



S. Ramanand Aiyar & Co.

CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

To the Members of
KATHA

We have audited the attached Balance Sheet of KATHA as at 31st March, 2010, and also the Income and Expenditure Account and Receipt and Payments Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Management of the Society. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit also includes assessing the accounting the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Subject to our comments above we report that:

- i. We have obtained all the information and explanations which to the best to our knowledge and belief were necessary for the purpose of our audit;
- ii. In our opinion, proper books of account as required by law have been maintained by the Society so far as appears from our examination of those books;
- iii. The Balance Sheet and Income and Expenditure Account and Receipts and Payments Account dealt with by this report are in agreement with the books of account.
- iv. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts together with the schedules annexed thereto and accounting policies and notes appearing thereon give a true and fair view in conformity with the accounting principles generally accepted in India:

a. in the case of Balance Sheet of the state of affairs of the Society as at 31st March, 2010; and

b. in the case of Income and Expenditure Accounts of the surplus for the year ended on that date.



For S. Ramanand Aiyar & Co.
Chartered Accountants

R. Balasubramanian
Partner

Place: New Delhi

Date: 30 SEP 2010

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**RECEIPTS AND PAYMENTS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2010**

Previous Year (Rs)	Receipts	Current Year (Rs)	Previous Year (Rs)	Payments	Current Year (Rs)
2,038,814	Opening Balance Bank	2,465,882	1,201,047	Opening Balance (overdraft with bank)	-
199,595	Opening Cash, Imprest/ Advances	191,392	2,399,446	Cost of Production of Books	3,969,551
998,192	Katha School Fees	1,269,986	241,371	Cost of Sales & Distribution of Books	238,802
229,613	Interest	390,410	1,444,921	Conveyance and Travel	1,500,563
1,000,000	Decrease in Investment	2,448,491	61,047	Furniture & Equipment	1,798,985
1,439,361	Donations	522,904	1,150,000	Increase in Investment	-
171,013	Other Income	394,392	70,000	Loan to staff	50,000
3,337,879	Sale of Publications	3,550,450	4,419,172	Project Implementation Expenses	4,595,248
70,184	Complimentary	-	2,815,691	Professional Charges	494,592
24,440,563	Project Receipts	28,607,310	1,425,060	Rent & Utilities	1,455,778
			15,988,419	Salaries & Allowances	19,925,535
			19,000	Security Deposit	347,850
			2,465,882	Closing Balance With Scheduled Banks	5,161,605
			224,159	Closing Cash, Imprest/Advances	302,708
33,925,213	Total	39,841,216	33,925,214	Total	39,841,216

For S. Ramanand Aiyar & Co.
Chartered Accountants

R. Balasubramanian
Partner



30 SEP 2010

For KATHA

Geeta Dharmarajan
Executive Director

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2010**

Previous Year (Rs)	Expenditure	Current Year (Rs)	Previous Year (Rs)	Income	Current Year (Rs)
1,928,894	Cost of Production of Books	3,319,781	3,592,365	Distribution & Sales of Publications	8,181,397
217,123	Cost of Sales & Distribution of Books	764,697	305,836	Grants for assets account	265,502
305,836	Dep. on assets against grant	265,502	14,782,582	Katha Schools	14,406,666
15,940,482	Katha Schools Expenses	14,865,845	9,537,837	Katha Vilasam	9,303,262
820,601	Conveyance and Travel	546,038	3,699,162	Kalpana Vilasam	2,877,457
603,973	Decrease in Stock of Books	354,999	1,434,294	Donations	555,184
487,674	Depreciation	546,393	1,569,157	Interest	1,417,770
1,632,373	Project Implementation Exp.	3,122,260	488,430	Other Income	590,636
2,045,722	Professional Charges	210,128	990,192	Katha School Fees	1,269,986
961,128	Rent & Utilities	878,409	2,102,939	Katha Vilasam Books Revolving Fund	1,276,488
7,581,818	Salary & Allowances	10,842,299	1,051,470	Children Books Revolving Fund	638,244
3,154,409	Bad Debts	1,968,831	260,670	Written Back Liabilities	564,347
4,134,901	Excess of income over expenditure	3,661,756			
39,814,934	Total	41,346,939	39,814,934	Total	41,346,939

**INCOME AND EXPENDITURE APPROPRIATION ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2009**

Previous Year (Rs)	Expenditure	Current Year (Rs)	Previous Year (Rs)	Income	Current Year (Rs)
-	Balance b/f from Income & Expenditure A/C	-	4,134,901	Balance b/f from Income & Expenditure A/C	3,661,756
990,192	Transfer to Reach Fund Reserve	1,269,986			
971,327	Transfer to ED's Reserve	-			
2,173,382	Transfer to General Reserve	2,391,770			
4,134,901	Total	3,661,756	4,134,901	Total	3,661,756

For S. Ramanand Aiyar & Co.
Chartered Accountants

R. Balasubramanian
Partner



30 SEP 2010

For KATHA

Geeta Dharmarajan
Executive Director

**BALANCE SHEET
AS AT 31ST MARCH 2010**

Previous Year (Rs)	Liabilities	Current Year (Rs)	Previous Year (Rs)	Assets	Current Year (Rs)
	Funds & Capital Grants			Fixed Assets	
10,259,242	Reach Fund (Schedule - 1)	11,534,508	2,247,893	Assets against grant	1,982,391
2,247,893	Grant for Assets	1,982,391	1,319,727	Others (Schedule-7)	1,707,711
	Reserve			Investments	
2,003,444	Award Reserve (Schedule - 2)	2,003,444	17,312,708	Deposits with Scheduled Banks	16,215,491
1,030,619	Building Reserve (Schedule - 3)	1,030,619	609,629	UTI Units (includes Bonus Units)	-
6,122,553	ED's Reserve (Schedule - 4)	6,946,583		Current Assets	
3,151,476	General Reserve (Schedule - 5)	5,543,246	44,926	Accrued Interest	41,345
14,450,996	R & D Reserve (Schedule -6)	12,536,264	29,497	Prepaid Expenses	174,408
	Current Liabilities		10,379,295	Sundry Debtors	14,706,146
435,536	Carried Forward Project Funds	3,843,805	7,701,324	Stock of Publications	7,346,325
4,409,673	Sundry Creditors	3,716,363	719,000	Work In Progress	
			463,802	TDS Receivable	590,462
			2,465,882	With Scheduled Banks in Saving A/c	5,161,605
			158,454	Cash in Hand (Including Imprest)	301,061
				Loan & Advances	
			68,268	Loan to staff	25,500
			54,100	Advance - Trademark	-
			536,927	Security Deposit	884,777
44,111,432	Total	49,137,222	44,111,432	Total	49,137,222

**Significant Accounting Policies Schedule 8
Notes to Accounts Schedule 9**

For S. Ramanand Aiyar & Co.
Chartered Accountants

R. Balasubramanian
Partner



30 SEP 2010

For KATHA

Sd/- Geeta Dharmarajan
Executive Director

SCHEDULE-1 REACHI FUND

Previous Yr (Rs.)	Particulars	Current Yr (Rs.)
8,578,499	Opening Balance	10,259,242
8,000	Add: Other Reach Donations Current year	5,280
990,192	Add-Kathashala fees	1,269,986
682,551	Add: Other Katha Shala Reserve	-
10,259,242	Closing Balance	11,534,508

SCHEDULE-2 AWARDS RESERVE

Previous Yr (Rs.)	Particulars	Current Yr (Rs.)
2,003,444	Opening Balance	2,003,444
719,533	15th Year celebration Fund	719,533
429,063	Kalyani	429,063
426,618	Kitta	426,618
428,230	Veedhi Vidya	428,230
2,003,444	Closing Balance	2,003,444

SCHEDULE-3 BUILDING RESERVE

Previous Yr (Rs.)	Particulars	Current Yr (Rs.)
1,030,619	Opening Balance	1,030,619
1,030,619	Closing Balance	1,030,619

SCHEDULE-4 ED's RESERVE

Previous Yr (Rs.)	Particulars	Current Yr (Rs.)
5,136,226	Opening Balance	6,122,553
15,000	Katha Reserve	-
971,327	Add: ED's Contribution to Projects	824,030
6,122,553	Closing Balance	6,946,583

SCHEDULE-5 GENERAL RESERVE

Previous Yr (Rs.)	Particulars	Current Yr (Rs.)
978,094	Opening Balance	3,151,476
2,173,382	Transferred from Income & Expenditure Appropriation Account	2,391,770
3,151,476	Closing Balance	5,543,246



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SCHEDULE-6 RESEARCH AND DEVELOPMENT RESERVE

Previous Yr (Rs.)	Particulars	Current Yr (Rs.)
17,605,405	Opening Balance	14,450,996
(3,154,409)	Adjustment	(1,914,732)
14,450,996		12,536,264
	R & D Reserve	
500,000	-Tamasha	500,000
500,000	-Katha Vilasam	500,000
500,000	- Kalpana	500,000
	Translation Revolving Fund	
5,265,804	- Katha Vilasam Books Revolving Fund	3,162,865
7,896,431	- Children Books Revolving Fund	6,844,961
2,943,170	- Katha National Institute of Translation Revolving Fund	2,943,170
(3,154,409)	- Adjustment of bad debts (Children 1/3 + Books R/Fund)	(1,914,732)
14,450,996	Closing Balance	12,536,264

SCHEDULE-7 FIXED ASSETS

Assets	WDV as on	Addition during		Total	Depreciation	WDV as on
	01.04.09	Up to 30.09.09	After 30.09.09			31.03.2010
Computer	312,720	19,240	658,127	990,087	396,614	593,473
Sound Proofing	2,956	-	-	2,956	443	2,513
Office Equipment	360,459	144,443	90,467	595,369	82,520	512,848
Furniture	307,158	-	22,100	329,259	32,925	296,332
Vehicle	913	-	-	913	136	776
Building	331,519	-	-	331,519	33,151	298,367
Air Conditioner	3,999	-	-	4,000	599	3,399
Total	1,319,727	163,683	770,694	2,254,104	546,392	1,707,711

SCHEDULE-8 SIGNIFICANT ACCOUNTING POLICIES

1. Depreciation is being provided as per Income Tax Rules.
2. Project receipts are accounted in the Income & Expenditure A/C in the year it is utilised.
3. Unspent Project Funds are carried forward for utilization in subsequent year(s).
4. In respect of those projects where funds have not been received (Partially / Full) expenditure incurred on such project is shown as recoverable from the respective Funding Agency.
5. Stock of books is valued at 50% for moving stock and 35% for slow moving stock.
6. Smt. Geeta Dharmarajan serves as an Executive Director purely on honorary basis. She also does not draw any fee for all the curriculums development, writing, editing & designing done by her for the various projects of the society. The general body, had decided that the notional fee amount for her creative services be transferred to ED's Reserve. This reserve is fully governed by the body itself and to be utilized for education & development programme
7. For complying with Accounting Standard -12, Depreciation on fixed assets financed by grant has been routed through Income & Expenditure account.

SCHEDULE-9 NOTES TO ACCOUNTS

1. Grants received for purchasing/ constructing Fixed Assets has been accounted for directly in the Balance Sheet.
2. Previous year figures have been regrouped & rearranged wherever necessary so as to conform to current year classification
3. Professional charges include of Statutory Audit Fees, Rs. 33,090/- and internal audit fees Rs. 3,30,900/- (Including Service tax)
4. UTI Units were redeemed during the year.
5. Total fees received during the year from School was Rs 12,69,986/-
6. Distribution & Sales of publication is arrived after netting of discount & returns
7. Cost of Production of Books includes Creative Cost.



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