

Inspiring young people



Annual Review 2011-2012



Introduction

Vision

Kusuma Trust UK (The Trust) believes that every child and young person has the potential to transform and improve their life, and should have opportunities to grow and develop as active and productive citizens in their communities.

Mission

Our mission is to facilitate and increase access to education and other life opportunities for children and young people, with a focus on the most economically disadvantaged. The Trust enables children and young people to realise their potential and break the inter-generational cycle of poverty.

Programmes

The Trust believes that education can transform the lives of young people by providing pathways to rewarding employment opportunities. Our interventions enable children and young people to complete secondary and higher education and receive vocational training, so that they can successfully enter the workforce with the knowledge, skills and confidence to lead productive and fulfilling lives.

The Trust supports innovation, new developments in secondary and higher education, improvements in the quality of care for children, open space platforms for knowledge and intellectual resources, and research and advocacy.

The Trust is an independent grant making organisation.

We work closely with our affiliate, the Kusuma Foundation, to deliver our mission and strategy in India.





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Enabling social change through philanthropy



Philanthropy plays an important role in contributing to positive social change. In 2011 in the UK, philanthropic giving continued to grow and, for the first time in over a decade, 100 of the country's wealthiest people donated at least 1 per cent of their residual wealth. This trend of giving complements government efforts and supports charities, universities and other institutions to carry out critical work.

The economic uncertainty of recent years has led to cutbacks by the State. As falling revenues, austerity measures and the burden of debt repayments increasingly restrain governments, philanthropic organisations can play a more active role in delivering social reform. Providing money, though, is only one part of this role. Donors are keen to see their funds directed to causes that will benefit individuals and create opportunities where none existed previously. At The Trust we work to ensure this happens.

This year, The Trust focused on implementing the strategy agreed in 2011 and strengthened our grant-making by focusing on several priorities – access to education and vocational training, quality of teaching

and educational outcomes. A total of £2.13m in grants was awarded during the year, with a further £2.75m of commitments made at the end of the year.

Our team also strengthened the focus on evaluating the work we fund by commissioning research and using evidence to shape programme interventions.

Congratulations to the Kusuma team for continuing to expand, strategically and systematically, our grant making whilst exploring effective partnerships and levers to bring about positive social change.

A handwritten signature in black ink, appearing to read 'John G Rhodes'.

John G Rhodes
Chairman

Education transforms lives



Education is a powerful tool for social and economic transformation of communities and for promoting active and productive citizenship. Access to education and the quality of education can ensure equity among people. In line with our strategy, we have continued to support initiatives that enhance access to quality education, in particular for children and young people from the most economically disadvantaged backgrounds.

We continue to strengthen our programmes in our priority districts in India – Hardoi in Uttar Pradesh and Sambalpur in Orissa – where key indicators show they lag behind many other parts of India in terms of educational attainment, income levels and economic growth. We actively engage with Government, education experts, NGO partners, Universities, research agencies and others to identify, develop and implement projects that will improve the quality of education, create better learning environments and equip thousands of young people with the skills to secure gainful employment.

During the year, The Trust supported a total of 16 projects, which included four new grants, renewed funding for six projects, and continued monitoring of six ongoing projects.

Two major grants focus on improving the quality of secondary education and equipping young people with appropriate vocational skills for employment in Hardoi. One grant of just under £1m to The Open University UK supports the professional development of Secondary Science and English teachers of Classes 9 to 12 in all government and government-aided secondary schools. The second grant of £228,023 provides vocational training over three years for 3,000 young people to enhance their employability.

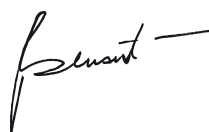
In 2012, we also approved two new projects to strengthen school governance and management by developing the capacity and effectiveness of School Management and

Development Committees in 65 schools in Hardoi and Sambalpur. These projects support the Government's Rastriya Madhyamik Shiksha Abhiyan, India's national scheme for improving the quality of secondary education.

Research and evaluation remain central to our work. We commissioned research to evaluate the outcomes and impact of several projects. The findings have been shared with partners to discuss and implement improvements in programmes. Such research will continue to inform and influence our future grant making.

During the year, we hosted a seminar "*Transforming lives through education*" in Delhi jointly with the London School of Economics to discuss key developments and challenges in secondary education in India, and the role and impact of scholarships on education outcomes. We also hosted a very productive meeting with all our partners working on education projects, to promote learning amongst our partners.

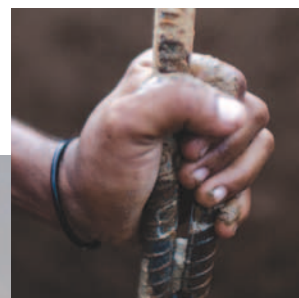
I would like to thank all our stakeholders and partners for their continued collaboration and support, and our Trustees for their invaluable guidance.



Dr Balwant Singh
Chief Executive

Partners

Agranee Jana Kalyan Anusthan
Better Education Through Innovation Foundation
Centre for Internet and Society
Centre for Youth and Social Development
iCommons
Eklavya
Indian Institute of Technology Delhi
iPartner India
Kusuma Foundation
Pragathi Seva Samithi
Pratham
Project 511 (Hyderabad Round Table 8 Charitable
Trust and MV Foundation)
Sadhana
Sambalpur Integrated Development Institute
Sarvodaya Ashram
The Akshaya Patra Foundation
The Open University UK
Udayan Care
Vigyan Foundation
Vikash Vidyalaya Foundation



The Trust's work during 2011-2012 continued to focus on our four strategic priorities of education, children at-risk, internet and open space and research and advocacy.



Education



We believe that education is the key to a better and more productive future. By supporting education initiatives, children and young people get the opportunity to create better lives for themselves and their families.

During the year, funding for three scholarship programmes was renewed and we supported secondary Science teaching and two accelerated learning programmes. The mid-day meals programme we funded boosted school attendance and retention. The Trust also began support for a professional development programme for teachers and a vocational training initiative for young people.

The Trust funds three scholarship programmes: the **Kusuma Ratna¹ Fellowship** in Sambalpur, Orissa; the **Kusuma Udayan Shalini² Fellowship** in Dehradun, Uttarakhand; and the **Kusuma Young Achievers' Award** in Warangal, Andhra Pradesh. Launched in 2008-2009, they provide a stipend and academic support to more than 1,000 meritorious girls and boys from disadvantaged and marginalised backgrounds to complete their secondary and higher education.

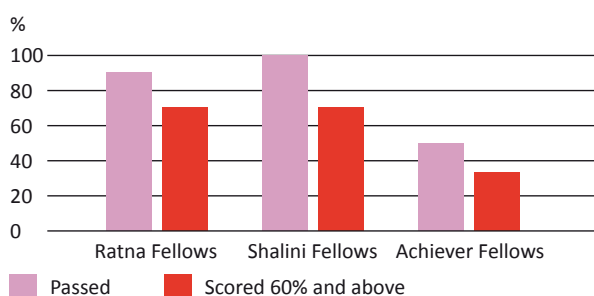
Students are guided by highly committed and motivated mentors and encouraged to set academic and personal development goals. They benefit from seminars focused on subjects, time management, examination preparation and

career counseling. Partner organisations, which implement the programmes, network with college principals to facilitate the admission of students into higher education and negotiate generous discounts in fees. Exposure visits to employers help students better understand the skills required in the work environment.

An evaluation of the **Kusuma Udayan Shalini Fellowship** revealed that fellowship recipients exert more effort in school, score better marks in Classes 11 and 12 and are more likely to progress to higher education. They understand the job market and have a realistic perception of the financial returns of their education. Fellowship recipients interacted regularly and confidently with their peers, developing valuable social and networking skills for use in later life. In addition, there were also benefits for peers, neighbours and friends of scholarship recipients. Neighbours of scholarship recipients are 33 per cent more likely to know about the programme whilst friends of recipients knew the eligibility criteria and application procedure, and performed better in Classes 8 and 9 in anticipation of being selected for the programme³.

Scholarship	Number of Students	Number of Cohorts	In Secondary Education	In Higher Education
Kusuma Ratna Fellowship	256	3	171	85
Kusuma Udayan Shalini Fellowship	249	3	90	159
Kusuma Young Achievers' Award	517	2	—	517

Fellowships – 2012 examination results⁴



A doctor in the making

Ghanapuram Ramaraju is 20 years old and comes from a poor family in Warangal, Andhra Pradesh.

His parents sell biscuits from a small shop and work in the fields as agricultural labourers. Their annual income is a meagre £940. Despite these circumstances, Ghanapuram has always dreamt of becoming a doctor. The Kusuma Young Achievers' Award helped prepare him for the Engineering Agricultural and Medical Common Entrance Test. He achieved a high ranking and qualified for a Bachelor of Medicine & Bachelor of Surgery degrees at the MediCiti Institute of Medical Sciences in Hyderabad. Had it not been for the scholarship, he would not have been able to pay his course fees and pursue his higher education. But now he can. Ghanapuram is on his way to realising his dream of becoming a doctor.



“We will provide all the support we can to help our daughter complete her higher education studies and find a job. We believe that is the priority for both her and her sister more than marriage.”

Mahendra and Maihali Nag, parents of Deeptimayee, Kusuma Ratna Fellow since 2010

To address the lack of facilities and equipment for science teaching the innovative **Mobile Science Laboratories (MSL)** project trains science teachers and delivers science classes using a mobile laboratory. MSL teachers visit 60



government schools in Hyderabad in mobile vans carrying equipment to demonstrate 90 practical experiments and teaching aids such as charts, laptops and projectors. The teaching methodology is interactive providing students with the opportunity to participate in science experiments to enhance understanding of scientific theory and its application. The project also implements a 'low cost model' in 20 other schools with a kit for demonstrating science experiments and orientation for science teachers. Five hundred copies of a Practical Science Manual, translated into Telugu, have been printed for distribution to 500 schools in Hyderabad and Ranga Reddy Districts.

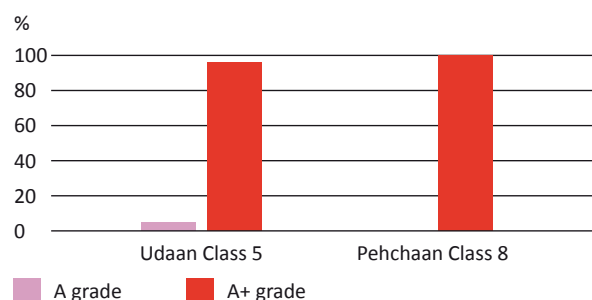


“When I finished high school, I was the only girl in my village who selected Science and Maths as a study stream. Today, in my village, many girls have opted for these subjects and consider me as an example. My parents feel very proud of me.”

Sunita Bukarwal, Kusuma Udayan Shalini Fellow since 2008

Udaan⁶ and **Pehchaan**⁷ are residential accelerated learning programmes for 219 girls from poor and marginalised communities in Hardoi, Uttar Pradesh. The girls, who have either not attended school or have dropped out completely, benefit from accelerated learning delivered by specially trained teachers to enable them to re-integrate into the school system. Udaan provides learning at primary school level (Classes 1-5) for 77 girls aged 8-11 years, enabling them to fast track into middle school. Pehchaan provides learning for 142 girls aged 12-15 years at the middle and secondary school level (Classes 6-10) to enrol into Class 11. Community seminars take place for parents and guardians, to emphasise the importance of educating girls, provide updates on the girls’ academic progress and help prepare for enrolment into mainstream schools.

Udaan/Pehchaan – 2012 examination results



The Trust funded the establishment of the **Kusuma School of Biological Sciences** at the Indian Institute of Technology, Delhi (IITD), to create new teaching and research programmes at under-graduate and post-graduate levels in biology, with an emphasis on infectious diseases and non-communicable disorders. During 2011-2012, an Advisory Board was appointed, administrative support personnel recruited, specialised equipment ordered, new teaching curricula established and 41 students enrolled into the PhD programme. Research laboratories will be built in 2012 and the academic programme expanded, popularising biology among students. The first Trust-funded conference, attended by 150 participants from India and abroad, on Nucleic Acids in Disease and Disorder took place in December 2011 at the IITD.

A review of the project in 20 schools, including in-depth interviews with students, Science teachers and Headmasters, compared the progress of students in MSL schools with those in non-MSL schools, found that over three years the difference in examination grades was negligible, but MSL students could understand and conceptualise ideas more readily than their non-MSL peers and the project is popular with the teachers and students who participated. The Trust recognises the need to advocate for and establish laboratories in government schools and train teachers to conduct experiments.⁵

In the **Kusuma Mid-Day Meals** project, The Akshaya Patra Foundation works in partnership with the Government to provide quality mid-day meals to 14,000 underprivileged children in 82 government schools in Nayagarh, Orissa, and 38 government schools in Medak, Andhra Pradesh. The provision of a free, nutritious and cooked mid-day meal motivates parents to send children to school and improves classroom participation. An evaluation⁸ in 2012 found that the mid-day meal was a key incentive, along with a school's standard of education and facilities, for parents to enrol their children. The research found there was higher attendance and lower absenteeism from sickness, and the meals were cited as providing stamina and increasing the physical strength and concentration of students. Teachers reported a positive change in students' attitude to studies and extracurricular activities and an improvement in grades. Other beneficial outcomes included the enhancement of students' communication skills, improved social confidence and increased awareness of health and hygiene.

The Trust funded the construction of a centralised and fully mechanised **Kusuma Mid-Day Meal Kitchen** to deliver mid-day meals to 100,000 children studying in government schools in Orissa. Construction was delayed in 2011 owing to major flooding at the kitchen site but has continued during 2012.

In March 2012, The Trust awarded a grant to the Open University (OU) UK for a **Teacher Professional Development in Secondary Science and English** project, for Classes 9 to 12 in all government and government-aided secondary schools in Hardoi, Uttar Pradesh. Based upon the OU's award-winning English in Action programme in Bangladesh, it aims to improve teachers' classroom practices through school-based face-to-face training, and to provide low-cost audio-visual teaching materials. It will improve students' understanding, help



them prepare for examinations and achieve higher grades. The project supports the implementation of India's national strategy for improving the quality of secondary education (Rastriya Madhyamik Shiksha Abhiyan), and the national curriculum and examination frameworks for Science and Mathematics.

Better Education Through Innovation Foundation's **Education Advancement Through Livelihood Training** project delivers vocational training to 3,000 young people who have dropped out of school. The goal is to build young people's skills to help them find employment and earn a living. Trades taught include embroidery, agro-processing, automobile mechanics, welding and computer hardware repairs. All beneficiaries will also receive training in business planning, accounting and inventory management skills, and 1,350 will receive educational coaching to complete their secondary education through regular and open schooling.



1. Ratna means gem.
2. Shalini means dignified women.
3. Executive Summary of the evaluation is available on the website: www.kusumatrust.org/about-us/publications
4. The graph shows the results of all 256 Ratna Fellows, 90 (out of 249) Shalini Fellows from Cohort Three and 323 (out of 517) Achiever Fellows including 300 from Cohort One and 23 from Cohort Two. The results of 159 Shalini Fellows and 194 Achiever Fellows will be published in late 2012.
5. The review is available on the website: www.kusumatrust.org/about-us/publications
6. Udaan means to fly.
7. Pehchaan means identity.
8. Executive Summary of the evaluation is available on The Trust's website: www.kusumatrust.org/about-us/publications

Children At-Risk



India is home to millions of abandoned children forced to live on the street or in institutions lacking facilities for adequate care.

The Trust is providing training to those who work with children at-risk and supports a home for orphaned children.

Training using the *Saarathi*⁹ manual, developed in collaboration with the Tata Institute of Social Sciences, is being rolled out to 1,500 frontline workers of child welfare and development agencies across all districts of Andhra Pradesh. They will be equipped with the skills, legal knowledge and confidence to initiate early intervention to reintegrate vulnerable children into society. Training on children's vulnerabilities, child rights, the Juvenile Justice Act and Juvenile Justice Board took place in the districts of Kurnool, Tirupati, Eluru and Hyderabad. The project works closely with State government officials. To strengthen the Integrated Child Protection Scheme, the project implemented training on child protection issues for government workers and recommended a convergence of government departmental efforts when supporting children at-risk.

The *Kusuma Seva* project provides shelter, food and education to 20 orphaned and semi-orphaned children living at a residential Vikash Vidyalaya Foundation home in Sambalpur, Orissa. The children are enrolled in the local government school.

9. Saarathi means Charioteer or Guide.

Internet and Open Space



The internet is a vital source of knowledge bringing information to millions of users.

The Trust believes that open access to knowledge, especially research materials, and the open sharing of resources should be encouraged and expanded through changes in policy and law.

iCommons' *Building Open Sharing Resources* project promotes tools and practices that enable open sharing communities to collaborate, by encouraging authors and creators of content that is valuable to the end-user to make their material freely available for non-commercial use. Advocating for the adoption of models and practices that facilitate universal participation in the cultural and knowledge domains, it encourages the use of open source software and open access publishing. In April 2011, iCommons launched research in partnership with Creative Commons into policy barriers to the open sharing of bio data.

The Centre for Internet and Society (CIS)'s *Accessibility and Access to Knowledge* programme campaigns to ensure access to the internet and other public electronic infrastructure for people with disabilities, by reforming copyright law and implementing electronic accessibility standards. CIS commissions and publishes research to help government decision-makers advocate for citizen-friendly changes in Intellectual Property Rights law. CIS's membership of the Universal Service Obligation Fund resulted in the launch of a pilot scheme to facilitate access to telegraph services for people with disabilities in remote areas of India.

Research and Advocacy



Research, with a focus on baseline and outcome measures, is an integral part of projects supported by The Trust.

Robust research protocols ensure that the credibility of findings, together with evidence generated from research, will influence the practice and policies of implementers, donors, government and policy bodies. Three pieces of research were commissioned this year, to measure the impact of the Kusuma Udayan Shalini Fellowship programme, the Mid-Day Meal scheme and the Mobile Science Laboratories project.

Two specific partner organisations were supported under this strategic priority:

iPartner India sources donor support from individuals, families, companies and trusts for inspirational charitable projects within India with 45 projects across 15 States covering a broad range of areas including children; women; education; health; livelihoods and climate change. Over a third of its funding supports education initiatives and nearly a quarter is directed to the care of children. Together, the projects benefit 132,693 beneficiaries, 63 per cent of whom are women and elderly people. During 2011-2012, iPartner expanded its operations in India by fundraising events which secured additional financial support from individuals. Since inception, the organisation has raised £2,027,028 for charitable initiatives and £400,000 for its own running costs. iPartner strives to accelerate innovative ideas that challenge social inequities.

Kusuma Foundation (The Foundation), based in Delhi, is an independent, not for profit organisation registered as a section 25 company in India. It is an affiliate of The Trust and supports the implementation of the Trust's mission and strategic objectives by managing, supporting and monitoring its grants in India. The Foundation focuses its efforts on facilitating and increasing access to education and other life opportunities for the most economically disadvantaged children and young people in India. The Foundation also collaborates with relevant Government departments to build and sustain support for the projects implemented in our target districts of Hardoi, Uttar Pradesh, and Sambalpur, Orissa.

Kusuma Trust UK

Annual Report and Accounts 2011-2012

Trustee Report for the year to 31 March 2012

The Trustees, who are also the directors of the company, present their Report together with the Financial Statements of the charity for the year 31 March 2012. The Financial Statements have been prepared in accordance with the current statutory requirements, the Companies Act 2006 and the Statement of Recommended Practice: Accounting and Reporting by Charities 2005.

Structure, Governance and Management

The Kusuma Trust UK was established by a Memorandum of Association dated 13 November 2008, which established the objects and powers of the charitable company and is governed under its Articles of Association, and it is registered with the Charity Commission under number 1126983.

The charity is governed by a Board of Trustees, which meets quarterly. Under the Articles of Association, there must be at least three Trustees at all times and, currently, there are five Trustees. Responsibility for the induction of any new Trustee, which involves awareness of the history and approach of the charity and an understanding of a Trustee's duties, lies with the Trustees. New Trustees receive copies of the previous year's accounts and full details of the charity's current programme and objectives. The Board is responsible for making governance decisions on the strategic and financial direction of the charity. Day to day management of the charity is delegated to the Chief Executive and a staff team comprised of an Operations Manager, Finance Manager and Administrator who work from the Trust's office at Mezzanine Level, 48-49 St James's Street, London SW1A 1JT.

The company is limited by guarantee and does not have a share capital. Consequently there are no disclosable interests in share capital. In the event of the company being wound up, each member has guaranteed to contribute such amount as may be required (not exceeding £10).

Investments

Rothschild Private Management Limited, Goldman Sachs International and JP Morgan International Bank Limited are the charity's investment managers whose brief is to manage multi currency investment portfolios for the charity on a discretionary basis. Notwithstanding that the accounting currency of reference is the Pound sterling the objective is to invest in assets denominated in a range of global currencies

including sterling in order to provide protection against a fall in global purchasing power resulting from a fall in value of any individual currency or currency bloc.

To protect the economic value of the endowment, the investment objective set by the directors is to achieve a real rate of return of at least 3% in excess of the weighted average rate of inflation of a currency basket consisting of 35% USD, 25% EUR, 10% GBP, 10% Yen and 20% emerging markets.

Investment Returns:

Period	Nominal Return % (GBP)	Real Return % (GBP)
For the Financial Year	0.50	-0.83
Since Inception – As 5th January 2010 and discussed below	10.26	2.04

At inception of the three portfolios on 5th January 2010, the Founders anticipated transferring all the portfolios to the Trust although the final transfers were not effected until 20 December 2010. As a result the directors look at the returns both on a financial year basis and since inception.

Investments held at 31 March 2012 had a market value of £239,746,645 (2011: £245,366,884) and were acquired in accordance with the powers of the directors. During the year to 31 March 2012, £3,000,000 was drawn down from the investment portfolios to the distribution reserve.

The investment policy is set by the directors and in doing so the directors have regard to various factors including the income requirements, the Trust's expenditure projections, the Trust's risk profile and their investment managers' view of market prospects in the medium term. The investment policy is reviewed with the investment managers as the Trust's circumstances evolve and no less than annually.

Investment performance and the managers' strategies are monitored regularly by the directors, including via presentations by the investment managers and periodic directors' meetings.

Risk Management

The directors maintain a regular view over the major strategic, investment and operational risks that the charity faces in order that, wherever possible, such risks can be identified and accordingly steps taken to lessen these risks.

Risk and risk management is periodically reviewed to ensure that procedures meet the needs of the Trust and comply with best practice.

Objectives and Activities

The main objective of the Trust is to facilitate and increase access to education and other life opportunities for children and young people, through the provision of grants. The directors meet periodically to consider what distributions can be made from the Trust's distribution reserve with the intention that distributions are primarily funded from the total returns derived from the portfolios over and above global inflation.

Achievements and Performance

The Trust made donations to various charitable organisations in 2011-2012. The details of the £2,123,238 (2011: £1,900,296) awarded as grants are detailed in Note 6 of the accounts. A total of £2,127,697 (2011: £2,107,735) was paid during the year.

The directors, having regard to the public benefit guidance published by the Charity Commission in accordance with section 4 of the Charities Act 2006, consider that the purpose and activities of the charity satisfy the requirements of the public benefit test set out in section 3 of the same act.

Financial Review

At the year end the Total Funds was valued at £258,406,743 (2011: £259,828,124), which consisted of Unrestricted Funds of £693,653 (2011: £0) and Expendable Endowment Funds of £257,713,090 (2011: £259,828,124).

At regular intervals the directors review Total Funds, without distinguishing between Unrestricted Funds and Expendable Endowment Funds, and aim to hold approximately two years of grant commitments and operational costs in cash and the distribution reserves' cash deposits. The balance in cash and distribution reserve at 31 March 2012 was £9,100,292 (2011: £8,504,970) – see note 13.

The investment objective requires the investment managers to generate total return in excess of global inflation without any specific guidelines on either income generation or capital growth. During the financial year, the directors decided that based on the Trust's expenditure requirement and the opportunity (returns in excess of global inflation), to move £3,000,000 from the investment portfolio to the distribution reserve.

The directors do not look to generate a particular level of unrestricted funds, as the Trust's Endowment Funds are expendable and can be used to meet future expenditure when sufficient income reserves are not available.

Plans for Future Periods

The Trust plans to continue implementing the 2011-2014 strategy. Grants are being made and will continue to be made in the four strategic areas, which are education, children at-risk, internet and open space, and research and advocacy.

The Trust will continue supporting interventions that increase secondary and tertiary education opportunities for young people and improve the quality of care for children at-risk. It will also continue to support open space platforms that facilitate universal participation in knowledge domains and research. The latter will focus on baseline and outcome measures, to fully understand the impact on beneficiaries and inform further grant making.

The Trust will continue to focus its grant making in India and also envisages supporting some grants in the United Kingdom.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare the financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board
J G Rhodes (Director)
25 July 2012

Independent Auditor's Report to the trustees of Kusuma Trust UK

We have audited the financial statements of Kusuma Trust UK for the year ended 31 March 2012 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 13, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report.

Joanna Boatfield (Senior statutory auditor)

For and on behalf of Dixon Wilson, Statutory Auditor

22 Chancery Lane, London WC2A 1LS

26 July 2012

Statement of Financial Activities

(Including an Income & Expenditure Account and a Statement of Total Recognised Gains and Losses)

		For the Year to 31 March 2012			Year to 31
		Unrestricted Funds	Endowment Funds	Total	March 2011 Total
	Note	£	£	£	£
Incoming resources: from generated funds					
Voluntary Income					
Gifts	2	–	–	–	172,901,183
Cash added by Mr A Dikshit		–	–	–	20,000,000
Investment Income	3	3,309,490	–	3,309,490	1,628,662
Total incoming resources		3,309,490	–	3,309,490	194,529,845
Resources expended					
Cost of Generating Funds	4	–	1,007,934	1,007,934	526,939
Charitable Activities Expenditure	5	2,597,462	–	2,597,462	2,208,461
Governance Costs	9	18,375	–	18,375	51,555
Total resources expended		2,615,837	1,007,934	3,623,771	2,786,955
Net incoming resources for the year before net recognised gains and losses		693,653	(1,007,934)	(314,281)	191,742,890
Other recognised gains and losses					
Realised and Unrealised (Losses)/Gains on investment assets	11	–	(2,768,735)	(2,768,735)	4,590,442
Realised gain on currency held within investment assets	11	–	1,661,635	1,661,635	–
Net movement in Funds		693,653	(2,115,034)	(1,421,381)	196,333,332
Funds brought forward at 1 April 2011		–	259,828,124	259,828,124	63,494,792
Total Funds carried forward at 31 March 2012		693,653	257,713,090	258,406,743	259,828,124

Balance Sheet

For the year to 31 March 2012

	Note	2012 £	2011 £
Fixed assets			
Tangible assets	10	46,153	5,001
Investments (at Market Value)	11	239,746,645	245,366,884
Current assets			
Debtors	12	570,319	599,600
Cash at bank in hand	13	18,280,626	14,097,928
		258,643,743	260,069,413
Creditors – amounts falling due within one year	14	(237,000)	(241,289)
Net current assets		258,406,743	259,828,124
Total assets less liabilities		258,406,743	259,828,124
Represented by:-			
Unrestricted funds	15	693,653	–
Expendable endowment funds	15	257,713,090	259,828,124
Total funds	15	258,406,743	259,828,124

The Notes on pages 18 to 22 to form part of these Accounts

Approved by the Directors:

J G Rhodes

25 July 2012

Cash Flow Statement

For the year to 31 March 2012

	For the Year to 31 March 2012 £	For the Year to 31 March 2011 £
Net (Outgoing)/Incoming resources for the year	(314,281)	191,742,890
Less investment income earned	(3,309,490)	(1,628,662)
Add back investment management charges	1,007,934	526,939
Add back depreciation	8,752	1,863
Decrease/(Increase) in debtors	29,281	(599,600)
(Decrease)/Increase in creditors within one year	(4,289)	51,656
Decrease in creditors due after more than one year	–	(116,370)
Net Cash (outflow)/inflow from operating activities defined by FRS1	(2,582,093)	189,978,716
Returns on Investments		
Investment income received	3,309,490	1,628,662
Investment management charges paid	(1,007,934)	(526,939)
Realised gain on currency held within investment assets	1,661,635	–
Capital Expenditure and Financial Instruments		
Purchase of tangible fixed assets	(49,904)	(6,864)
Purchase of fixed assets and other investments	(146,393,241)	(77,266,244)
Investments added from gift	–	(171,406,383)
Sale of fixed assets and other investments	149,244,745	67,221,693
Increase in Cash for the year	4,182,698	9,622,641
Increase in cash		
Cash at bank and in hand 31 March 2011	14,097,928	4,475,287
Movement during year	4,182,698	9,622,641
Cash at bank and in hand at 31 March 2012	18,280,626	14,097,928

Notes to the Accounts

For the year to 31 March 2012

1 Accounting Policies

1.1 Accounting Convention

The Financial Statements are prepared under the historical cost convention as modified by the inclusion of investments at market value. In preparing the Financial Statements the Charity follows best practice as laid down in the Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2005) issued in March 2005 and applicable UK Accounting Standards and the Companies Act 2006.

1.2 Investment Income

Investment income is accounted for in the period in which the charity is entitled to receipt, except that interest is accrued in the period to which it relates.

The charity is a registered charity and therefore is not liable for income tax or corporation tax on income used to meet its charitable activities, as it falls within the various exemptions available to registered charities.

1.3 Resources Expended

Expenditure is recognised on an accruals basis as a liability is incurred.

Costs of generating funds comprise the Investment Manager's costs associated with the management of the investment portfolio in accordance with the strategy set by the Trustees.

Charitable expenditure in the form of donations payable is accounted for as and when approved by the Trustees and communicated to the donor when all substantive conditions attached to the grants are met.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and legal costs linked to strategic management of the charity.

1.4 Tangible Fixed Assets

All of the tangible fixed assets are held for charitable use.

The cost of tangible fixed assets is their purchase costs, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal useful economic lives used for this purpose are:

Office Renovation	Over remaining period of lease
Furniture and fittings	4 years
Office and computer equipment	4 years

1.5 Fixed Asset Investments

Investments are included on the Balance Sheet at their market value at the end of the financial period. Listed investments are stated at the mid price on the London Stock Exchange for the country of listing and the bid prices provided by the Fund Managers for unit trust holdings. Gains and losses on investment assets are credited, or debited, to the Statement of Financial Activities in the year in which they arise.

1.6 Foreign Currencies

Monetary assets and liabilities denominated in foreign currency are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Exchange differences are taken to the statement of financial activities.

1.7 Operating Leases

Costs in respect of operating leases are charged on a straight line basis over the term of the lease.

1.8 Pension Costs

Kusuma makes payments to a defined contribution personal pension plan for senior employees. The payments are charged to the Statement of Financial Activities in the period to which they relate.

1.9 Irrecoverable value added tax

Irrecoverable VAT is included as part of the expenditure to which it relates.

2 Gifts – Transferred to Kusuma Trust UK

	For the Year to 31 March 2012	For the Year to 31 March 2011
	£	£
Snowflake – Cash	–	1,230,794
Snowflake – Debtors adopted	–	346,743
Snowflake – Creditor adopted	–	(82,737)
Snowflake – Investment Assets	–	171,406,383
	–	172,901,183

3 Investment Income

	2012 £	2011 £
Income arising from:-		
UK investments listed on a recognised stock exchange	183,841	178,775
Non UK investments listed on a recognised stock exchange	2,691,377	1,363,687
Non UK unlisted securities	1,017	2,205
Realised gain on currency held	–	74,530
Interest on cash held in Distribution Reserves	433,255	9,465
	3,309,490	1,628,662

4 Cost of Generating Funds

	2012 £	2011 £
Investment management fees	1,007,637	526,397
Bank charges	297	542
	1,007,934	526,939

5 Charitable Activities Expenditure

	2012 £	2011 £
Donations (see note 6)	2,123,238	1,900,296
Supports Costs (see note 8)	474,224	308,165
	2,597,462	2,208,461

6 Charitable Donations Awarded

	2012 £	2011 £
Education	1,889,779	1,771,851
Children at Risk	83,758	–
Internet and OpenSpaces	–	120,000
Research and Other	149,701	8,445
Total	2,123,238	1,900,296

	2012	2011
Number of grants awarded		
Education	11	7
Children at Risk	1	–
Internet and Open Space	2	2
Research and Other	2	1
	16	10

All the donations were awarded to organisations

	2012 £	2012 £	2011 £	2011 £
	Awarded	Contingent Liability	Awarded	Contingent Liability
The donations awarded were as follows:				
Education				
Akshaya Patra Foundation (Mid Day Meal Programme)	86,064	35,324	50,201	50,200
Akshaya Patra Foundation (Kitchen Construction)	688,555	726,066	–	–
Pragathi Seva Samithi (Kusuma Young Achievers Award)	117,386	9,286	139,871	–
Udayan Care (Kusuma Udayan Shalini Fellowships)	53,657	9,272	81,006	–
Sambalpur Intergrated Development Institute (Kusuma Ratna Fellowships)	58,456	58,454	40,456	–
MV Foundation Project 511 (Mobile Science Labs)	21,374	18,762	45,510	–
Sarvodaya Ashram (Udaan and Pehchan)	53,265	84,700	14,807	–
Indian Institute of Technology Dehli (Kusuma School of Biological Sciences)	633,874	766,126	1,400,000	1,400,000
Open University (Scoping Visit)	12,841	–	–	–
Open University (Teacher Training)	164,307	789,216	–	–
BETI (Vocational training)	–	228,023	–	–
	1,889,779	2,725,229	1,771,851	1,450,200
Children at Risk				
Sadhana (Saarathi)	83,758	–	–	–
	83,758	–	–	–

6 Charitable Donations Awarded (continued)

	2012 £	2012 £	2011 £	2011 £
	Awarded	Contingent Liability	Awarded	Contingent Liability
Internet & Open Space				
iCommons Limited (5 year grant awarded in 2008)	–	–	–	–
Centre for Internet & Society		–	120,000	–
	–	–	120,000	–
Research				
Kusuma Young Researcher Award	–	–	8,445	–
Kusuma Foundation (Operations, Research & Awards)	149,701	–	–	–
	149,701	–	8,445	–
Total	2,123,238	2,725,229	1,900,296	1,450,200

7 Charitable Donations Awarded but Not Yet Paid

	2012 £	2011 £
Liability at 1 April 2011	66,759	282,740
Grants Awarded	2,123,238	1,900,296
Grants Paid	(2,127,697)	(2,107,735)
Exchange rate adjustment for awards in previous years	160	(8,542)
Liability at 31 March 2012	62,460	66,759
Of which		
Falling within one year	62,460	66,759
Liability at 31 March 2012	62,460	66,759

8 Support Costs

	2012 £	2011 £
Gross Salaries	235,765	97,148
Social security costs	28,819	11,277
Other pension costs	8,667	4,313
Other employment related costs	3,563	1,443
Total payroll and related costs	276,814	114,181
Operations support	84,680	112,046
Property expenses	71,511	59,583
Communications	11,317	11,201
Office expenses	21,150	9,291
Depreciation	8,752	1,863
	474,224	308,165

Support costs reflect the management structure of the organisation. Operations support costs includes the costs of recruitment, advisers, consultants and travel. These have been treated as charitable expenditure, as all material staff time and related support costs are used in administering grants, reviewing grants and other charitable activities.

The number (headcount) of persons employed by Kusuma at the 31 March 2012 was four (2011: four).

	2012 Number	2011 Number
The number of employees whose salaries were above £60,000 was		
£110,001 to £120,000	1	1

During the year Kusuma made contributions of £8,667 (2011: £4,312) to the personal pension plan of this employee.

The trustees are not employed by Kusuma and did not receive any emoluments in respect of their services.

Travel and subsistence expenses of £764 (2011: £614) paid for two (2011: one) trustees during the year.

9 Governance Costs

	2012 £	2011 £
Legal & professional fees	10,930	45,554
Audit fees	7,445	6,001
	18,375	51,555

10 Tangible Fixed Assets

	Office Renovation	Furniture and Fittings	Office and Computer Equipment	Total
	£	£	£	£
Cost				
As at 1 April 2011	–	245	6,619	6,864
Additions	46,631	538	2,735	49,904
As at 31 March 2012	46,631	783	9,354	56,768
Depreciation				
As at 1 April 2011	–	61	1,802	1,863
Charge for the year	6,218	196	2,338	8,752
As at 31 March 2012	6,218	257	4,140	10,615
Net book value				
As at 31 March 2012	40,413	526	5,214	46,153
As at 1 April 2011	–	184	4,817	5,001

11 Fixed Assets Investments

	2012	2011
	£	£
Market value at 1 April 2011	245,366,884	59,325,508
Investments added at Market value	–	171,406,383
Purchases at cost	146,393,241	77,266,244
Sales proceeds	(149,244,745)	(67,221,693)
Net realised and unrealised (losses)/gains	(2,768,735)	4,590,442
Investments at market value on 31 March 2012	239,746,645	245,366,884
Investments at book value at 31 March 2012	233,276,496	237,478,672
Investments at market value comprised		
UK investments listed on a recognised stock exchange	26,657,724	50,961,976
Non UK investments listed on a recognised stock exchange	186,529,756	174,453,126
Non UK unlisted securities	26,559,165	19,951,782
	239,746,645	245,366,884
Total funds held by Investment Managers		
Cash held by investment managers (note 13)	9,180,334	5,592,958
Accrued Investment Income (note 12)	544,562	583,505
Investments at market value	239,746,645	245,366,884
	249,471,541	251,543,347
Realised gain on currency held within investment assets	1,661,635	–

As explained in the Trustee Annual Report on page 13, the investment managers are briefed to manage multi currency investment portfolios on a discretionary basis.

The following analysis gives the profile of the fixed asset investments and cash held within the portfolio at 31 March 2012.

	Rothschild	Goldman Sachs	JP Morgan	Weighted Average
	%	%	%	%
By asset allocation				
Cash, Deposits and Money Market Funds	7%	2%	10%	7%
Fixed Income	29%	37%	31%	32%
Equities	53%	54%	42%	49%
Hedge Funds	7%	7%	11%	9%
Commodities	4%	0%	6%	3%
	100%	100%	100%	100%
By currency/region *				
United States	32%	35%	33%	33%
Europe excluding UK	26%	25%	25%	25%
Japanese Yen	5%	10%	9%	8%
Pounds Sterling	9%	9%	10%	10%
Emerging Markets	21%	20%	23%	21%
Global	7%	1%	0%	3%
	100%	100%	100%	100%

* = Reporting Currency Risk: Although the investment portfolios are spread over a range of global currencies, the accounting currency is the Pound sterling. Consequently, the Trust is exposed to risk that the Pound sterling exchange rate relative to other foreign currencies may change in a manner that has an adverse effect on the value of assets or liabilities denominated in foreign currencies reported in Pound sterling.

12 Debtors

	2012 £	2011 £
Prepayments and other debtors	25,757	16,095
Accrued investment income	544,562	583,505
	570,319	599,600

13 Cash at bank and in hand

	2012 £	2011 £
Cash & distribution reserves	9,100,292	8,504,970
Cash held by investment managers	9,180,334	5,592,958
	18,280,626	14,097,928

14 Creditors – amounts falling due within one year

	2012 £	2011 £
Grants payable	62,460	66,759
Accruals and creditors	134,006	174,530
Founder Account	40,534	–
	237,000	241,289

15 Total Funds

	Unrestricted Funds £	Endowment Funds £	2012 Total £	2011 Total £
Funds as at 31 March 2012 are represented by:				
Tangible Assets	–	46,153	46,153	5,001
Investments	–	239,746,645	239,746,645	245,366,884
Debtors	–	570,319	570,319	599,600
Cash at Bank and in Hand	693,653	17,586,973	18,280,626	14,097,928
Creditors falling due within in year	–	(237,000)	(237,000)	(241,289)
	693,653	257,713,090	258,406,743	259,828,124

16 Financial Commitments

	2012 £	2011 £
The charity has financial commitments at the period end expiring as follows:		
Property		
Less than one year	50,342	69,519
Between 2 to 5 years	167,806	–
Equipment		
Less than one year	1,116	1,116
Grants		
Less than one year	2,167,316	750,200
Between 2 to 5 years	557,913	700,000
	2,944,493	1,520,835

17 Related Party Transactions

During the year the charity moved to a new office on a 5 year lease which is shared with the Founders. A committee of the Board, excluding the Founders, determined a fair basis of sharing the property costs (including rent, rates, renovation and running costs) based on square footage and usage.

The Founders paid £121,620 into an account at the charity – the Founder Account – to meet these costs. In the year to 31 March 2012 the costs, which consisted of capital renovation and office running costs, amounted to £81,086 (2011: £0). The balance outstanding on the Founder Account at the 31 March 2012 was £40,534 (2011: £0) – see note 14.

Trustees

John G Rhodes
Dr Soma Pujari
Anurag Dikshit
Andrew J Hutton
Prashant Jain

Chair
Co-Founder
Co-Founder

Chief Executive

Dr Balwant Singh

Advisers

David Carrington
Jean Paul Faguet
Bina Rani
General Surat Sandhu
Hazel Slavin

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Sam Strickland

Design

Steve Paveley Design



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A company limited by guarantee registered in England and Wales (number 6753811) and a registered charity (number 1126983)

