



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE KATHA

Report on Financial Statements

We have audited the accompanying financial statements of **KATHA (the Society)**, which comprise the Balance Sheet as at 31st March 2015 and the Income and Expenditure Account for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Society in accordance with the Generally Accepted Accounting Practices in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the organization and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Society's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Society has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting principles used and the reasonableness of the accounting estimates made by the Society's Governing Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements, read with other notes given thereto, give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Society as at 31st March 2015; and
- b) in the case of the Income and Expenditure Accounts, of the surplus/ (deficit) for the year ended on that date;

Other Matters

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account have been kept by the Society so far as appears from our examination of the books of accounts.
- c) The Balance Sheet, and the Income and Expenditure Account dealt with by this report are in agreement with the books of account

Place: *New Delhi*
Dated: *30.09.2015*

For V. Sankar Aiyar & Co.
Chartered Accountants
(Firm Regn. No.: 109208W)

V. Rethinam
Partner (M. No: 010412)



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Balance Sheet

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As on 31 March 2015

(All amounts in Rupees)

	Schedule Number	As at 31 March 2015	As at 31 March 2014
SOURCES OF FUNDS			
Restricted funds:-	1		
Resources for Educating A Child Fund (REACH Fund)		10,058,381	8,214,443
Fixed assets fund		1,021,867	1,151,208
Awards reserve		3,003,444	3,003,444
Green fund		260,147	260,147
Corpus fund		3,170,000	3,170,000
Unrestricted funds:-	2		
Executive Director Reserve		11,045,926	10,528,426
General fund		(1,209,379)	(1,055,775)
Research and development reserve		8,994,448	9,090,323
		<u>36,344,834</u>	<u>34,362,216</u>
APPLICATION OF FUNDS			
Fixed assets	3		
Net block		7,228,961	4,658,681
Project Funds Spent- Awaiting reimbursement (Annexure - A)		10,152,611	10,672,561
Current assets, loans and advances			
Inventory	4	5,292,222	7,318,156
Debtors	5	5,981,988	4,411,233
Cash and bank balances	6	28,179,173	28,623,136
Loans and advances	7	6,518,689	3,644,948
		<u>45,972,072</u>	<u>43,997,473</u>
Less : Current liabilities and provisions			
Current liabilities	8	12,468,196	8,037,143
Provisions	9	1,865,678	1,723,466
Unutilised Project Funds Carry Forward (Annexure - A)		12,674,936	15,205,890
		<u>27,008,810</u>	<u>24,966,499</u>
Net current assets		18,963,262	19,030,974
		<u>36,344,834</u>	<u>34,362,216</u>

Significant accounting policies and notes to the accounts 16

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

31-
V. Kethinam
Partner
Membership No.: 010412

Parvinder
Mrs. Parvinder Kaur
Executive Director

Place: New Delhi

Date:



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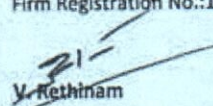
Income and Expenditure Account
For the year ended 31 March 2015
(All amounts in Rupees)

	Schedule Number	Year ended 31 March 2015	Year ended 31 March 2014
Income			
Grants received	10	56,212,523	47,245,810
Sale of publications (Net of Sales returns)		8,131,598	7,645,482
Other income	11	3,395,331	1,812,540
		<u>67,739,452</u>	<u>56,703,832</u>
Expenditure			
(Increase)/decrease in stock		235,284	233,255
Programme expenses	12	33,481,044	21,611,211
Personnel expenses	13	24,000,442	23,135,616
Administrative and other expenses	14	8,530,770	8,928,423
Depreciation	3	2,047,559	1,535,264
Finance and bank charges	15	42,986	317,002
		<u>68,338,085</u>	<u>55,760,771</u>
Less: Transferred to fixed assets fund		<u>(129,341)</u>	<u>(146,530)</u>
		<u>68,208,744</u>	<u>55,614,241</u>
(Deficit)/Surplus for the year		(469,292)	1,089,591
: Transferred from/to Reach Fund		219,813	(510,357)
: Transferred to Green Fund			
: Transferred from Research And Development Reserve		95,875	(222,600)
: Transferred from/to General Fund		<u>153,604</u>	<u>(356,634)</u>
		<u>-</u>	<u>-</u>

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

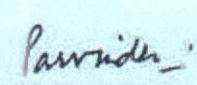
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For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No.:109208W


V. Rethinam
Partner
Membership No.: 010412

Place: New Delhi
Date:

For and on behalf of Katha


Mrs. Parvinder Kaur
Executive Director



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

	As at 31 March 2015	As at 31 March 2014
Schedule - 1		
Restricted fund		
Resources for Educating A Child Fund (REACH Fund)		
Opening balance	8,214,443	6,671,791
Add: Transfer from Income and Expenditure Account	(219,813)	-
Add: Katha community contribution	1,245,355	1,032,295
Less: Transfer to Income and Expenditure Account	-	510,357
Add: Yorkshire Indian Society Scholarship for Girls	818,396	-
	<u>10,058,381</u>	<u>8,214,443</u>
Fixed assets fund:		
Opening balance	1,151,208	1,297,738
Less: Transfer from Income and Expenditure Account representing depreciation on fixed assets	129,341	146,530
	<u>1,021,867</u>	<u>1,151,208</u>
Awards reserve		
As per last balance sheet	<u>3,003,444</u>	<u>3,003,444</u>
Green fund		
As per last balance sheet	<u>260,147</u>	<u>260,147</u>
Corpus fund		
As per last balance sheet	<u>3,170,000</u>	<u>3,170,000</u>
Schedule - 2		
Unrestricted funds		
Executive Director Reserve		
Opening balance	10,528,426	9,256,051
Add: Executive Director's contribution to projects	517,500	1,272,375
	<u>11,045,926</u>	<u>10,528,426</u>
General Fund:		
Opening balance	(1,055,775)	(1,412,409)
Add: Transfer from Income and Expenditure Account	(153,604)	356,634
	(1,209,379)	(1,055,775)
Less: Adjustment of grants not received	-	-
	<u>(1,209,379)</u>	<u>(1,055,775)</u>
Research And Development Reserve		
Opening balance	9,090,323	8,867,723
Add: Transfer from/to Income and Expenditure Account	(95,875)	222,600
	<u>8,994,448</u>	<u>9,090,323</u>



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

Schedule - 3
Fixed assets

Particulars	WDV as at 1 April 2014	Additions 1st April 14 to 30 Sept 14	Additions 1st Oct 14 to 31st Mar 15	Additions	Sales/ Adjustments	As at 31 March 2015	Depreciation for the year	Written down value as on 31 March 2015
Tangible assets								
Building	195,758	-	-	-	-	195,758	19,576	176,182
Furniture and fixtures	376,656	1,325,763	191,468	1,517,231	-	1,893,887	179,815	1,714,072
Computers	1,072,876	-	2,300,163	2,300,163	33,400	3,339,639	1,333,775	2,005,864
Office equipment	1,703,402	69,420	443,137	512,557	-	2,215,959	299,158	1,916,801
Intangible assets								
Trade Mark	3,322	-	-	-	-	3,322	831	2,491
Software	155,459	48,300	272,988	321,288	-	476,747	85,063	391,684
Current year (A)	3,507,473	1,443,483	3,207,756	4,651,239	33,400	8,125,312	1,918,218	6,207,094
Previous year (C)	3,080,352	101,900	1,713,955	1,815,855	-	4,896,207	1,388,734	3,507,473

Fixed assets against grants

Particulars	WDV as at 1 April 2014	Additions 1st April 14 to 30 Sept 14	Additions 1st Oct 14 to 31st Mar 15	Additions	Sales/ Adjustments	As at 31 March 2015	Depreciation for the year	Written down value as on 31 March 2015
Tangible assets								
Building	808,850	-	-	-	-	808,850	80,885	727,965
Furniture and fixtures	58,316	-	-	-	-	58,316	5,832	52,484
Computers	40	-	-	-	-	40	24	16
Office equipment	284,002	-	-	-	-	284,002	42,600	241,402
Current year (B)	1,151,208	-	-	-	-	1,151,208	129,341	1,021,867
Previous year (D)	1,297,738	-	-	-	-	1,297,738	146,530	1,151,208

Total Current Year(A)+(B)	4,658,681	1,443,483	3,207,756	4,651,239	33,400	9,276,520	2,047,559	7,228,961
Total previous year (C) + (D)	4,378,090	101,900	1,713,955	1,815,855	-	6,193,945	1,535,264	4,658,681



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

	As at 31 March 2015	As at 31 March 2014
Schedule - 10		
Grants received		
Specific Purpose Funds (Refer Annexure-A)	54,297,566	42,327,076
General Donations	1,914,957	4,918,734
	<u>56,212,523</u>	<u>47,245,810</u>
Schedule - 11		
Other Income		
Interest on fixed deposits	2,295,326	1,521,548
Interest on saving bank accounts	497,520	264,609
Miscellaneous income	602,485	26,383
	<u>3,395,331</u>	<u>1,812,540</u>
Schedule - 12		
Programme expenditure		
Education material development	5,068,325	5,457,203
Consultant fee and expenses	5,401,384	3,628,957
Purchases of books and handicrafts	18,409	3,500
Kathashala school expenses (Refer note 3(c))	21,774,335	8,028,621
Project implementation expenses	6,410,597	6,163,771
Sales and distribution cost	302,985	351,211
	<u>38,976,035</u>	<u>23,633,263</u>
Less: Kathashala school expenses	5,494,991	2,022,052
Total	<u>33,481,044</u>	<u>21,611,211</u>
Schedule - 13		
Personnel expenses		
Salaries and wages	36,427,986	27,035,368
Employee benefits	408,214	554,118
Staff welfare	259,676	176,323
	<u>37,095,876</u>	<u>27,765,809</u>
Less: Kathashala school expenses	13,095,434	4,630,193
Total	<u>24,000,442</u>	<u>23,135,616</u>
Schedule - 14		
Administrative and other expenses		
Business promotion	(26,472)	422,514
Communication	751,817	485,581
Electricity expenses	756,626	520,219
Excess Spent on Project Written Off	-	26,590
Insurance Expenses	41,266	40,682
Legal and professional	345,250	191,012
Printing and stationary	1,070,902	1,056,894
Fees, Rates and taxes	5,731	26,653
Rent	2,269,815	2,046,676
Repair and maintenance	463,631	379,047
Security charges	909,325	876,656
Traveling and conveyance	3,020,205	2,477,044
Provision for bad and doubtful debts	-	1,141,800
Provision for slow moving stock	1,790,650	-
Licence Fees	63,953	397,505
Recruitment expenses	33,124	-
Bad debts written off	-	445,484
Less: Adjustment against provisions	-	(305,528)
Miscellaneous expenses	198,680	28,777
	<u>11,694,503</u>	<u>10,257,606</u>
Less: Kathashala school expenses	3,163,733	1,329,183
Total	<u>8,530,770</u>	<u>8,928,423</u>



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

	As at 31 March 2015	As at 31 March 2014
Schedule - 4		
Inventory		
Closing stock of books	7,399,130	7,634,414
Less: Provision for slow moving stock	<u>2,106,908</u>	<u>316,258</u>
	<u>5,292,222</u>	<u>7,318,156</u>
Schedule - 5		
Sundry Debtors (Unsecured)		
Marketing debtors	7,371,906	5,801,151
Less :- Provision for doubtful debts	<u>1,389,918</u>	<u>1,389,918</u>
	<u>5,981,988</u>	<u>4,411,233</u>
Schedule - 6		
Cash and bank balances		
Cash in hand		
Balance with scheduled banks in:		
- saving banks account	6,795,573	10,416,977
- fixed deposits	<u>21,383,600</u>	<u>18,206,159</u>
	<u>28,179,173</u>	<u>28,623,136</u>
(Pledged against guarantees issued by Bank)	<u>2,976,924</u>	<u>2,531,486</u>
Schedule - 7		
Loans and advances		
<i>(Unsecured, considered good unless otherwise stated)</i>		
Advances recoverable in cash or in kind or for value to be received	468,787	233,406
Security deposits	592,545	592,545
Income Tax Paid under protest	1,577,069	230,000
Interest accrued but not due	2,379,843	1,584,782
TDS receivable	<u>1,500,445</u>	<u>1,004,215</u>
	<u>6,518,689</u>	<u>3,644,948</u>
Schedule - 8		
Current liabilities		
Sundry creditors	9,817,367	2,190,857
Advance from customers	2,333,188	78,814
Bank Overdraft (Secured against Fixed Deposits)	20	23,397
Other liabilities	<u>317,521</u>	<u>5,744,075</u>
	<u>12,468,196</u>	<u>8,037,143</u>
Schedule - 9		
Provisions		
Provision for gratuity	1,582,000	1,526,100
Provision for leave encashment	<u>283,678</u>	<u>197,366</u>
	<u>1,865,678</u>	<u>1,723,466</u>



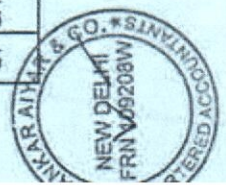
Schedule - 15
Finance and bank charges
Bank charges
Other interest

Less: Kathashala school expenses
Total

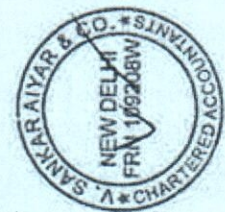
41,363	266,756
<u>21,800</u>	<u>97,439</u>
63,163	364,195
<u>20,177</u>	<u>47,193</u>
<u>42,986</u>	<u>317,002</u>



S. No.	PROJECT HEAD	BALANCES AS ON 01-04-2014	CURRENT RECEIPTS	EXCESS SPENT ON PROJECT WRITTEN OFF	TOTAL	UTILIZED	Return	Amount In Rs.	
								BALANCE AS ON 31-03-2015 (Cr.)	BALANCE AS ON 31-03-2015 (Dr.)
	Specific Purpose Grants-								
	General (A)								
1	Ministry of Human Resource Development	(1,170,472)	-	-	(1,170,472)	-	-	-	(1,170,472)
2	Millenium Alliance	7,430,129	8,420,000	-	15,850,129	13,839,551	-	2,010,578	-
3	Gender Resource Center (GRC)	(617,910)	-	-	(617,910)	-	-	-	(617,910)
4	South Delhi Municipal Corporation(ILR)	(4,717,253)	-	-	(4,717,253)	-	-	-	(4,717,253)
5	North Delhi Municipal Corporation(ILR)	(1,362,151)	1,362,151	-	-	-	-	-	-
6	East Delhi Municipal Corporation(ILR)	(1,955,437)	-	-	(1,955,437)	-	-	-	(1,955,437)
7	Tech Mahindra Foundation (TMF)	402,822	5,209,547	-	5,612,369	5,617,437	-	-	(5,068)
8	United Ways	-	68,560	-	68,560	68,560	-	-	-
9	ESSEL Social Welfare Foundation	-	1,500,000	-	1,500,000	1,500,000	-	-	-
15	Central Board of Secondary Education	-	2,000,000	-	2,000,000	2,230,005	-	-	(230,005)
17	Navajbhai Ratan Tata Trust	(175,512)	300,000	-	124,488	46,231	78,257	-	-
18	British Council, Division of British High Commission	2,125,000	-	-	2,125,000	-	-	2,125,000	-
19	TATA Communications Ltd.	(252,312)	5,868,632	-	5,686,320	1,154,412	-	4,431,908	-
20	Essar Group Foundation	-	1,383,034	-	1,383,034	1,795,791	-	-	(412,757)
21	CAF (India)	-	8,649	-	8,649	8,649	-	-	-
	Total (A)	(323,096)	26,120,573	-	25,797,477	26,260,636	-	8,567,486	(9,108,902)



S. No.	PROJECT HEAD	BALANCES AS ON 01-04-2014	CURRENT RECEIPTS	EXCESS SPENT ON PROJECT WRITTEN OFF	TOTAL	UTILIZED	Return	BALANCE AS ON 31-03-2015	BALANCE AS ON 31-03-2015
	B/F	(323,096)	26,120,573	-	25,797,477	26,260,536	78,257	8,567,486	(9,108,902)
	Foreign Contribution (B)								
1	Lohia Charitable Trust	(52,503)	2,452,503	-	2,400,000	2,400,000	-	-	-
2	Barrington Educational Initiative	1,213,855	1,214,128	-	2,427,983	1,391,855	-	1,036,328	-
3	British Asian Maitri Trust (Leadership)	63,223	2,376,000	-	2,439,223	2,439,223	-	-	-
4	British Asian Trust Patricia	446,050	-	-	446,050	446,050	-	-	-
5	British Telecom (leadership)	(11,580)	251,580	-	240,000	240,000	-	-	-
6	British Telecom	207,896	4,372,143	-	4,580,039	4,606,480	-	-	(26,441)
7	Halcrow Foundation	(33,838)	2,233,838	-	2,200,000	2,620,838	-	-	(420,838)
8	BRITISH Asian Trust (Dream Fund)	-	935,625	-	935,625	-	-	935,625	-
9	Vitol Foundation	(45,678)	2,712,318	-	2,666,640	2,666,640	-	-	-
10	Impact Foundation	3,069,000	-	-	3,069,000	3,069,000	-	-	-
11	Anamika	-	3,600,000	-	3,600,000	3,726,671	-	-	(126,671)
12	Australia High Commission	-	1,001,000	-	1,001,000	-	-	1,001,000	-
13	HDFC Bank	-	434,011	-	434,011	903,770	-	-	(469,759)
14	Tom Singh	-	2,700,000	-	2,700,000	1,785,600	-	914,400	-
15	British Asian Trust (Towards Currency Variance)	-	1,961,100	-	1,961,100	1,741,003	-	220,097	-
	Total (B)	4,556,425	26,244,246	-	31,100,671	28,036,930	-	4,107,450	(1,043,709)
	Grand Total (A) + (B)	4,533,329	52,364,819	-	56,898,148	54,297,566	78,257	12,674,936	(10,152,611)



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)

52,364,819
4,533,329
-
56,898,148
(78,257)
2,522,325
54,297,566

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

Schedule 16 – Significant accounting policies and notes to accounts

1. Background

Katha was 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 the 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 as income 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 charged over the useful lives of the assets.



Parvinder

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

Schedule 16 – Significant accounting policies and notes to accounts

h) Expenditure

The Society implements its programmes for children's education and its other objective 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.

i) 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.

j) 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.

k) 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.

l) 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) Leases

The Society has taken office premises and project premises under operating lease arrangements. The lease rent charged to Income and Expenditure Account is Rs.22,69,815 (Previous year Rs 20,46,676).



Schedule 16 – Significant accounting policies and notes to accounts

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.

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 (per annum)
Building	10%
Furniture and fixtures	10%
Computer equipment	60%
Office equipment	15%
Trade mark	25%
Software	25%

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

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) Restricted funds

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.



Signature

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Schedules forming part of the financial statements

(All amounts in Rupees)

Schedule 16 – Significant accounting policies and notes to accounts

- b) 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 3, "Fixed Assets" in these financial statements, does not indicate original cost and accumulated depreciation.
- c) Kathashala school expenses amounting to Rs.2,17,74,335 comprise allocation of programme expenditure – Rs.54,94,991, personnel expenditure – Rs.1,30,95,434, administrative expenditure – Rs. 31,63,733 and finance charges – Rs. 20,177 as indicated in the respective schedules viz. 12-15.
- d) The Founder and President, Ms. Geeta Dharmarajan, is working on honorary basis. She does not draw any fee for the curriculum development writing, editing and designing done by her for the various projects of the Society. The general body had decided that amount for her creative services be transferred to Executive Director Reserve and this reserve is fully governed by the body itself which is to be utilized for education and development programme.
- e) The amount unspent on projects of Rs.1,26,74,936 (Previous Year Rs. 1,52,05,890) is carried forwarded as "Carried forward Projects Funds" under the head Current Liabilities.

f) Gratuity

A sum of Rs.65,090 (Previous year Rs 3,67,975) is recognized as an expense and included in "Personnel expenses" in the income and expenditure account.

g) Contingent Liability- Income Tax

In respect of Assessment Year 2010-11, the Assessing Officer has not allowed the benefit of Section 11 of Income Tax Act 1961 and has raised a demand of Rs.1,538,817. The Society has filed an appeal before the Commissioner of Income Tax (Appeals), which is pending. Further the Assessing Officer has passed an order u/s 154/143(3) of Income Tax Act 1961 against recording the unspent funds as income for the year and increased the demand to Rs. 31,54,137. The Society has filed an appeal before the Commissioner of Income Tax (Appeals) against this order as well.

- h) Previous year figures have been regrouped / reclassified, wherever necessary to conform to the current year classification.

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

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V. Rethinam
Partner
Membership No. 010412

For and on behalf of Katha

Parvinder Kaur
Executive Director

Place: New Delhi
Date :

Place: New Delhi
Date :

