

# Φ KATHA

## Balance Sheet

As on 31 March 2020

(All amounts in Rupees)

	Schedule Number	As at 31 March 2020	As at 31 March 2019
<b>SOURCES OF FUNDS</b>			
<b>CAPITAL FUND</b>			
Corpus fund	1	64,12,151	69,96,448
		31,70,000	31,70,000
<b>Restricted funds:-</b>			
Resources for Educating A Child Fund ( REACH Fund)	2	27,13,491	43,13,312
Founder's Reserve		1,46,45,329	1,31,45,329
<b>Unrestricted funds:-</b>			
General fund	3	(85,56,952)	(67,41,271)
		<b>1,83,84,019</b>	<b>2,08,83,818</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>			
Net block	4	64,12,151	69,96,448
Project Funds Spent- Awaiting reimbursement (Annexure - A)		3,64,088	21,97,266
<b>Current assets, loans and advances</b>			
Inventory	5	60,82,335	61,98,752
Debtors	6	31,08,829	34,90,883
Cash and bank balances	7	2,48,70,081	2,70,83,398
Loans and advances	8	24,69,050	28,47,725
		<b>3,65,30,295</b>	<b>3,96,20,758</b>
<b>Less : Current liabilities and provisions</b>			
Short term Borrowing	9	18,29,787	29,99,901
Current liabilities	10	1,15,88,616	1,14,09,136
Provisions	11	27,53,742	20,98,023
Unutilised Project Funds Carry Forward (Annexure - A)		87,50,370	1,14,23,594
		<b>2,49,22,515</b>	<b>2,79,30,654</b>
<b>Net current assets</b>		<b>1,16,07,780</b>	<b>1,16,90,104</b>
		<b>1,83,84,019</b>	<b>2,08,83,818</b>

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Significant accounting policies and notes to the accounts

The schedules referred to above form an integral part of the financial statements.

As per our report of even date attached

For V. Sankar Aiyar & Co.  
Chartered Accountants  
Firm Registration No.:109208W

For and on behalf of Katha

V. Rethinam  
Partner  
Membership No.: 010412

R Balasubramanian  
Vice President

Parvinder  
Mrs. Parvinder Chhabra  
Executive Director

R Govinda ✓  
Member

UDIN 20010412-AAAAA01149  
Place: New Delhi  
Date: 18-12-2020



# KATHA

## Income and Expenditure Account

For the year ended 31 March 2020

(All amounts in Rupees)

	Schedule Number	Year ended 31 March 2020	Year ended 31 March 2019
<b>Income</b>			
Grants received	12	5,58,35,367	5,59,86,552
Distribution of publications		71,58,497	74,06,294
Other income	13	49,95,692	63,19,315
		<u>6,79,89,556</u>	<u>6,97,12,161</u>
<b>Expenditure</b>			
(Increase)/decrease in stock		1,16,417	(3,77,918)
Programme expenses	14	3,90,55,151	3,57,20,032
Personnel expenses	15	2,80,81,792	2,45,17,037
Administrative and other expenses	16	38,46,584	76,69,468
Depreciation	4	15,72,045	16,32,804
Less: Adjusted against capital fund		(15,72,045)	(16,32,804)
Bad debts ( Including Project debtors)	17	-	-
Finance and bank charges	18	3,05,114	1,88,427
		<u>7,14,05,058</u>	<u>6,77,17,046</u>
(Deficit)/Surplus for the year		<b>(34,15,502)</b>	<b>19,95,115</b>
: Transfer from/to Reach Fund		15,99,821	(9,34,512)
: Transfer to Green Fund			
: Transfer from/to General Fund		18,15,681	(10,60,603)
		<u>-</u>	<u>-</u>

Significant accounting policies and notes to the accounts

19

The schedules referred to above form an integral part of the financial statements.

As per our report of even date attached

For **V. Sankar Aiyar & Co.**

Chartered Accountants

Firm Registration No.:109208W

For and on behalf of Katha

  
V. Rethinam

Partner

Membership No.: 010412

  
R. Balasubramanian

Vice President

  
Mrs. Parvinder Chhabra

Executive Director

  
R. Govinda

Member

Place: New Delhi

Date: 18-12-2020



# KATHA

## Schedules forming part of the accounts (All amounts in Rupees)

	As at 31 March 2020	As at 31 March 2019
<b>Schedule - 1</b>		
<b>CAPITAL FUND</b>		
Fixed Assets for previous years	69,96,448	80,28,740
Add: Fixed Assets out of grant during the year	9,60,090	9,90,168
Add: Fixed Assets out of General Fund	27,658	1,50,606
Less: Assets Discarded from Use	-	5,40,262
Less: Depreciation for the year adjusted	15,72,045	16,32,804
	<u>64,12,151</u>	<u>69,96,448</u>
<b>Schedule - 2</b>		
<b>Restricted fund</b>		
<b>Resources for Educating A Child Fund ( REACH Fund)</b>		
Opening balance	43,13,312	33,78,800
Add/Less: Transfer from/to Income and Expenditure Account	(15,99,821)	9,34,512
Add: Katha community contribution	-	-
	<u>27,13,491</u>	<u>43,13,312</u>
<b>Founder's Reserve</b>		
Opening balance	1,31,45,329	1,31,45,329
Add: Founder 's contribution to projects	15,00,000	-
	<u>1,46,45,329</u>	<u>1,31,45,329</u>
<b>Corpus fund</b>		
As per last balance sheet	31,70,000	31,70,000
<b>Schedule - 3</b>		
<b>General Fund</b>		
Opening balance	(67,41,271)	(78,01,874)
Add: Excess of Income Over Expenditure	-	-
Less: Excess of expenditure over income	(18,15,681)	10,60,603
Add:/ Less other adjustment ( transfers of fund to General Fund)	-	-
	<u>(85,56,952)</u>	<u>(67,41,271)</u>
<b>Schedule - 5</b>		
<b>Inventory</b>		
Closing stock of books	93,54,884	94,71,301
Less: Provision for slow moving stock	32,72,549	32,72,549
	<u>60,82,335</u>	<u>61,98,752</u>
<b>Schedule - 6</b>		
<b>Sundry Debtors (Unsecured)</b>		
Marketing debtors	31,08,829	63,42,691
Less :- Provision for doubtful debts	-	28,51,808
	<u>31,08,829</u>	<u>34,90,883</u>



Schedule - 4 :- Fixed Assets  
Year 2019-20

Particulars	WDV as at 1 April 2019	Additions 1st April 19 to 30 Sept 19'	Additions 1st Oct 19 to 31st Mar 20	Total Additions	Sales/ Adjustments/ Discarded	As at 31 March 2020	Depreciation for the year	Written down value as on 31 March 2020
<b>Tangible assets</b>								
Building	1,15,593	-	-	-	-	1,15,593	11,559	1,04,034
Furniture and fixtures	28,09,486	-	-	-	-	28,09,486	2,80,949	25,28,537
Computers	12,82,441	8,65,892	87,556	9,53,448	-	22,35,889	8,76,844	13,59,045
Office equipment	21,02,749	34,300	-	34,300	-	21,37,049	3,20,556	18,16,493
<b>Intangible assets</b>								
Trade Mark	48,110	-	-	-	-	48,110	12,028	36,082
Software	-	-	-	-	-	-	-	-
<b>Current year (A)</b>	<b>63,58,379</b>	<b>9,00,192</b>	<b>87,556</b>	<b>9,87,748</b>	<b>-</b>	<b>73,46,127</b>	<b>15,01,936</b>	<b>58,44,191</b>

Fixed assets against grants: (in kind)

Particulars	WDV as at 1 April 2019	Additions 1st April 19 to 30 Sept 19'	Additions 1st Oct 19 to 31st Mar 20	Total Additions	Sales/ Adjustments/ Discarded	As at 31 March 2020	Depreciation for the year	Written down value as on 31 March 2020
<b>Tangible assets</b>								
Building	4,77,617	-	-	-	-	4,77,617	47,762	4,29,855
Furniture and fixtures	34,435	-	-	-	-	34,435	3,444	30,991
Office equipment	1,26,017	-	-	-	-	1,26,017	18,903	1,07,114
<b>Current year (B)</b>	<b>6,38,069</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,38,069</b>	<b>70,109</b>	<b>5,67,960</b>
<b>Total Current Year(A)+(B)</b>	<b>69,96,448</b>	<b>9,00,192</b>	<b>87,556</b>	<b>9,87,748</b>	<b>-</b>	<b>79,84,196</b>	<b>15,72,045</b>	<b>64,12,151</b>

Fixed Assets out of grant during the year 9,60,090  
Fixed Assets out of General Fund 27,658  
Total Addition 9,87,748



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# Φ KATHA

Schedules forming part of the accounts  
(All amounts in Rupees)

	As at 31 March 2020	As at 31 March 2019
<b>Schedule - 7</b>		
<b>Cash and bank balances</b>		
Cash in hand	33,094	-
Balance with scheduled banks in:		
- saving bank accounts	93,46,910	1,38,68,319
- fixed deposits	1,54,90,077	1,32,15,079
	<u>2,48,70,081</u>	<u>2,70,83,398</u>
	<u>30,00,000</u>	<u>30,00,000</u>
Pledged against overdraft limit by Bank with FD		
<b>Schedule - 8</b>		
<b>Loans and advances</b>		
<i>(Unsecured, considered good unless otherwise stated)</i>		
Advances recoverable in cash or in kind or for value to be received	95,528	34,000
Security deposits	6,00,000	6,46,064
Interest accrued but not due	8,70,671	7,59,226
TDS receivable	4,41,709	5,96,184
Prepaid Expenses	4,61,142	8,12,251
	<u>24,69,050</u>	<u>28,47,725</u>
<b>Schedule - 9</b>		
<b>Short term Borrowing:</b>		
Bank Overdraft-Axis Bank	18,29,787	29,99,901
	<u>18,29,787</u>	<u>29,99,901</u>
<b>Schedule - 10</b>		
<b>Current liabilities</b>		
Sundry creditors	84,08,649	1,08,57,606
Loan from Dharmarajan Family	31,00,000	2,00,000
Stale Cheques	79,967	79,967
Other liabilities	-	2,71,563
	<u>1,15,88,616</u>	<u>1,14,09,136</u>
<b>Schedule - 11</b>		
<b>Provisions</b>		
- for gratuity	20,61,618	17,01,554
- for leave encashment	6,92,124	3,96,469
	<u>27,53,742</u>	<u>20,98,023</u>
<b>Schedule - 12</b>		
<b>Grants received</b>		
Specific Purpose Funds (Refer Annexure-A)	5,33,98,703	3,87,44,036
Advance from Partner-Encyclopaedia Britannica-written Back	-	52,50,000
Grant Received from Dharmarajan Family	-	99,00,000
General Donations	24,36,664	20,92,516
	<u>5,58,35,367</u>	<u>5,59,86,552</u>



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# ΦKATHA

Schedules forming part of the accounts  
(All amounts in Rupees)

	As at 31 March 2020	As at 31 March 2019
<b>Schedule - 13</b>		
<b>Other income</b>		
Interest on fixed deposits	12,06,578	10,10,589
Interest on saving bank accounts	6,99,590	8,42,597
Interest on income tax Refund	22,500	6,66,255
Unclaimed and old credit Balances written back	4,77,755	24,03,826
Miscellaneous and Other Receipts	25,89,269	13,96,048
	<u>49,95,692</u>	<u>63,19,315</u>
<b>Schedule - 14</b>		
<b>Programme expenditure</b>		
Education material development	48,21,842	54,81,182
Consultant fee and expenses	33,85,518	47,13,560
Kathashala school expenses {Refer note 3(a)(i)}	2,06,05,442	1,66,78,980
Project implementation expenses {Refer note 3(f)}	1,27,51,905	1,11,82,293
Sales and distribution cost	9,12,924	2,62,643
	<u>4,24,77,631</u>	<u>3,83,18,658</u>
Less: Kathashala school expenses	34,22,480	25,98,626
<b>Total</b>	<u>3,90,55,151</u>	<u>3,57,20,032</u>
<b>Schedule - 15</b>		
<b>Personnel expenses</b>		
Salary Project staff- Kalpavriksham {refer note- 3(a)}	3,71,76,346	3,04,98,764
Salary Project staff- Kathavilasam {refer note- 3(b)}	41,93,018	46,76,218
Salary Project staff- Distribution of Publications	28,11,975	15,21,836
Staff welfare	1,21,769	1,49,839
	<u>4,43,03,108</u>	<u>3,68,46,657</u>
Less: Kathashala school expenses	1,62,21,317	1,23,29,620
<b>Total</b>	<u>2,80,81,792</u>	<u>2,45,17,037</u>



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Schedules forming part of the accounts  
(All amounts in Rupees)

	As at 31 March 2020	As at 31 March 2019
<b>Schedule - 16</b>		
<b>Administrative and other expenses</b>		
Promotional Activity	1,87,283	4,13,058
Communication	5,49,667	5,18,158
Electricity and Water	15,68,699	8,44,424
Short & Excess	158	(392)
Insurance	53,088	45,340
Legal and professional (see note below)	2,40,146	1,68,150
Printing and stationary	1,41,613	2,70,209
Gift and Awards	11,600	12,41,270
Interest paid on statutory dues	138	173
Repair and maintenance	5,45,148	10,17,687
Travelling and conveyance	11,47,999	11,63,870
Recruitment	-	13,876
Miscellaneous expenses	1,77,056	2,31,269
TDS Recoverable relating to earlier year, written off	90,651	-
Old Balance - Bad debts and Other Recoverable	94,983	18,06,572
Provision for Doubtful Receivables	-	16,86,537
	<b>48,08,229</b>	<b>94,20,201</b>
Less: Kathashala school expenses	9,61,646	17,50,734
<b>Total</b>	<b>38,46,584</b>	<b>76,69,467</b>

**Notes to Legal & Professional:**

Payment to Auditor		
Audit Fees	95,000	95,000
Fees for other services & certificate	40,000	40,000
<b>Total (Excluding GST Amount)</b>	<b>1,35,000</b>	<b>1,35,000</b>

**Schedule - 17**

**Bad Debts:**

Project Debtors	-	-
Marketing Debtors	-	-
Less: Adjusted against provisions	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Schedule - 18**

**Finance and bank charges**

Bank charges	34,492	35,735
Other interest	2,70,622	1,52,692
	<b>3,05,114</b>	<b>1,88,427</b>
Less: Kathashala school expenses	-	-
<b>Total</b>	<b>3,05,114</b>	<b>1,88,427</b>







Sl. No.	PROJECT	BALANCES AS ON 01-04-2019	BALANCES AS ON 01-04-2019	CURRENT RECEIPTS Agst. Grant	CURRENT RECEIPTS Agst.	EXCESS SPENT ON PROJECT WRITTEN OFF	TOTAL	UTILIZED AGST. GRANT (Revenue Expenditure)	UTILIZED AGST. GRANT (Capital Expenditure)	UTILIZED OWN SOURCES	TOTAL	BALANCE AS ON (C/F Project)	BALANCE AS ON (Debtor)
	HEAD	ON 01-04-2019	ON 01-04-2019	RECEIPTS Agst. Grant	RECEIPTS Agst.							31-03-2020	31-03-2020
		Cr. Balance	Dr. Balance									(Cr.)	(Dr.)
12	Swades Foundation		(15,52,069)	30,62,000	13,12,920		28,22,851	9,83,203			9,83,203	18,39,648	-
13	Deloitte Global Services Ltd.		-	2,09,10,873			2,09,10,873	1,38,01,926	4,00,770		1,42,02,696	67,08,177	-
14	BT Global Communication	84,01,436	-				84,01,436	84,01,436		7,09,759	91,11,195	-	-
	Total (B)	84,01,436	(20,76,531)	3,73,58,586	18,37,382	-	4,55,20,873	3,61,39,836	9,60,090	7,54,446	3,78,54,372	85,47,825	(1,26,878)
	Grand Total (A) + (B)	1,14,23,594	(21,97,266)	5,15,60,630	19,53,805	4,312	6,27,45,075	5,33,98,703	9,60,090	7,54,446	5,51,13,239	87,50,370	(3,64,088)

Actual Grant Received during the year

Add:- Opening Balance

Add:- Excess spent written off

Total ( i + ii )

Less:-Return

Less:- Closing Balance

Total ( iv + v )

5,35,14,435

92,26,328

4,312

6,27,45,075

83,86,282

5,43,58,793



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**Katha**  
**Schedules forming part of the financial statements**  
*(All amounts in Rupees)*

**Schedule 19– Significant accounting policies and notes to the accounts**

**1. Background**

Katha is registered under the Societies Registration Act, 1860; vide registration certificate no.S-20336 dated 8th September 1989. The Society has been granted registration under section 12A of the Income Tax Act, 1961. The Society has been approved under section 80G (5) (VI) of the Income Tax Act, 1961. The Society is registered under the Foreign Contribution (Regulation) Act, 1976, (FCRA) (since replaced by FCRA 2010) for carrying out activities of social nature with registration no.231650637.

Started in 1988 to enhance the joys of reading and the love of books, Katha started the Katha Lab School in the poverty-ridden slums of Govindpuri in 1990, where most children worked to support their families. Katha's work supports the over arching Right to Education, Sarva Shiksha Abhiyan and National Curriculum Framework, 2005 goals that address quality, pedagogy, teacher education and capacity development for all children across social, economic divides to meet the Millennium Development Goals (MDGs).

**2. Significant Accounting Policies**

**a) Basis of accounting**

The financial statements have been prepared and presented on the accrual basis under historical cost convention. The Accounting Standards issued by the Institute of Chartered Accountants of India are applicable to non-profit entities, only if any part of the activities of the entity is considered to be commercial, industrial or business in nature. The Society is not carrying on any activity in the nature of commercial, industrial or business. Therefore, the Accounting Standards are not mandatory and have been followed to the extent practicable or relevant. The accounting policies have been consistently applied by the Society.

**b) Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenue and expenses during the reporting year. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

**c) Revenue recognition**

**Grants**

Grants are recognized when there is reasonable certainty that the Society will comply with the conditions attached to them and the grant will be received.

Grants relating to depreciable assets are credited to fixed assets fund which is recognized in the Income and Expenditure account by way of a depreciation charge over the useful lives of the assets.

The Society receives funds which are restricted in nature from foreign and Indian sources. Revenue from restricted fund is recognised during the year in the Income and Expenditure Account to match the related expenditure. The balance amount is carried forward in the restricted fund for use in future periods.



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**Katha**  
**Schedules forming part of the financial statements**  
**(All amounts in Rupees)**

**Schedule 19– Significant accounting policies and notes to the accounts**

**Distribution of Publications**

Distribution of publications (Rs. 71,58,497/-) shown in the books of accounts is excluding of Project distributions (Rs.10,01,160/-)

**Interest income**

Interest on fixed deposits is recognised on a time proportion basis, taking into account the amount outstanding and the rate applicable.

**d) Fixed assets and depreciation**

Fixed assets are stated at historical cost less accumulated depreciation. Cost includes taxes, duties, freight and other incidental expenses related to acquisition and installation.

Fixed assets include those met out of project funds and provided at the site for the benefit of beneficiaries (MCD Schools). These are to be retained at the site after completion of project. During the financial year 2019-20, fixed assets of the value of Rs 9,60,090/- have been funded for the projects run by Katha in the MCD schools & Katha Centers.

Depreciation on fixed assets is charged on written down value method at the following rates and in accordance with the rates prescribed under the Income Tax Act, 1961:

Particulars	Rates of depreciation
Building	10%
Furniture and fixtures	10%
Computer equipment	40%
Office equipment	15%
Trade mark	25%
Software	25%

- e) Inventory of books are valued at 50% on discounted M.R.P. for moving Inventory and 35% on discounted M.R.P. for slow moving Inventory.

**f) General funds**

The surplus / deficit from Income and Expenditure Account is transferred to general funds, which is unrestricted in nature and is available for furtherance of the objective of the Society in future periods.

**g) Expenditure**

The Society implements programmes for children's education and its other objects by itself and no programmes are sublet to any other organization Accordingly, expenditure incurred by the Society during the year to implement their projects are charged to the Statement of Income and Expenditure.



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## Katha

### Schedules forming part of the financial statements

(All amounts in Rupees)

#### Schedule 19– Significant accounting policies and notes to the accounts

##### h) Provisions and contingent liability

A provision is recognised in the financial statements where there exists a present obligation as a result of a past event, the amount of which is reliably estimable and it is probable that an outflow of resources would be necessitated in order to settle the obligation. Contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise, or is a present obligation that arises from past events but is not recognised because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a reliable estimate of the amount of the obligation cannot be made.

##### i) Foreign exchange transactions

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Foreign currency assets and liabilities are restated at the rate prevailing as at the date of Balance Sheet. The difference between the year-end rate and exchange rate as at the date of transaction, if any is recognized as expense or income in the Income and Expenditure Account.

##### j) Employee benefits

The Society makes regular contribution towards Government Provident Fund.

The Society has entered into an arrangement with Life Insurance Corporation (LIC) towards accruing liability for future payment of gratuity. Provision for leave encashment has been made on actual calculation.

##### k) Leases

Lease payments in respect of operating lease are recognized as an expense in the Income and Expenditure Account on a straight line basis over the period of lease.

#### 3. Notes to Accounts

##### a) Kalpavriksham

This is a Centre for sustainable learning. This also includes expenditure among others, on the following

- i) Kathashala school expenses (Katha Lab School) situated at Govindpuri (Delhi) where various programmes are run including a fulltime school.
- ii) Quality enhancement & reading programme in various Municipal schools and community.
- iii) Teachers Education & training programme.

##### b) Katha Vilasam

This is a resource centre for Research, Development & production of Educational content (Books & Teaching learning material) in print and digital formats & dissemination thereof.

- c) The Society has been following written down value method of depreciation on its fixed assets. In the absence of detailed records of original cost of assets, the books of account indicate only the written down values and not the original cost. As a result, **Schedule 4**, "Fixed Assets" in these financial statements, does not indicate original cost and accumulated depreciation.



**Katha****Schedules forming part of the financial statements***(All amounts in Rupees)***Schedule 19– Significant accounting policies and notes to the accounts**

- d) The Founder and President Ms. Geeta Dharmarajan does not wish to be benefited for services rendered by her. However, the Governing Body decided that the value of her creative services be accounted for by transfer of an equal amount to “Founder’s Reserve”. During the year, the accounting has been done as follows: -


Particulars	F.Y. 19-20	F.Y. 18-19
Value of service	Rs. 20,99,750	NIL
Less: Tax liability to be borne by her	Rs. 5,99,750	NIL
Amount transferred to Founder’s Reserve	Rs. 15,00,000	NIL


- e) The amount unspent on projects of Rs.87,50,370/- (Previous Year Rs.1,14,23,594/-) is carried forward as “Carried forward Projects Funds” under the head Current Liabilities.
- f) Project implementation expenditure (Sch.14) includes the following:

S.No	Nature of expenditure	Amount (CY)	Amount (PY)
1	Security Expenses	14,72,336	16,81,947
2	Rent & Licence fees	30,32,688	32,52,648
3	Accreditation Charges	6,50,945	1,42,780
4	Printing and Stationery	9,06,889	7,12,828
5	AMC on computer and others	13,23,698	18,57,795

For V. Sankar Aiyar & Co.  
Chartered Accountants  
Firm Registration No.: 109208W

For and on behalf of Katha

  
V. Rethinam  
Partner  
Membership No. 010412

  
R Balasubramanian  
Vice President

  
Mrs Parvinder Chhabra  
Executive Director

  
R Govinda  
Member

Place: New Delhi  
Date: 15/12/2020

