

HEALING KASHMIR
REPORT AND ACCOUNTS
FOR THE PERIOD ENDED
31 DECEMBER 2016

HEALING KASHMIR

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HEALING KASHMIR

TRUSTEES' REPORT

TRUSTEES	Justine Hardy Richard I Morris Jr (Chairman) Sarah Egerton-Warburton (appointed 22 July 2016) Denzil How Samina Khanyari
CHARITY NUMBER	1145308
REGISTERED ADDRESS	Flat 11 Shelley Court 56 Tite Street London SW3 4JB

Report of the Trustees for the period ended 31 December 2016

The charity is an unincorporated charity, constructed under a Trust Deed dated 14 December 2011.

The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the financial statements and comply with the Charity Trust deed and the requirements are set out in The Charities (Accounts and Reports) Regulations 2008).

The objects of the charity are to act for the public benefit to promote and protect good health by providing effective integrated mental health services in India to communities psychologically traumatized by extended periods of violence, conflict, or as a result of natural disasters in particular but not exclusively by the provision of a three-tier system including a free trauma helpline, free counselling services, and free primary mental health care education to rural communities, and schools and colleges.

The entire Trust Fund and income thereof is held for unrestricted purposes.

There shall at no time be less than three Trustees. The power to appoint new Trustees vests in the continuing Trustees. With the exception of the first Trustees, subsequent Trustees are appointed for a term of three years. Trustees are provided with a copy of the Trust Deed and most recent accounts and briefed on their legal obligations under charity law, the Charity Commission guidance on public benefit and are encouraged to attend appropriate external training event where these will facilitate the undertaking of their role.

Activities in the period

Mental health in Kashmir has been significantly affected by the militant insurgency and resulting violence that began in 1989. Healing Kashmir was formed to develop a template for grass roots mental health treatment and education in a conflict zone. To work effectively in India, the charity has formed a charitable purpose subsidiary company based in Delhi – the Healing Minds Foundation LLC. The company is able to accept capital investments from Healing Kashmir together with grants and gifts from Indian nationals in a tax efficient manner.

Kashmir Lifeline and Health Centre operates a three tier-system that is proving the most effective way of reaching across the society, making our service viable for everyone, from an apple-farmer's wife in a remote rural area, to a lawyer in the capital, Srinagar. The first tier is a suicide and mental trauma helpline. Callers can speak to a counsellor for as long as they need. This particularly targets the 'lost generation', as they have been called by the media. These are 18-30 year old young men whose sense of disenfranchisement and the related economic disempowerment have led to mental breakdown. The anonymity and confidentiality of the helpline appeals to them. It also acts as a

HEALING KASHMIR

TRUSTEES REPORT - continued

Activities in the period (continued)

referral system to the next tier, our main mental health centre in Srinagar, or to one of our six outreach centres around the rest of the state, situated in some of the worst affected areas. People coming for appointments have confidential dedicated time with a therapist or counsellor. This is as compared to the average of three minutes that they get at the out patients' psychiatric clinics at the over-stretched government hospitals in the region. The third tier comprises wide-reaching awareness and education programmes. For example, we are training the government health service's pre-existing network of female primary health care workers across the state to give basic mental health care within the community, and to act as a referral system to our centres and other services.

In 2016, Healing Kashmir's work was severely disrupted by a prolonged period of unrest. On July 8, while Justine Hardy was in Srinagar with our team of summer interns, the Indian Army killed a popular and revered commander from Hizbul Mujahideen, a leading militant group. This led to demonstrations and conflicts between security forces and local people resulting in the shutdown of the entire valley for more than three months. More than a hundred were killed and thousands injured, many for life. Businesses, schools, and government offices were closed. Telephone and internet services were also cut off by the government. Because we are on the same telephone network as the government, our helpline stayed open during most of this period with counsellors working from home on our call-forwarding mobile system. None of our staff were hurt, and we were able to evacuate the summer interns early.

Despite this, our team dealt with more than 2,000 helpline calls (bringing the total since we opened to more than 14,000) and over 1,400 in-person patient consultations, distributed between our free clinic in Srinagar and our weekly programmes in the regional outpatient centres mentioned above. We continued our training for primary health care workers, and work with college and university students, presenting more than 25 programmes across the valley..

Funding

During the period under review, Healing Kashmir and its subsidiary received a total income of £85,284. The bulk of this was from private individuals (£78,487) and included the final instalment of a generous gift from the Moran Family Foundation.

Expenses

We believe that Healing Kashmir is managed on a cost efficient basis. Trustees receive no payments and the executive director, Miss Justine Hardy, is not paid a salary, nor is provided with any subsidiary benefits.

In December 2016 Healing Kashmir employed eighteen full-time and part-time staff in Srinagar. During the current accounting period, the staff complement included thirteen Listeners/Psychotherapists, the project administrator, office assistant, security guard, and a cleaner. In addition, we have a retainer agreement with consultant psychologist based in Delhi who visits the project on a regular basis and provides supervision and training to the team. Included in local personnel costs are travel allowances provided to staff with longer commutes to work. We also employed five summer interns.

Kashmir Lifeline's helpline is built on a web-based toll-free call management system. Other expenses include mobile phones and broadband services. We rent a two-storey building that provides consulting rooms on the ground floor, and offices for the Listeners, Psychotherapists and administrative staff on the first floor. The remainder includes electricity, heating, and marketing costs for our outreach programs including radio programmes, flyers, and newspaper advertisements.

HEALING KASHMIR

TRUSTEES REPORT - continued

Expenses (continued)

After salaries, travel costs were our second largest item. During the period, this included travel costs, fares and lodgings for Miss Hardy and our consultant psychologist between Delhi and Srinagar, and routine travel around the Kashmir Valley, specifically for Miss Hardy when she is in Kashmir. Travel costs for Miss Hardy to and from India are met privately.

We incur professional expenses for our corporate accountant and administrator in Delhi for Healing Minds Foundation, and for the accountant's review of the UK trust. In Delhi, our accountants provide company administration and secretarial services, a monthly accounting service, and a registered office address. We also paid local taxes during the period, primarily tax payments on behalf of our vendors including our consultant psychologist and accountants. Healing Minds Foundation also pays taxes and fees on the services it uses and on the capital investments made by the trust.

Our expenses total is significantly affected by the exchange rate movements, which vary from year to year – please see note 7 to the accounts for full details of the costs of the charity and Appendix 1 which presents the receipts and payments for the Healing Mind Foundation in rupees.

Plans for future periods

Healing Kashmir and Kashmir Lifeline & Health Centre will continue to develop our existing outreach, training and intern programmes during the course of 2017. During 2016 one of our senior staff members left. In 2017, we have welcomed a new batch of six trainees. During their training period they are being paid only travel expenses. Healing Kashmir has continued its internship programmes with Tufts University in Massachusetts and is developing a new programme with Ashoka University in Delhi, and University of Cambridge (UK).. We are working with both undergraduate and post-graduate interns, and we focus on integrating them with the team while they are with us.

Following on from the research project last summer, we have continued to develop a programme targeted at children in school that aims to build mental resilience and confidence with a system of intelligent movement and free association writing. We aim to help children understand anxiety, anger, stress, negative thinking, and so to reduce stress and improve concentration, .In 2017 we plan to implement a pilot programme in between three and six schools in Kashmir.

Financial review

The income and expenditure account for the year shows a surplus of £37,418 though this is flattered by exchange rate movements which had the effect of "reducing" or costs in India. We did not make any additional capital investment in Healing Minds Foundation in 2016. On a consolidated basis, Healing Kashmir and Healing Minds Foundation finished the year with sufficient resources to fund the project for all of 2017 and into 2018. The strong financial position gives us the flexibility to contemplate expanding our programs as noted above.

Investment powers and policy

The Trustees, having regards to the requirements of the charity and to the reserves policy, seek to maintain funds in liquid form at the current time. Once funds have been built up, the Trustees will aim to achieve a rate on deposit which matches or exceeds inflation as measured by the retail price index. Interest rates in London remain depressed, but the charity enjoys interest of about 5.75% on our deposits in Healing Minds Foundation.

Reserves policy

It is the long-term policy of the Trustees to maintain unrestricted funds, which are the free reserves of the charity, sufficient to meet the annual operating costs in Jammu and Kashmir.

HEALING KASHMIR

TRUSTEES REPORT - continued

Public Benefit

The principles of public benefit, as defined by the Charity Commission, have been noted by Trustees. The Trustees confirm having given regard to the Charity Commission's initial guidance and continue in their belief that the Fund provides identifiable benefits to a section of the public.

Risk Management

The Trustees consider they hold adequate funds to meet current liabilities. The Trustees have identified and examined the major risks to which the charity is exposed, and have established procedures for taking all reasonable steps to lessen or mitigate them. The Trustees review these risk management procedures annually.

Trustees' responsibilities in relation to the financial statements

The charity Trustees are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The law applicable; to charities in England and Wales requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period.

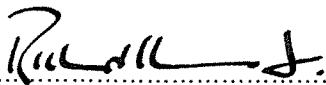
In preparing these accounts, the Trustees are required to:

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

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the accounts comply with the Charities Act 2011, the Charity (Accounts and Report) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Trustees on 5 June 2017

and signed on their behalf by


..... R I Morris Jnr

Trustee

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES

HEALING KASHMIR

I report on the accounts of the Trust for the period ended 31 December 2016, which are set out on pages 6 to 11.

Respective responsibilities of Trustees and Examiner

The charity's Trustees are responsible for the preparation of the accounts. The charity's Trustees consider that an audit is not required for this year (under section 144 of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

It is my responsibility to:

- examine the accounts (under section 145 of the 2011 Act);
- to follow the procedures laid down in the General Directions given by the Charity Commissioners. (under section 145(5) of the 2011 Act); and
- to state whether particular matters have come to my attention

Basis of independent examiner's report

My examination was carried out in accordance with the General Directions given by the Charity Commissioners. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts present with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as Trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and, consequently, I do not express an audit opinion on the view given by the accounts.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

(1) which gives me reasonable cause to believe that, in any material respect, the requirements:

- to keep accounting records in accordance with section 130 of the 2011 Act; and
- to prepare accounts which accord with the accounting records and to comply with the accounting requirements of the 2011 Act.

have not been met; or

(2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.


Mrs Joy E Granat
Holden Granat LLP

13 Walton Park, Walton on Thames
Surrey KT12 3ET

Date: 13 June 2017

HEALING KASHMIR**RECEIPTS AND PAYMENTS for the period ended 31 December 2016**

	Note	2016 £	2015 £
Receipts			
Voluntary income received	5	78,487	102,044
Gift Aid received		22	1,164
Investment income	6	6,775	1,661
		<hr/>	<hr/>
Total Receipts		85,284	104,869
Payments			
Cost of Charitable Activities	7	44,762	55,616
Governance Costs	8	3,104	3,358
		<hr/>	<hr/>
Total Payments		47,866	58,974
Net receipts		37,418	45,895
Cash funds brought forward		129,450	83,555
		<hr/>	<hr/>
Cash funds carried forward		£166,868	£129,450

HEALING KASHMIR

SUMMARY OF ASSETS AND LIABILITIES as at 31 December 2016

	Note	Group		Charity	
		2016 £	2015 £	2016 £	2015 £
Fixed assets					
Investments	9	<u> </u>	<u> -</u>	<u> 100</u>	<u> 100</u>
		<u> -</u>	<u> -</u>	<u> 100</u>	<u> 100</u>
Current assets					
Cash at bank and in hand	10	<u>166,868</u>	<u>129,450</u>	<u>73,979</u>	<u>3,490</u>
Net current assets		<u>166,868</u>	<u>129,450</u>	<u>73,979</u>	<u>3,590</u>
Total assets		<u>£166,868</u>	<u>£129,450</u>	<u>£74,079</u>	<u>£3,590</u>
Represented by:					
Unrestricted funds		<u>£166,768</u>	<u>£129,450</u>	<u>£74,079</u>	<u>£3,590</u>
Liabilities (Unrestricted Fund)					
Independent Examination fee		<u>£1,020</u>	<u>£840</u>	<u>£1,020</u>	<u>£840</u>

The notes on pages 8 to 11 form part of these accounts.

The accounts were approved by the Trustees on 5 June 2017 and signed on their behalf by


..... R I Morris Jnr

Trustee

HEALING KASHMIR

NOTES TO THE ACCOUNTS for the period ended 31 December 2016

1) Accounting policies

- a) **Basis of preparation of accounts**
The consolidated accounts have been prepared on a receipts and payments basis and in accordance with the legal requirements set out in The Charities (Accounts and Reports) Regulations 2008.
- The results of the charity's subsidiaries have been consolidated on a line by line basis.
- b) **Donations received**
All income from donations received is included in income upon receipt. The charity has not received any goods for use by itself.
- c) **Investment income**
Deposit interest is accounted for in the period in which it is received.
- d) **Investments**
Unquoted investments are valued at cost on the Statement of Assets and Liabilities.
- e) **Expenditure**
Expenditure is recognised upon payment and allocated to the entity incurring the expense – reallocation of costs is not considered necessary.
- Cost of charitable activities relates to the operational costs of the Kashmir Lifeline and Healthcentre. This includes the ongoing statutory and professional costs of operating the legal structures required to allow the charity to operate in India.
- Governance costs include those costs incurred in the governance by the Trustees of the charity's assets and are primarily associated with constitutional and statutory requirements of operating the charity.
- f) **Foreign currencies**
Transactions in foreign currencies are recognised in the Statement of Financial Activities at the average exchange rate for the period, and in the Statement of Assets and Liabilities at the rate on 31 December 2012. All exchange differences are recognised through the Statement of Financial Activities.
- g) **Operating leases**
Rental payments are charged as expenditure as paid over the term of the lease.

2) Taxation

The Trust is a registered charity and accordingly is exempt from taxation on its income and gains where these are applied to charitable purposes.

3) Transactions with Trustees

None of the Trustees received any remuneration for his/her services during the period ended 31 December 2016.

Travel expenses of £872 (2015 £503), incurred whilst travelling in India, were paid on behalf of Miss Hardy. The costs of travel to and from India were not met by the charity.

HEALING KASHMIR

NOTES TO THE ACCOUNTS for the period ended 31 December 2016

4) Related party transaction

During the period £nil (2015 £138,291) was transferred to the charity's subsidiary, the Healing Minds Foundation LLC, a charitable purpose company registered in India, to fund the charitable activities undertaken by the company in Jammu and Kashmir.

5) Voluntary income

All voluntary income received during the period was unrestricted. Donations are received by both the charity and its subsidiary in Kashmir.

	2016	2015 £
Voluntary income received during the year:		
Donations from individuals and trusts	78,487	102,044
	<u>£78,487</u>	<u>£102,044</u>

6) Investment Income

	2016	2015 £
Investment income has arisen as follows:		
Interest received	<u>£6,775</u>	<u>£1,661</u>

7) Cost of Charitable Activities

The amount spent on charitable activities during the period under review relate to the establishment and operation of Kashmir Lifeline and Health Centre, for which the following expenses were incurred:

	2016	2015 £
Salaries and Personnel expenses	38,548	30,844
Helpline Telephone Line	1,006	1,106
Hardware and Support	3,836	1,664
Facilities and Marketing	4,742	4,514
Travel & Accommodation	7,584	9,833
Bank charges	(112)	119
Local Taxes	1,707	5,680
Loss / (Gain) on Exchange	(17,748)	1,856
Youth Project	5,199	-
	<u>£44,762</u>	<u>£55,616</u>

HEALING KASHMIR

NOTES TO THE ACCOUNTS for the period ended 31 December 2016

7) Cost of Charitable Activities (continued)

The charity employed eighteen fulltime and part time members of staff in Kashmir operating the telephone lines and Health Centre. There are no employees in the UK.

8) Governance costs

The governance costs of the charity comprised the following costs:

	2016	2015
		£
Professional and Statutory Fees	3,104	3,358
	<hr/>	<hr/>
	<u>£3,104</u>	<u>£3,358</u>

9) Investment in subsidiary

The charity owns 99.90% of the share capital the Healing Minds Foundation LLC, which was established in order to allow the charity to undertake its charitable activities in India.

As detailed in note 4, funds were transferred to the Healing Minds Foundation during the year. The Indian authorities require funding from outside the country to be provided by way of capital, however the funds provided during the year were not intended as a further investment but as a means of funding the subsidiary's charitable activities as part of the work of the charity as a whole. The movement of funds have therefore been shown as transfers in the Receipts & Payments Account rather than an increase in the investment in the Healing Minds Foundation.

10) Cash at Bank and in Hand

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Bank balances	166,799	129,361	73,979	3,490
Cash balances	89	89	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>£166,868</u>	<u>£129,450</u>	<u>£73,979</u>	<u>£3,490</u>

11) Subsidiary: Healing Minds Foundation LLC

The charity owns 99.9% of the share capital of Healing Minds Foundation LLC which operates the Kashmir Lifelines and Health Centre in Jammu and Kashmir. The assets and liabilities of the subsidiary are detailed below and the results are analysed in note 12.

HEALING KASHMIR

NOTES TO THE ACCOUNTS for the period ended 31 December 2016

11) **Subsidiary: Healing Minds Foundation LLC (contd)**

Summary of subsidiary assets and liabilities:

	2016	2015
		£
Bank balances	92,800	125,871
Cash balances	89	89
	<hr/>	<hr/>
Net assets	£92,889	£125,960
	<hr/>	<hr/>
Shareholders' equity	100	100
Unrestricted reserves	92,789	125,860
	<hr/>	<hr/>
	£92,889	£125,960
	<hr/>	<hr/>

12) **Analysis of Receipts & Payments between charity and subsidiary**

	Subsidiary	Charity	Total
	2016	2016	2016
	£	£	£
Receipts			
Voluntary income received		78,487	78,487
Gift Aid		22	22
Investment income	6,775	-	6,775
Cash transfer to/(from) subsidiary	921	(921)	-
	<hr/>	<hr/>	<hr/>
Total Receipts/ (Payments)	7,696	77,588	85,284
	<hr/>	<hr/>	<hr/>
Payments			
Cost of Charitable Activities	38,719	6,043	44,762
Governance Costs	2,048	1,056	3,104
	<hr/>	<hr/>	<hr/>
Total Payments	40,767	7,099	47,866
	<hr/>	<hr/>	<hr/>
Net Receipts / (Payments)	(33,071)	70,489	37,418
	<hr/>	<hr/>	<hr/>
Cash funds brought forward	125,860	3,590	129,450
	<hr/>	<hr/>	<hr/>
Cash funds carried forward	£92,789	£74,079	£166,868
	<hr/>	<hr/>	<hr/>

APPENDIX 1**HEALING MINDS FOUNDATION****RECEIPTS AND PAYMENTS for the period ended 31 December 2016**

	2016 INR	2015 INR
Receipts		
Transfers from Healing Kashmir	79,237	13,250,149
Investment income	604,578	167,921
	<hr/>	<hr/>
Total Receipts	683,815	13,418,070
Payments		
Professional Fees	182,720	224,019
Personnel Expenses	3,439,660	2,962,789
Helpline Phone Lines	89,773	106,231
Hardware and Support	342,265	147,631
Travel and Accommodation	422,083	367,655
Local Taxes	152,307	192,704
Youth Project	193,979	-
Bank Charges	-	11,400
Facilities and Marketing	398,905	433,667
	<hr/>	<hr/>
Total Payments	5,221,692	4,446,096
Net (payments) / receipts	(4,537,877)	8,971,974
Cash funds brought forward	12,324,827	3,352,853
	<hr/>	<hr/>
Cash funds carried forward	7,786,950	12,324,827