



V. SANKAR AIYAR & CO.

CHARTERED ACCOUNTANTS

Flat No.202 & 301, Satyam Cinema Complex
Ranjit Nagar Community Centre, New Delhi - 110008
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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 2017 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 2017; 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:

27-10-2017



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


V. Rethinam
Partner (M. No: 010412)

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Balance Sheet
As on 31 March 2017
(All amounts in Rupees)

| | Schedule Number | As at 31 March 2017 | As at 31 March 2016 |
|---|-----------------|------------------------|------------------------|
| SOURCES OF FUNDS | | | |
| CAPITAL FUND | 1 | 86,21,331 | 83,36,581 |
| Corpus fund | | 31,70,000 | 31,70,000 |
| Restricted funds:- | 2 | 47,01,063 | 61,84,576 |
| Resources for Educating A Child Fund (REACH Fund) | | 1,26,05,329 | 1,18,97,553 |
| Founder's Reserve | | | |
| Unrestricted funds:- | 3 | (63,01,202) | (30,65,237) |
| General fund | | | |
| | | <u>2,27,96,521</u> | <u>2,65,23,473</u> |
| APPLICATION OF FUNDS | | | |
| Fixed assets | 4 | 86,21,331 | 83,36,581 |
| Net block | | | |
| Project Funds Spent- Awaiting reimbursement (Annexure - A) | | 4,73,518 | 27,18,114 |
| Current assets, loans and advances | 5 | 33,98,634 | 47,64,306 |
| Inventory | 6 | 57,43,711 | 60,87,405 |
| Debtors | 7 | 2,53,13,546 | 3,26,40,077 |
| Cash and bank balances | 8 | 56,87,372 | 52,08,278 |
| Loans and advances | | <u>4,01,43,263</u> | <u>4,87,00,066</u> |
| Less : Current liabilities and provisions | 9 | 1,84,34,101 | 2,14,88,452 |
| Current liabilities | 10 | 16,94,572 | 18,44,054 |
| Provisions | | 63,12,918 | 98,98,782 |
| Unutilised Project Funds Carry Forward (Annexure - A) | | <u>2,64,41,591</u> | <u>3,32,31,288</u> |
| Net current assets | | <u>1,37,01,672</u> | <u>1,54,68,778</u> |
| | | <u>2,27,96,521</u> | <u>2,65,23,473</u> |

18

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

31-
V. Rethinam
Partner
Membership No.: 010412

Place: New Delhi

Date: 27/10/2017



For and on behalf of Katha

Parvinder
Mrs. Parvinder Kaur
Executive Director



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Income and Expenditure Account
For the year ended 31 March 2017
(All amounts in Rupees)

| | Schedule Number | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------|--------------------------|--------------------------|
| Income | | | |
| Grants received | 11 | 4,49,61,510 | 4,94,12,272 |
| Sale of publications (Net of Sales returns) | | 49,87,155 | 54,35,056 |
| Other income | 12 | 43,90,474 | 26,64,644 |
| | | 5,43,39,139 | 5,75,11,972 |
| Expenditure | | | |
| (Increase)/decrease in stock | | 13,65,672 | (6,37,725) |
| Programme expenses | 13 | 2,66,03,654 | 3,57,51,126 |
| Personnel expenses | 14 | 2,24,14,375 | 2,30,51,723 |
| Administrative and other expenses | 15 | 76,36,031 | 1,07,41,693 |
| Depreciation | 4 | 27,02,083 | 27,74,904 |
| Less: Adjusted against capital fund | | (27,02,083) | (27,74,904) |
| Bad debts (Including Project debtors) | 16 | 23,45,028 | 3,04,821 |
| Finance and bank charges | 17 | 61,597 | 31,270 |
| | | 6,04,26,357 | 6,92,42,908 |
| (Deficit)/Surplus for the year | | (60,87,218) | (1,14,26,115) |
| : Transfer from/to Reach Fund | | 28,51,253 | 53,51,910 |
| : Transfer to Green Fund | | | |
| : Transfer from/to General Fund | | 32,35,965 | 60,74,205 |
| | | | |

Significant accounting policies and notes to the accounts

18

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. Rethinam
Partner
Membership No.: 010412

Parvinder
Mrs. Parvinder Kaur
Executive Director



Place: New Delhi

Date: 27/10/2017



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

| | As at 31 March 2017 | As at 31 March 2016 |
|--|------------------------|------------------------|
| Schedule - 1 | | |
| CAPITAL FUND | | |
| Fixed Assets for previous years | 83,36,581 | 72,28,961 |
| Add: Fixed Assets out of grant during the year | 28,53,355 | 38,38,308 |
| Add: Fixed Assets out of General Fund | 1,33,478 | 44,216 |
| Less: Depreciation for the year adjusted | 27,02,083 | 27,74,904 |
| | <u>86,21,331</u> | <u>83,36,581</u> |
| Schedule - 2 | | |
| Restricted fund | | |
| Resources for Educating A Child Fund (REACH Fund) | | |
| Opening balance | 61,84,576 | 47,06,471 |
| Add/Less: Transfer from/to Income and Expenditure Account | (28,51,253) | - |
| Add: Katha community contribution | 13,67,740 | 14,78,105 |
| | <u>47,01,063</u> | <u>61,84,576</u> |
| Founder's Reserve | | |
| Opening balance | 1,18,97,553 | 1,10,45,926 |
| Add: Founder 's contribution to projects | 7,07,776 | 8,51,627 |
| | <u>1,26,05,329</u> | <u>1,18,97,553</u> |
| Corpus fund | | |
| As per last balance sheet | <u>31,70,000</u> | <u>31,70,000</u> |
| Schedule - 3 | | |
| General Fund | | |
| Opening balance | (30,65,237) | (12,09,379) |
| Add: Excess of income over expenditure | - | - |
| Less: Excess of expenditure over income | (32,35,965) | (60,74,205) |
| Add:/ Less other adjustment (transfers of fund to General Fund) | - | 42,18,347 |
| | <u>(63,01,202)</u> | <u>(30,65,237)</u> |
| Schedule - 5 | | |
| Inventory | | |
| Closing stock of books | 66,71,183 | 80,36,855 |
| Less: Provision for slow moving stock | 32,72,549 | 32,72,549 |
| | <u>33,98,634</u> | <u>47,64,306</u> |
| Schedule - 6 | | |
| Sundry Debtors (Unsecured) | | |
| Marketing debtors | 66,72,959 | 74,77,323 |
| Less :- Provision for doubtful debts | 9,29,248 | 13,89,918 |
| | <u>57,43,711</u> | <u>60,87,405</u> |



Schedule - 4 :- Fixed Assets

| Particulars | WDV as at 1 April 2016 | Additions 1st April 16 to 30 Sept 16 | Additions 1st Oct 16 to 31st Mar 17 | Total Additions | Sales/ Adjustments | As at 31 March 2017 | Depreciation for the year | Written down value as on 31 March 2017 |
|--------------------------|---------------------------|--|--|--------------------|-----------------------|------------------------|------------------------------|--|
| Tangible assets | | | | | | | | |
| Building | 1,58,564 | - | - | - | - | 1,58,564 | 15,856 | 1,42,708 |
| Furniture and fixtures | 31,63,593 | 4,07,960 | 29,750 | 4,37,710 | - | 36,01,303 | 3,58,643 | 32,42,660 |
| Computers | 15,54,566 | 10,14,097 | 1,73,890 | 11,87,987 | - | 27,42,553 | 15,93,365 | 11,49,188 |
| Office equipment | 18,87,668 | 7,23,688 | 3,66,260 | 10,89,948 | - | 29,77,616 | 4,19,172 | 25,58,444 |
| Intangible assets | | | | | | | | |
| Trade Mark | 1,868 | - | - | - | - | 1,868 | 467 | 1,401 |
| Software | 6,62,720 | 1,11,840 | 1,59,348 | 2,71,188 | - | 9,33,908 | 2,13,559 | 7,20,349 |
| Current year (A) | 74,28,979 | 22,57,585 | 7,29,248 | 29,86,833 | - | 1,04,15,812 | 26,01,062 | 78,14,750 |

Fixed assets against grants

| Particulars | WDV as at 1 April 2016 | Additions 1st April 16 to 30 Sept 16 | Additions 1st Oct 16 to 31st Mar 17 | Total Additions | Sales/ Adjustments | As at 31 March 2017 | Depreciation for the year | Written down value as on 31 March 2017 |
|----------------------------------|---------------------------|--|--|--------------------|-----------------------|------------------------|------------------------------|--|
| Tangible assets | | | | | | | | |
| Building | 6,55,168 | - | - | - | - | 6,55,168 | 65,517 | 5,89,651 |
| Furniture and fixtures | 47,236 | - | - | - | - | 47,236 | 4,724 | 42,512 |
| Office equipment | 2,05,198 | - | - | - | - | 2,05,198 | 30,780 | 1,74,418 |
| Current year (B) | 9,07,602 | - | - | - | - | 9,07,602 | 1,01,021 | 8,06,581 |
| Total Current Year(A)+(B) | 83,36,581 | 22,57,585 | 7,29,248 | 29,86,833 | - | 1,13,23,414 | 27,02,083 | 86,21,331 |

Fixed Assets out of grant during the year **28,53,355**
 Fixed Assets out of General Fund **1,33,478**
Total Addition 29,86,833



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

| | As at 31 March 2017 | As at 31 March 2016 |
|---|------------------------|------------------------|
| Schedule - 7 | | |
| Cash and bank balances | | |
| Cash in hand | - | - |
| Balance with scheduled banks in: | | |
| - saving banks account | 48,04,063 | 67,84,128 |
| - fixed deposits | 2,05,09,483 | 2,58,55,949 |
| | <u>2,53,13,546</u> | <u>3,26,40,077</u> |
| Pledged against overdraft limit by Bank | <u>73,90,076</u> | <u>72,53,441</u> |
| Schedule - 8 | | |
| Loans and advances | | |
| <i>(Unsecured, considered good unless otherwise stated)</i> | | |
| Advances recoverable in cash or in kind or for value to be received | 4,65,307 | 2,99,281 |
| Security deposits | 5,96,064 | 5,96,064 |
| Income Tax Paid under protest | 15,77,069 | 15,77,069 |
| Interest accrued but not due | 13,71,762 | 7,70,947 |
| TDS receivable | 16,77,170 | 19,64,917 |
| | <u>56,87,372</u> | <u>52,08,278</u> |
| Schedule - 9 | | |
| Current liabilities | | |
| Sundry creditors | 1,28,81,824 | 1,58,02,512 |
| Stale Cheques | 97,530 | - |
| Advance from Partner (refer note 18 (h)) | 52,50,000 | 52,50,000 |
| Advance from customers | - | 1,19,732 |
| Other liabilities | 2,04,747 | 3,16,208 |
| | <u>1,84,34,101</u> | <u>2,14,88,452</u> |
| Schedule - 10 | | |
| Provisions | | |
| - for gratuity | 13,98,651 | 15,50,119 |
| - for leave encashment | 2,95,921 | 2,93,935 |
| | <u>16,94,572</u> | <u>18,44,054</u> |



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

| | As at 31 March 2017 | As at 31 March 2016 |
|--|------------------------|------------------------|
| Schedule - 11 | | |
| Grants received | | |
| Specific Purpose Funds (Refer Annexure-A) | 4,27,31,083 | 4,80,72,983 |
| General Donations | 22,30,427 | 13,39,289 |
| | <u>4,49,61,510</u> | <u>4,94,12,272</u> |
| Schedule - 12 | | |
| Other income | | |
| Interest on fixed deposits | 18,75,135 | 21,72,617 |
| Interest on saving bank accounts | 2,15,678 | 2,55,683 |
| Interest on income tax Refund | 38,016 | - |
| Miscellaneous and Other Receipts | 22,61,645 | 2,36,344 |
| | <u>43,90,474</u> | <u>26,64,644</u> |
| Schedule - 13 | | |
| Programme expenditure | | |
| Education material development | 39,58,885 | 65,58,540 |
| Consultant fee and expenses | 56,60,968 | 89,09,437 |
| Kathashala school expenses {Refer note 3(c)} | 1,57,01,861 | 1,67,65,791 |
| Project implementation expenses | 60,81,832 | 83,84,418 |
| Sales and distribution cost | 56,351 | 2,72,817 |
| | <u>3,14,59,897</u> | <u>4,08,91,003</u> |
| Less: Kathashala school expenses | 48,56,243 | 51,39,877 |
| Total | <u>2,66,03,654</u> | <u>3,57,51,126</u> |
| Schedule - 14 | | |
| Personnel expenses | | |
| Salaries and wages | 2,79,96,229 | 2,85,17,401 |
| Employee benefits | 1,01,987 | 2,69,807 |
| Employees Provident Fund | 19,94,028 | 20,86,170 |
| Employees State Insurance | 2,52,868 | 1,86,758 |
| Staff welfare | 3,59,511 | 5,13,780 |
| | <u>3,07,04,623</u> | <u>3,15,73,916</u> |
| Less: Kathashala school expenses | 82,90,248 | 85,22,193 |
| Total | <u>2,24,14,375</u> | <u>2,30,51,723</u> |
| Schedule - 15 | | |
| Administrative and other expenses | | |
| Promotional Activity | 1,26,610 | - |
| Communication | 8,24,842 | 8,26,679 |
| Electricity and Water | 7,62,802 | 9,55,328 |
| Short & Excess | 1,311 | (1,475) |
| Insurance | 91,870 | 1,95,141 |
| Legal and professional | 3,47,375 | 3,00,000 |
| Printing and stationary | 2,38,548 | 11,22,755 |
| Penalty paid on statutory dues | 45,745 | - |
| Interest paid on statutory dues | 54,686 | - |
| Rent | 26,93,748 | 26,87,064 |
| Repair and maintenance | 9,25,490 | 6,85,440 |
| Security charges | 12,21,826 | 12,35,644 |
| Traveling and conveyance | 20,88,403 | 35,25,055 |



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

| | As at 31 March 2017 | As at 31 March 2016 |
|----------------------------------|-------------------------|---------------------------|
| Provision for slow moving stock | - | 11,65,641 |
| Licence Fees | 3,97,488 | 6,02,592 |
| Recruitment | 7,462 | 15,390 |
| Miscellaneous expenses | 3,53,168 | 2,20,210 |
| | <u>1,01,81,374</u> | <u>1,35,35,464</u> |
| Less: Kathashala school expenses | 25,45,343 | 30,98,592 |
| Total | <u><u>76,36,031</u></u> | <u><u>1,04,36,872</u></u> |

Schedule - 16

Bad Debts:

| | | |
|-----------------------------------|-------------------------|------------------------|
| Project Debtors | 21,50,231 | |
| Marketing Debtors | 6,55,467 | |
| Less: Adjusted against provisions | 4,60,670 | |
| Total | <u><u>23,45,028</u></u> | <u><u>3,04,821</u></u> |

Schedule - 17

Finance and bank charges

| | | |
|----------------------------------|----------------------|----------------------|
| Bank charges | 46,397 | 32,501 |
| Other interest | 25,227 | 3,898 |
| | <u>71,624</u> | <u>36,399</u> |
| Less: Kathashala school expenses | 10,027 | 5,129 |
| Total | <u><u>61,597</u></u> | <u><u>31,270</u></u> |



Annexure -A

Audit year: 2016-17

Schedule of Grants received during the year 2016-17

Amount In Rs

| Sl. No. | PROJECT | BALANCES AS | BALANCES AS | CURRENT | CURRENT | 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 01-04-2016 | ON 01-04-2016 | RECEIPTS Agst. Grant | RECEIPTS Agst. Debtors | | | | | | | 31-03-2017 | 31-03-2017 |
| | | Cr. Balance | Dr. Balance | | | | | | | | | (Cr.) | (Dr.) |
| | Specific Purpose Grants- | | | | | | | | | | | | |
| | General (A) | | | | | | | | | | | | |
| 1 | South Delhi Municipal | - | (8,22,045) | - | - | 8,22,045 | - | - | - | - | - | - | - |
| 2 | East Delhi Municipal | | (4,31,997) | - | - | 4,31,997 | - | - | - | - | - | - | - |
| 3 | Tech Mahindra | | (11,502) | - | - | 11,502 | - | - | - | - | - | - | - |
| 4 | Central Board of Secondary Education | | (2,30,005) | - | - | 2,30,005 | - | - | - | - | - | - | - |
| 5 | British Council, Division | 21,25,000 | - | - | - | - | 21,25,000 | 21,25,000 | - | - | 21,25,000 | - | - |
| 6 | HDFC Bank | - | | 17,18,748 | - | - | 17,18,748 | 16,72,998 | 45,750 | 17,864 | 17,36,612 | - | - |
| 7 | TATA Communications | 4,14,654 | | 25,00,000 | | | 29,14,654 | 29,14,654 | - | 30,618 | 29,45,272 | - | - |
| 8 | Essar Group Foundation | | (4,40,817) | 3,94,367 | 4,40,817 | | 3,94,367 | 3,94,367 | - | 66,472 | 4,60,839 | - | (0) |
| 9 | Aviva Life Insurance | - | - | 10,00,000 | - | - | 10,00,000 | 9,20,356 | 24,000 | - | 9,44,356 | 55,644 | - |
| 10 | The Raza Foundation | | | 3,00,000 | | | 3,00,000 | 3,00,000 | | 3,628 | 3,03,628 | - | - |
| 11 | Sapient Consulting Pvt. Ltd. | - | - | 56,11,622 | - | - | 56,11,622 | - | - | - | - | 56,11,622 | - |
| | Total (A) | 25,39,654 | (19,36,366) | 1,15,24,737 | 4,40,817 | 14,95,549 | 1,40,64,391 | 83,27,375 | 69,750 | 1,18,582 | 85,15,707 | 56,67,266 | (0) |
| | Foreign Contribution (B) | | | | | | | | | | | | |
| 12 | Barrington Educational Initiative | - | | 12,90,452 | | | 12,90,452 | 12,90,452 | - | 2,617 | 12,93,069 | | |



Parvinder

| Sl. No. | PROJECT | BALANCES AS | BALANCES AS | CURRENT | CURRENT | 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 01-04-2016 | ON 01-04-2016 | RECEIPTS Agst. Grant | RECEIPTS Agst. Debtors | | | | | | | 31-03-2017 | 31-03-2017 |
| | | Cr. Balance | Dr. Balance | | | | | | | | | (Cr.) | (Dr.) |
| | | | | | | | | | | | - | - | - |
| 13 | British Asian Trust Patricia | 4,81,986 | | 4,97,577 | | - | 9,79,563 | 7,86,563 | 1,93,000 | | 9,79,563 | (0) | - |
| | | | | | | | | | | | - | - | - |
| 14 | Give India | | (1,28,166) | | 1,27,065 | 1,101 | - | - | - | - | - | - | - |
| 15 | British Telecom | | (80,942) | 45,94,637 | | 80,942 | 45,94,637 | 45,02,167 | 2,52,149 | | 47,54,316 | - | (1,59,679) |
| | | | | | | | | | | | - | - | - |
| 16 | Halcrow Foundation | | (4,45,969) | - | | 4,45,969 | - | - | - | | - | - | - |
| | | | | | | | | | | | - | - | - |
| 17 | British Asian Trust (Dream Fund) | 9,35,625 | - | - | - | - | 9,35,625 | 9,35,625 | - | 221 | 9,35,846 | - | - |
| | | | | | | | | | | | - | - | - |
| 18 | Charities Aid Foundation | - | | 51,44,925 | | - | 51,44,925 | 47,65,925 | 3,79,000 | 15,675 | 51,60,600 | - | - |
| | | | | | | | | | | | - | - | - |
| 19 | Impact Foundation | - | | 28,46,100 | | | 28,46,100 | 28,46,100 | - | 49,564 | 28,95,664 | - | - |
| | | | | | | | | | | | - | - | - |
| 20 | Anamika | | (1,26,671) | - | | 1,26,671 | - | - | - | | - | - | - |
| | | | | | | | | | | | - | - | - |
| 21 | Australia High Commisiion | - | | 15,64,552 | | - | 15,64,552 | 15,64,552 | - | 1,66,582 | 17,31,134 | - | - |
| | | | | | | | | | | | - | - | - |
| 22 | Tom Singh | 13,01,362 | | - | | - | 13,01,362 | 13,01,362 | - | 1,04,071 | 14,05,433 | - | - |
| | | | | | | | | | | | - | - | - |
| 23 | British Asian Trust (Towards Currency Variance) | 19,18,847 | | - | | - | 19,18,847 | 19,18,847 | - | | 19,18,847 | - | - |
| | | | | | | | | | | | - | - | - |
| 24 | John Lewis (British Asian Trust) | 2,34,026 | | 13,55,858 | | | 15,89,884 | 15,89,884 | - | 2,488 | 15,92,372 | - | - |
| | | | | | | | | | | | - | - | - |
| 25 | World Reader Grant | 12,41,517 | | 13,26,170 | | | 25,67,687 | 28,81,526 | - | | 28,81,526 | - | (3,13,839) |
| | | | | | | | | | | | - | - | - |
| 26 | New Zealand High | 10,71,000 | | 11,54,845 | | - | 22,25,845 | 14,99,193 | 81,000.00 | | 15,80,193 | 6,45,652 | - |
| | | | | | | | | | | | - | - | - |

| Sl. No. | PROJECT | BALANCES AS | BALANCES AS | CURRENT | CURRENT | 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 01-04-2016 | ON 01-04-2016 | RECEIPTS Agst. Grant | RECEIPTS Agst. Debtors | | | | | | | 31-03-2017 | 31-03-2017 |
| | | Cr. Balance | Dr. Balance | | | | | | | | - | (Cr.) | (Dr.) |
| 27 | British Asian Trust (Partnership School South Extn.) | - | | 35,92,636 | | | 35,92,636 | 26,59,166 | 9,33,470 | 740 | 35,93,376 | - | - |
| 28 | British Asian Trust (KLS) | - | | 24,01,197 | | | 24,01,197 | 23,94,382 | 6,815 | | 24,01,197 | (0.00) | - |
| 29 | ARK | - | | 18,99,425 | | | 18,99,425 | 11,75,349 | 7,24,076 | | 18,99,425 | - | - |
| 29 | Villgro Innovation | - | | 18,12,175 | | | 18,12,175 | 15,98,080 | 2,14,095 | 477 | 18,12,652 | - | - |
| 30 | Ashoka Innovators for the Public (I) | - | | 3,40,000 | | | 3,40,000 | 3,40,000 | | | 3,40,000 | - | - |
| 31 | HDFC Bank | 1,74,765 | | - | | | 1,74,765 | 1,74,765 | | | 1,74,765 | - | - |
| 32 | Mind Tools | - | | 1,79,770 | | | 1,79,770 | 1,79,770 | | | 1,79,770 | - | - |
| | Total (B) | 73,59,128 | (7,81,748) | 3,00,00,319 | 1,27,065 | 6,54,683 | 3,73,59,447 | 3,44,03,708 | 27,83,605 | 3,42,435 | 3,75,29,748 | 6,45,652 | (4,73,518) |
| | Grand Total (A) + (B) | 98,98,782 | (27,18,114) | 4,15,25,056 | 5,67,882 | 21,50,232 | 5,14,23,838 | 4,27,31,083 | 28,53,355 | 4,61,017 | 4,60,45,455 | 63,12,918 | (4,73,518) |

Actual Grant Received during the year 4,20,92,938
Add:- Opening Balance 71,80,668
Add:- Excess spent written off 21,50,232
Total (i + ii) 5,14,23,838
Less:-Return -
Less:- Closing Balance 58,39,400
Total (iv + v) 4,55,84,438



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

Schedule 18– Significant accounting policies and notes to the 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

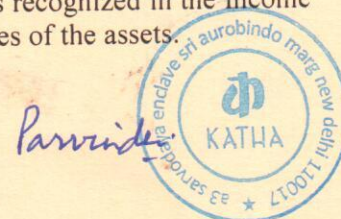
The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and 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.



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

Schedule 18– Significant accounting policies and notes to the accounts

Distribution of Publications

Distribution of publications (Rs. 49,87,155/-) shown in the books of accounts excluding of Project distributions (Rs.19,02,303/-)

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 are valued at 50% on discounted M.R.P. for moving Inventory and 35% on 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) 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.

h) Expenditure

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



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

Schedule 18– Significant accounting policies and notes to the accounts

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.26,93,748 (Previous year Rs 26,87,064).

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. 1,57,01,861 (P.Y. 1,67,65,791) comprise allocation of programme expenditure – Rs.48,56,243 (P.Y 51,39,877), personnel expenditure – Rs. 82,90,248 (P.Y 85,22,193), administrative expenditure – Rs.25,45,343 (P.Y.30,98,592) and finance charges – Rs.10,027 (P.Y 5,129) as indicated in the respective schedules viz. 13-16.



Katha

Schedules forming part of the financial statements

(All amounts in Rupees)

Schedule 18– Significant accounting policies and notes to the accounts

- 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.63,12,918 (Previous Year Rs. 98,98,782) is carried forwarded as “Carried forward Projects Funds” under the head Current Liabilities.

f) Gratuity

A sum of Rs.12,115 Dr.(Previous Year Rs.31,881 Cr.) is recognized as an expense and included in “Personnel expenses” in the income and expenditure account.

g) Contingent Liability- Income Tax


In respect of AY 2010-11, the Income tax Appellate Tribunal vide Order dated 28.11.2016 upheld the order of Commissioner of Income Tax (Appeals) allowing the benefit of Sec.11 to the Society. The department’s appeal u/s 260A of the Income tax Act,1961 against the Order before Hon’ble Delhi High Court, has since been (on 02.08.2017) dismissed.

In respect of AYs 2012-13, 2013-14 & 2014-15, CIT (A) vide orders dated 20.3.2017, 17.4.2017 & 08.09.2017 respectively, have decided the appeals in favour of the Society. Accordingly, taxes paid are due for refund.

h) Advance from Partner

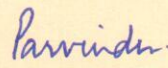
Pending finalization of the terms of revised settlement, which are under negotiation, the amount of Rs.52,50,000/ is being carried forward.

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


V. Rethinam
Partner
Membership No. 010412
Place: New Delhi
Date : 27.10.2017



For and on behalf of **Katha**


Parvinder Kaur
Executive Director

Place: New Delhi
Date :

