



S. Ramanand Aiyar & Co.

CHARTERED ACCOUNTANTS

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FORM NO. 10B

(See rule 17B)

Audit Report under section 12A(b) of the Income-tax Act, 1961, in the case of charitable or religious trusts or institutions.

We have examined the Balance Sheet of **KATHA** as at 31st March 2011 and the Income and Expenditure Account for the year ended on that date which is in agreement with the books of account maintained by the said Institution.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of the audit. In our opinion, proper books of account have been kept by the head office and the branches of the above named Institution visited by us so far as appears from our examination of the books, subject to the comments given below:

In our opinion and to the best of our information, and according to the information given to us, the said accounts read together with the notes thereon give a true and fair view -

- (i) in the case of the Balance Sheet, of the state of affairs of the above named Institution as at 31st March, 2011, and
- (ii) in the case of the Income and Expenditure Account, Surplus of its accounting year ending on 31st March, 2011.

The prescribed particulars are annexed hereto.

Place: Delhi

Date: 30th September, 2011

For S. Ramanand Aiyar & Co.

Chartered Accountants

Registration No.000990N



R. Balasubramanian

Partner

M. No.080432

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ANNEXURE

Statement of particulars

I. APPLICATION OF INCOME FOR CHARITABLE OR RELIGIOUS PURPOSES

1. Amount of income of the previous year applied to charitable or religious purposes in India during that year.

Rs.61,297,579 (Includes Capital expenditure Rs.3,713,367).

2. Whether the trust/institution has exercised the option under clause(2) of the explanation to section 11(1)? If so, the details of the amount of income deemed to have been applied to charitable or religious purposes in India during the previous year.

No.

3. Amount of income (accumulated or set apart/finally set apart) for application to charitable or religious purposes, to the extent it does not exceed 15% of the income derived from property held under trust (partly/ wholly) for such purposes.

Nil.

4. Amount of income eligible for exemption under section 11 (1) (c) (Give details).

Nil.

5. Amount of income, in addition to the amount referred to in item 3 above, accumulated or set apart for specified purposes u/s. 11(2).

Nil

6. Whether the amount of income mentioned in item 5 above has been invested or deposited in the manner laid down in section 11(2) (b) ? If so, the details thereof.

Yes. With scheduled Banks in Savings and Term Deposits.

7. Whether any part of the income in respect of which an option was exercised under clause (2) of the explanation to section 11(1) in any earlier year is deemed to be income of the previous year under section 11(1B)? If so, the details thereof

No.



CHARTERED ACCOUNTANTS

8. Whether, during the previous year, any part of income accumulated or set apart for specified purposes under section 11(2) in any earlier year.
- a. has been applied for purposes other than charitable or religious purposes or has ceased to be accumulated or set apart for application thereto, or
- No.
- b. has ceased to remain invested in any security referred to in section 11(2) (b) (i) or deposited in any account referred to in section 11 (2) (b) (ii) or section 11(2) (b) (iii), or
- No.
- c. has not been utilized for purposes for which it was accumulated or set apart during the period for which it was to be accumulated or set apart, or in the year immediately following the expiry thereof? If so, the details thereof.
- No.

II. APPLICATION OR USE OF INCOME OR PROPERTY FOR THE BENEFIT OF PERSONS REFERRED TO IN SECTION 13(3)

1. Whether any part of the income or property of the trust/institution was lent, or continues to be lent, in the previous year to any person referred to in section 13(3) (hereinafter referred to in this Annexure as such person)? If so, give details of the amount, rate of interest charged and the nature of security, if any.
- No
2. Whether any land, building or other property of the trust/institution was made, or continued to be made, available for the use of any such person during the previous year? If so, give details of the property and the amount of rent or compensation charged, if any.
- No.
3. Whether any payment was made to any such person during the previous year by way of salary, allowance or otherwise? If so, give details.
- No.
4. Whether the services of the trust/institution were made available to any such person during the previous year? If so, give details thereof together with remuneration or compensation received, if any.



No

5. Whether any share, security or other property was purchased by or on behalf of the trust/institution during the previous year to any such person? If so, give details thereof together with the consideration paid.

No.

6. Whether any share, security or other property was sold by or on behalf of the trust/institution during the previous year to any such person? If so, give details thereof together with the consideration received.

No.

7. Whether any income or property of the trust/institution was diverted during the previous year in favour if any such person? If so, give details thereof with the amount of income or value of property so diverted.

No.

8. Whether the income or property of the trust/institution was used or applied during the previous year for the benefit of any such person in any other manner? If so, give details.

No.

III. INVESTMENTS HELD AT ANY TIME DURING THE PREVIOUS YEAR(S) IN CONCERNS IN WHICH PERSONS REFERRED TO IN SECTION 13(3) HAVE A SUBSTANTIAL INTEREST.

Sl.No.	Name and Address of the concern	Where the concern is a company, number and class of shares held	Nominal value of the investment	Income from the investment	Whether the amount in Col.4 exceeded 5% of the capital of the concern during the previous year- Say, Yes/No.
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-----None-----

**For S. Ramanand Aiyar & Co.
Chartered Accountants
Firm Registration No. 000990N**

**R.Balasubramanian
Partner
M.No.080432**

**Place : New Delhi
Date : 30th September,2011**





ΚΑΤΗΑ

FINANCIAL REPORT

2010-11

KATHA

RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

Previous Year (Rs)	Receipts	Current Year (Rs)	Previous Year (Rs)	Payments	Current Year (Rs)
2,465,882	Opening Bank Balance	5,161,605	3,969,551	Cost of Production of Books	5,632,613
191,392	Opening Cash, Imprest & Advances	302,708	-	Education Facility Expenses	2,620,509
2,448,491	Decrease in Investment	5,691,369	1,798,985	Addition to Fixed Assets	3,050,570
-	Corpus Grant	470,000	1,500,563	Conveyance and Travel	1,253,285
28,607,310	Project Receipts	35,654,470	238,802	Cost of Sales & Distribution of Books	349,426
522,904	Donations	1,429,404	-	Miscellaneous Expenses	151,834
390,410	Interest	719,273	494,592	Professional Charges	132,604
1,269,986	Katha Community Contribution	1,578,885	4,595,248	Project Implementation Expenses	10,622,971
394,392	Other Income	224,157	-	Purchase of Books & Handicrafts	1,179,360
-	Refund from IT Dept	121,799	1,455,778	Rent & Utilities	3,000,978
-	Sale of Assets	115,080	19,925,535	Salaries & Allowances	25,025,488
3,550,450	Sale of Publications	10,079,188	50,000	Loan to staff	166,000
			347,850	Security Deposit	35,000
			5,161,605	Closing Bank Balance	8,034,693
			302,708	Closing Cash, Imprest/Advances	292,607
39,841,217	Total	61,547,937	39,841,217	Total	61,547,937

For S. Ramanand Aiyar & Co.

Chartered Accountants

FRN :- 000990N

R. Balasubramanian

Partner

M.No!- 80432

30 SEP 2011

For KATHA

Geeta Dharmarajan

Executive Director



INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

Previous Year (Rs)	Expenditure	Current Year (Rs)	Previous Year (Rs)	Income	Current Year (Rs)
3,319,781	Cost of Production of Books	8,513,607	8,181,397	Sale of Publication	9,900,629
-	Purchase of Books and Handicrafts	1,722,453	265,502	Grant for Asset Account	- 214,711
14,865,845	Katha School Expenses	13,502,278		Project Funds	
3,122,260	Project Implementation Expenses	7,370,197	15,676,652	Katha Schools	- 12,436,816
-	Business Promotion	302,963	9,303,262	Katha Vilasam	- 17,914,537
546,038	Conveyance and Travel	1,015,044	2,877,457	Kalpana Vilasam	- 6,027,070
764,697	Cost of Sales & Distribution of Books	249,872	555,184	Donations	- 1,433,200
354,999	Decrease in Stock of Books	-	1,417,770	Interest	1,442,177
546,393	Depreciation	1,480,727	590,636	Other Income	549,611
265,502	Depreciation on asset against Grant	214,711	-	Increase in Stock	3,485,207
210,128	Professional Charges	352,156	-	Closing Stock	994,820
878,409	Rent and utilities	2,639,937	564,347	Liabilities Written back	59,635
10,842,299	Salary & Allowances	14,585,878	1,914,732	R and D Reserve	6,809
-	Assets Written off	160,176			
1,968,831	Bad Debts	6,809			
3,661,756	Excess of income over expenditure	2,348,414			
41,346,939	Total	54,465,222	41,346,939	Total	54,465,222

INCOME AND EXPENDITURE APPROPRIATION ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

Previous Year (Rs)	Expenditure	Current Year (Rs)	Previous Year (Rs)	Income	Current Year (Rs)
			3,661,756	Balance B/F from Income & Expenditure A/C	2,348,414
1,269,986	Transfer to Reach Fund	1,300,737			
	Transfer to Green Fund	260,147			
2,391,770	Transfer to General Reserve	787,530			
3,661,756	Total	2,348,414	3,661,756		2,348,414

For S. Ramanand Aiyar & Co.

Chartered Accountants

FRN :- 000990N

R. Balasubramanian
R. Balasubramanian

Partner

M.No :- 80432

30 SEP 2011



For KATHA

Geeta Dharmarajan
Geeta Dharmarajan
Executive Director

KATHA

BALANCE SHEET AS AT 31ST MARCH 2011

Previous Year (Rs)	Liabilities	Current Year (Rs)	Previous Year (Rs)	Assets	Current Year (Rs)
	Funds & Capital Grants			Fixed Assets	
11,534,508	Reach Fund (Schedule - 1)	12,438,847	1,982,391	Assets against grant	1,652,599
1,982,391	Grant for Assets	1,652,599	1,707,711	Others (Schedule-7)	3,780,176
-	Corpus Grant - SS Trust	470,000			
	Reserve			Investments	
2,003,444	Award Reserve (Schedule 2)	2,003,444	16,215,491	Deposits with Scheduled Bank	11,094,623
1,030,619	Building Reserve (Schedule 3)	-			
6,946,583	ED's Reserve (Schedule 4)	7,420,860		Current Assets, Loan & Advances	
5,543,246	General Reserve (Schedule 5)	3,989,387		Current Assets	
12,536,264	R & D Reserve (Schedule 6)	12,529,455	8,208,597	Sundry Debtors	6,951,324
-	Green Fund (Schedule 8)	260,147	7,346,325	Stock of Publications	11,826,352
			590,462	TDS Receivable	620,444
	Current Liabilities		5,161,605	Balance with Scheduled Banks in Saving A/c	8,034,693
3,716,363	Sundry Creditors	5,736,921	301,061	Cash in Hand (Including Imprest)	292,607
3,843,805	Carried Forward Project Fund	416,753	174,408	Prepaid Expenses	190,048
			6,497,549	Project Receivables	1,337,981
			41,345	Accrued Interest	-
				Loans & Advances	-
			25,500	Loan to Staff	133,000
				Security Deposit	
			884,777	Security Deposit	1,004,565
49,137,223	Total	46,918,413	49,137,223	Total	46,918,413

For S. Ramanand Aiyar & Co.
Chartered Accountants
Firm Registration No. 000990N

R. Balasubramanian
Partner

(M. No. 80432)
30 SEP 2011



For KATHA

Sd/- Geeta Dharmarajan
Executive Director

SCHEDULE-1 REACH! FUND

Previous Yr (Rs.)	Particulars	Current Yr (Rs.)
10,259,242	Opening Balance	11,534,508
1,269,986	Add: Transferred during the year from katha-mkt reach fund	1,300,737
5,280	Add: Other Reach Fund Donations - Current year	5,033
	Less- Utilised for Education Facility Expenses	(1,980,316)
	Add: Katha Community Contribution	1,578,885
11,534,508	Closing Balance	12,438,847

SCHEDULE-2 AWARDS RESERVE

Previous Yr (Rs.)	Particulars	Current Yr (Rs.)
2,003,444	Opening Balance	2,003,444
	Award Reserve allocated to:	
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
	Less: Utilization towards Education Facility Expenses	1,030,619
1,030,619	Closing Balance	-

SCHEDULE-4 ED's RESERVE

Previous Yr (Rs.)	Particulars	Current Yr (Rs.)
6,122,553	Opening Balance	6,946,583
-	Katha Reserve	-
824,030	ED's Contribution to Projects	474,277
6,946,583	Closing Balance	7,420,860

SCHEDULE-5 GENERAL RESERVE

Previous Yr (Rs.)	Particulars	Current Yr (Rs.)
3,151,476	Opening Balance	5,543,246
2,391,770	Transferred from Income & Expenditure Appropriation Account	787,530
	Transferred from grant for asset	115,080
	- Adjustment of Grant not received during the year	(2,456,469)
5,543,246	Closing Balance	3,989,387



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SCHEDULE-6 RESEARCH AND DEVELOPMENT RESERVE

Previous Yr (Rs.)	Particulars	Current Yr (Rs.)
14,450,996	<u>Opening Balance</u>	12,536,264
(1,914,732)	Adjustment: Bad Debts during the year	(6,809)
12,536,264	<u>Closing Balance</u>	12,529,455
	Allocated to:	
	R & D Reserve	
500,000	-Tamasha	500,000
500,000	-Katha Vilasam	500,000
500,000	- Kalpana	500,000
	<u>Publishing Revolving Fund</u>	
1,886,378	- Katha Vilasam Books	1,884,108
6,206,717	- Children Books	6,202,178
2,943,170	- Translation	2,943,170

SCHEDULE-7 FIXED ASSETS

Assets	WDV as on 01.04.10	Addition during the year (Net)	Depreciation/ Amortization	WDV as on 31.03.2011
Computer	593,474	2,379,126	1,138,848	1,240,278
Sound Proofing	2,513	0	-	0
Office Equipment	512,848	1,485,428	183,189	1,302,240
Furniture	296,333	143,433	14,343	129,089
Vehicle	776	-	-	-
Building	298,367	298,367	29,837	268,531
Air Conditioner	3,400	-	-	-
Leasehold Imp	-	322,920	26,910	296,010
Leasehold Imp	-	622,629	86,476	536,153
Trade mark	-	9,000	1,125	7,875
Computer - Mktg	-	-	-	-
Furniture - Mktg	-	-	-	-
Total	1,707,712	5,260,903	1,480,727	3,780,176

SCHEDULE-8 GREEN FUND

Previous Yr (Rs.)	Particulars	Current Yr (Rs.)
	Opening Balance	-
-	Transfer from Sales	260,147
	<u>Closing balance</u>	260,147



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SCHEDULE-9 SIGNIFICANT ACCOUNTING POLICIES

- The accounts are prepared on mercantile basis, as an ongoing organisation and as per the historical cost convention.
- Project funds received during the year are reflected in the Income and Expenditure Account. Unspent project funds are carried forward to the subsequent year
- Interest/Dividend income is accounted on accrual basis.
- Surplus/ Deficit of each Project is accounted for in the year of completion of the Project.
- Amounts received against specific funds are taken directly to the respective fund.
- Fixed Assets are recorded at cost and are depreciated on written down value basis at the rates laid down in Income-tax Rules, 1962.
- For assets purchased during the year, full depreciation is provided if the asset is put to use for 180 days or more and if used for less than 180 days at 50% of the amount so calculated above.
- Leasehold improvement during the year amounting to Rs 945,549 to be amortized over the period of 36 months
- Long Term Investments are carried at cost. Provision for diminution in the value of investments would be made to recognize a decline, other than temporary.
- Stock of books is valued at 50% on MRP for moving stock and 35% on MRP for slow moving stock.
- In respect of those projects where funds have not been received fully balance against allowable expences is shown as recoverable.
- Depreciation on fixed assets financed by grant has been routed through Income & Expenditure account.

NOTES TO ACCOUNTS

1. The amounts unspent on projects of Rs 416,753 for Charities Aid Foundation are carried forward as "Carried Forward Projects Funds" under the head Current Liabilities.
2. Contingent Liabilities: NIL
3. Receipts from research publications including subscriptions are accounted on cash basis.
4. Executive Director, Ms. Geeta Dharamrajan is working on purely honorary basis. She does not draw any fee for the curriculum 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 and this reserve is fully governed by the body itself. And to be utilized for education & development programme.
5. Sales have been accounted at invoiced amount net of Returns.
6. Rs. 3,001,935 spent on Additional floor constructed at Katha Khazana School at Bhumiheen Camp, GovindPuri expensed off as Educational Facility Expenses which has been adjusted against Building Reserve Rs. 1,030,619 and Reach Fund Rs.1,980,316
7. Office Expenses include payment to Auditors of Audit Fees: Rs.104,770 and out pocket expenses of Rs 9,282.
8. Previous year's figures have been regrouped and rearranged wherever necessary to conform to this year's classification.

Signature to Schedules 1 to 9 annexed

In terms of our report of even date annexed.
For S. Ramanand Aiyar & Co.
Chartered Accountants
Registration No.000990N

For Katha

R. Balasubramanian (M.No! - 80432)
Partner

Place : New Delhi

Date : 30 SEP 2011



Geeta Dharamrajan
Executive Director, Katha

