
	<u>705,849</u>	<u>56,960</u>	<u>762,809</u>

20 Financial commitments, guarantees and contingent liabilities

Karuna Trust has contingent liabilities of £500,000 (2020: £728,544) towards charitable projects at the year end. This figure would have been considerably higher if it were not for the coronavirus crisis, which led to the suspension of all our regular funding agreements with our Indian and Nepalese partners. For the time-being our programme focus is on the provision of emergency relief and to cover core operating costs to enable our partners to deliver emergency services.

On 2 March 2020 Karuna Trust entered into two contracts with Ebury Partners to purchase a total of INR55,000,000 at a pre-agreed exchange rate of INR90.42 = £1. The total sterling value of this commitment was £608,272.50 payable at the time of drawdown. The full amount of the contract was drawdown during the year. There were no outstanding contracts or amounts payable under such contracts at 31 March 2021.

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:

	2021 £	2020 £
Within one year	24,300	24,300
Between two and five years	-	24,300
	<u>24,300</u>	<u>48,600</u>

THE KARUNA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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 £Nil (2020: £500) management fees to The Karuna Trust. At the year end the charitable company owed £6,796 (2020: £6,796) to Aid for India.

23 Cash generated from operations	2021 £	2020 £
Surplus for the year	354,841	52,589
Adjustments for:		
Investment income recognised in statement of financial activities	(23,200)	(15,419)
Depreciation and impairment of tangible fixed assets	19,313	15,231
Movements in working capital:		
(Increase) in debtors	(31,237)	(93,532)
Increase/(decrease) in creditors	5,311	(22,464)
Cash generated from/(absorbed by) operations	<u>325,028</u>	<u>(63,595)</u>

24 Analysis of changes in net funds

The charity had no debt during the year.