



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KATHA

1. Opinion

We have audited the financial statements of **KATHA** ("Society"), which comprise the Balance Sheet as at March 31, 2024 and the statement of Income and Expenditure Account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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:

- i) in the case of the Balance Sheet, of the state of affairs of the Society as at 31st March 2024; and
- ii) in the case of the Income and Expenditure Account, of the surplus for the year ended on that date.

2. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by ICAI. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the Code of Ethics issued by Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of financial statements under the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethic. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Emphasis of Matter

We draw attention to the matter relating to denial of renewal of the Society's registrations under Foreign Contribution (Regulation) Act, 2010 and Rules made thereunder by the Ministry of Home Affairs (MHA). The Society is in the process addressing the concerns of the MHA. Till renewal of registration by MHA, the Foreign Contribution funds, presently kept deposited in savings/ current accounts and fixed deposits, stands frozen by the MHA and cannot be utilized by the Society. (Refer Note No. 3(g) of Schedule 17 of the Financial Statements)

Our opinion is not modified in respect of the above matter.

4. Responsibilities of management 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 accounting principles generally accepted in India, including the accounting standards issued by ICAI, to the extent applicable. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Society and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Management is responsible for overseeing the Society's financial reporting process.



5. Auditors' responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

6. Other matters

We report that:

- a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose 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 those books; and
- c) The Balance Sheet and Income and Expenditure Account dealt with by this report are in agreement with the books of accounts;

Place: New Delhi
Dated: 25/09/2024

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

Karthik Srinivasan

KARTHIK SRINIVASAN
Partner (M. No: 514998)
UDIN: 24514998 BKCTIH 7125

KATHA

Balance Sheet

As on 31 March 2024

(All amounts in Rupees)

	Schedule Number	As at 31 March 2024	As at 31 March 2023
SOURCES OF FUNDS			
CAPITAL FUND	1	61,90,487	50,55,478
Corpus fund		31,70,000	31,70,000
Restricted funds:-	2		
Resources for Educating A Child Fund (REACH Fund)		38,20,270	39,93,532
Founder's Reserve		1,68,38,879	1,68,38,879
Unrestricted funds:-	3		
General fund		(81,62,161)	(79,65,521)
		2,18,57,475	2,10,92,368
APPLICATION OF FUNDS			
Fixed assets	4		
Net block		61,90,487	50,55,478
Project Funds Spent- Awaiting reimbursement (Annexure - A&B)		37,24,209	27,23,979
Current assets, loans and advances			
Inventory	5	22,76,087	-
Debtors	6	26,15,742	44,80,381
Cash and bank balances	7	5,47,95,340	4,13,52,540
Loans and advances	8	12,14,234	14,51,531
		6,09,01,403	4,72,84,452
Less : Current liabilities and provisions			
Current liabilities	9	1,16,73,690	96,40,092
Provisions	10	19,04,358	15,12,235
Unutilised Project Funds Carry Forward (Annexure - A&B)		3,53,80,576	2,28,19,214
		4,89,58,624	3,39,71,541
Net current assets		1,19,42,779	1,33,12,911
		2,18,57,475	2,10,92,368

Significant accounting policies and notes to the accounts 17

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

Karthik Srinivasan

Karthik Srinivasan
Partner
Membership No.: 514998

Place: New Delhi

Date: 25-09-2024



For and on behalf of Katha



R Balasubramanian
Vice President

Ms. Sashwati Banerjee
Ms. Sashwati Banerjee
Governing Council Member

Income and Expenditure Account
For the year ended 31 March 2024
(All amounts in Rupees)

	Schedule Number	Year ended 31 March 2024	Year ended 31 March 2023
Income			
Grants received	11	6,22,80,494	7,67,77,247
Distribution of publications		97,20,928	84,62,157
Other income	12	31,26,221	25,82,793
		7,51,27,643	8,78,22,197
Expenditure			
(Increase)/decrease in stock		(22,76,087)	28,70,738
Programme expenses	13	4,53,10,864	4,73,62,994
Personnel expenses	14	3,00,39,238	3,43,44,496
Administrative and other expenses	15	24,14,160	48,49,264
Depreciation	4	16,66,639	11,07,175
Less: Adjusted against capital fund		(16,66,639)	(11,07,175)
Finance and bank charges	16	9,370	11,143
		7,54,97,545	8,94,38,635
(Deficit)/Surplus for the year		(3,69,902)	(16,16,438)
: Transfer from/to Reach Fund		1,73,262	7,57,139
: Transfer from/to General Fund		1,96,640	8,59,299

Significant accounting policies and notes to the accounts

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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

Karthik Srinivasan

Karthik Srinivasan

Partner

Membership No.: 514998

Place: New Delhi

Date: 25-09-2024.



For and on behalf of Katha



R Balasubramanian
Vice President

Ms. Sashwati Banerjee
Ms. Sashwati Banerjee
Governing Council Member

KATHA

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

	As at 31 March 2024	As at 31 March 2023
Schedule - 1		
CAPITAL FUND		
Fixed Assets for previous years		
Add: Fixed Assets out of grant during the year	50,55,478	50,69,942
Add: Fixed Assets out of General Fund	28,01,648	2,02,960
Less: Assets Discarded from Use	-	8,94,969
Less: Depreciation for the year adjusted	-	5,218
	<u>16,66,639</u>	<u>11,07,175</u>
	<u>61,90,487</u>	<u>50,55,478</u>
Schedule - 2		
Restricted fund		
Resources for Educating A Child Fund (REACH Fund)		
Opening balance	39,93,532	47,50,671
Add/Less: Transfer from/to Income and Expenditure Account	(1,73,262)	(7,57,139)
	<u>38,20,270</u>	<u>39,93,532</u>
Founder's Reserve		
Opening balance	1,68,38,879	1,66,20,379
Add: Founder 's contribution to projects	-	2,18,500
	<u>1,68,38,879</u>	<u>1,68,38,879</u>
Corpus fund		
As per last balance sheet	<u>31,70,000</u>	<u>31,70,000</u>
Schedule - 3		
General Fund		
Opening balance	(79,65,521)	(71,06,223)
Add: Excess of Income Over Expenditure	(1,96,640)	(8,59,298)
Add:/ Less other adjustment (transfers of fund to General Fund)	-	-
	<u>(81,62,161)</u>	<u>(79,65,521)</u>
Schedule - 5		
Inventory		
Closing stock of books	46,62,088	23,86,001
Less: Provision for slow moving stock	23,86,001	23,86,001
	<u>22,76,087</u>	<u>-</u>
Schedule - 6		
Sundry Debtors (Unsecured)		
Marketing debtors	26,15,742	44,80,381
Less :- Provision for doubtful debts	-	-
	<u>26,15,742</u>	<u>44,80,381</u>



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Schedule - 4 :- Fixed Assets
Year 2023-24

Particulars	WDV as at 1 April 2023	Additions 1st April 2023 to 30 September 2023	Additions 1st Oct 23 to 31st March 2024	Total Additions	Sales/ Adjustments/ Discarded	As at 31 March 2024	Depreciation for the year	Written down value as on 31 March 2024
Tangible assets								
Books	6,053	97,151	-	97,151	-	1,03,204	41,282	61,922
Building	75,841	-	-	-	-	75,841	7,584	68,257
Furniture and fixtures	19,20,384	4,43,500	-	4,43,500	-	23,63,884	2,36,388	21,27,496
Computers	8,49,703	15,57,327	8,400	15,65,727	-	24,15,430	9,64,492	14,50,938
Office equipment	12,50,774	27,200	17,330	44,530	-	12,95,304	1,92,996	11,02,308
Electrical Equipments	1,24,984	6,32,790	17,950	6,50,740	-	7,75,724	1,15,012	6,60,712
Vehicle	4,10,779	-	-	-	-	4,10,779	61,617	3,49,162
Intangible assets								
Trade Mark	15,222	-	-	-	-	15,222	3,806	11,416
Software	-	-	-	-	-	-	-	-
Current year (A)	46,53,740	27,57,968	43,680	28,01,648	-	74,55,388	16,23,177	58,32,211

Fixed assets against grants: (in kind)

Particulars	WDV as at 1 April 2023	Additions 1st April 2023 to 30 September 2023	Additions 1st Oct 23 to 31st March 2024	Total Additions	Sales/ Adjustments/ Discarded	As at 31 March 2024	Depreciation for the year	Written down value as on 31 March 2024
Tangible assets								
Building	3,13,364	-	-	-	-	3,13,364	31,336	2,82,028
Furniture and fixtures	22,593	-	-	-	-	22,593	2,259	20,334
Office equipment	65,781	-	-	-	-	65,781	9,867	55,914
Current year (B)	4,01,738	-	-	-	-	4,01,738	43,462	3,58,276
Total Current Year(A)+(B)	50,55,478	27,57,968	43,680	28,01,648	-	78,57,126	16,66,639	61,90,487

Fixed Assets out of grant during the year **28,01,648**
 Fixed Assets out of General Fund **-**
Total Addition 28,01,648



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

	As at 31 March 2024	As at 31 March 2023
Schedule - 7		
Cash and bank balances		
Cash in hand	-	-
Balance with scheduled banks in:		
- saving banks account	4,07,08,030	2,73,21,698
- fixed deposits	1,40,87,310	1,40,30,842
	<u>5,47,95,340</u>	<u>4,13,52,540</u>
Pledged against overdraft limit by Bank	-	-
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	23,925	70,000
Security deposits	6,87,500	8,79,500
Interest accrued but not due	1,15,999	1,19,705
TDS receivable	2,48,805	2,75,375
Prepaid Expenses	1,38,005	1,06,951
	<u>12,14,234</u>	<u>14,51,531</u>
Schedule - 9		
Current liabilities		
Sundry creditors	61,98,830	45,84,944
Loan from Dharmarajan Family	52,40,838	40,31,963
Stale Cheques	-	49,146
Other liabilities	2,34,022	9,74,039
	<u>1,16,73,690</u>	<u>96,40,092</u>
Schedule - 10		
Provisions		
- for gratuity	19,04,358	15,12,235
	<u>19,04,358</u>	<u>15,12,235</u>
Schedule - 11		
Grants received		
Specific Purpose Funds (Refer Annexure-A & B)	5,79,45,496	7,32,74,189
Grant Received from Dharmarajan Family	22,93,469	15,00,000
Grant Received from Ramaraj Family	-	11,66,626
General Donations	20,41,529	8,36,432
	<u>6,22,80,494</u>	<u>7,67,77,247</u>



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

	As at 31 March 2024	As at 31 March 2023
Schedule - 12		
Other income		
Interest on fixed deposits	10,30,616	7,44,704
Interest on saving bank accounts	17,49,257	8,18,014
Interest on income tax Refund	8,660	958
Unclaimed and old credit Balances written back	2,00,277	53,201
Miscellaneous and Other Receipts	1,37,411	79,368
Provision for Inventory Written back	-	8,86,548
	<u>31,26,221</u>	<u>25,82,793</u>
Schedule - 13		
Programme expenditure		
Education material development	73,66,560	88,48,911
Consultant fee and expenses	1,17,13,764	67,75,054
Kathashala school expenses (Refer note 3(a)(i))	1,26,46,305	99,94,775
Project implementation expenses (Refer note 3(f))	1,14,63,302	2,22,58,281
Sales and distribution cost	40,42,298	4,56,734
	<u>4,72,32,229</u>	<u>4,83,33,755</u>
Less: Kathashala school expenses	19,21,365	9,70,761
Total	<u>4,53,10,864</u>	<u>4,73,62,994</u>
Schedule - 14		
Personnel expenses		
Salary Project staff- Kalpavriksham (refer note- 3(a))	2,29,37,396	3,36,01,768
Salary Project staff- Kathavilasam (refer note- 3(b))	48,46,692	79,54,003
Salary Project staff- Distribution of Publications	1,16,91,180	3,87,581
Staff welfare	9,533	1,45,781
	<u>3,94,84,801</u>	<u>4,20,89,133</u>
Less: Kathashala school expenses	94,45,563	77,44,637
Total	<u>3,00,39,238</u>	<u>3,43,44,496</u>
Schedule - 15		
Administrative and other expenses		
Promotional Activity	-	3,670
Communication	5,04,325	7,49,064
Electricity and Water	14,05,190	14,96,034
Short & Excess	341	387
Insurance	35,291	12,260
Legal and professional (see note below)	6,11,734	8,92,539
Printing and stationary	23,516	23,516
Interest paid on statutory dues	13,081	34
Repair and maintenance	2,74,041	16,00,942
Travelling and conveyance	4,66,982	9,89,249
Miscellaneous expenses	3,59,036	84,042
Project expenses spent out of General Reserve	-	2,76,903
	<u>36,93,537</u>	<u>61,28,641</u>
Less: Kathashala school expenses	12,79,377	12,79,377
Total	<u>24,14,160</u>	<u>48,49,264</u>
Notes to Legal & Professional:		
Payment to Auditor		
Audit Fees	1,25,000	1,25,000
Fees for other services & certificate	1,00,000	1,00,000
Total (Excluding GST Amount)	<u>2,25,000</u>	<u>2,25,000</u>
Schedule - 16		
Finance and bank charges		
Bank charges	9,370	11,143
	<u>9,370</u>	<u>11,143</u>



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Annexure - A & B
FUND/GRANT SCHEDULE

Audit year: 2023-23

Sl. No.	PROJECT	BALANCES AS ON 01-04-2023		CURRENT RECEIPTS Agt. Grant	CURRENT RECEIPTS Agst. Debtors	EXCESS SPENT ON PROJECT WRITTEN OFF	TOTAL	UTILIZED AGST. GRANT (Revenue Expenditure)	UTILIZED AGST. GRANT (Capital Expenditure)	UTILIZED OWN SOURCES	TOTAL	BALANCE AS ON 31-03-2024	
		ON 01-04-2023 Cr. Balance	ON 01-04-2023 Dr. Balance									ON (C/F Project) (Cr.)	BALANCE AS ON (Debtor) (Dr.)
	Specific Purpose Grants-												
	General (A)												
1	Bata India Limited	-	-	10,07,168	-	-	10,07,168	10,07,168	-	-	10,07,168	-	-
2	HCL Foundation	-	(27,23,979)	89,37,280	27,23,979	-	89,37,280	88,13,332	-	-	88,13,332	1,23,948	-
3	British Asian India Foundation-Infra	-	-	2,43,450	-	-	2,43,450	-	-	-	-	2,43,450	-
4	Cians Analytics Private Limited	5,93,769	-	16,12,948	-	-	22,06,217	22,06,217	-	-	22,06,217	-	-
5	Herbalife International India Pvt. Ltd	49,15,147	-	1,05,94,560	-	-	1,55,09,707	1,55,09,707	-	-	1,55,09,707	-	-
6	Divya Modi Tongya	-	-	34,00,000	-	-	34,00,000	34,00,000	-	-	34,00,000	-	-
7	GT- Bharat	-	-	5,53,411	-	-	5,53,411	-	-	-	-	5,53,411	-
8	Amazon Development Centre (India) Pvt. Ltd.	1,10,00,000	-	2,60,00,000	-	-	3,70,00,000	86,86,243	-	-	86,86,243	2,83,13,757	-
9	Bharat Petroleum Corporation Ltd.	-	-	10,00,000	-	-	10,00,000	9,38,990	-	-	9,38,990	61,010	-
10	Katha GLG	-	-	9,50,000	-	-	9,50,000	9,50,000	-	-	9,50,000	-	-
11	Hindustan Uniliver Limited	-	-	14,50,000	-	-	14,50,000	14,50,000	-	-	14,50,000	-	-
12	Grant Received From Dharmarajan Family Fund	-	-	22,93,469	-	-	22,93,469	22,42,519	50,950	-	22,93,469	-	-
13	NTPC Tamilnadu Energy Company Limited	-	-	47,10,250	-	-	47,10,250	32,43,751	14,66,499	-	47,10,250	-	-
14	Foxconn International Holdings	-	-	-	-	-	-	18,16,577	12,84,199	-	31,00,776	-	(31,00,776)
14	SIDBI Swawamban Foundation	-	-	6,00,000	-	-	6,00,000	7,23,753	-	-	7,23,753	-	(1,23,753)
15	British Asian India Foundation	48,10,798	-	60,85,000	-	-	1,08,95,798	48,10,798	-	-	48,10,798	60,85,000	-
	Total (A)	2,13,19,214	(27,23,979)	6,94,37,536	27,23,979	-	9,07,56,750	5,57,99,055	28,01,668	5,86,00,703	5,86,00,703	3,53,80,576	(32,24,529)



Sl. No.	PROJECT HEAD	BALANCES AS ON 01-04-2023		BALANCES AS ON 01-04-2024		EXCESS SPENT ON PROJECT WRITTEN OFF	CURRENT		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)
		Cr. Balance	Dr. Balance	RECEIPTS Grant	RECEIPTS Agst. Debtors										
	Foreign Contribution (B)														
16	Australian High Commission	15,00,000	-	-	-	-	-	15,00,000	15,00,000	-	-	-	15,00,000	-	-
17	Adobe	-	-	15,89,552	-	-	15,89,552	15,89,552	15,89,552	-	-	-	15,89,552	-	-
18	Dalyan Foundation	-	-	8,50,678	-	-	8,50,678	8,50,678	13,50,358	-	-	-	13,50,358	-	(4,99,680)
	Total FCRA- (B)	15,00,000	-	24,40,230	-	-	24,40,230	39,40,230	44,39,910	-	-	-	44,39,910	-	(4,99,680)
	Grand Total (A) + (B)	2,28,19,214	(27,23,979)	7,18,77,766	27,23,979	-	9,46,96,980	6,02,38,965	6,30,40,613	28,01,648	-	-	3,53,80,576	(37,24,209)	



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

Schedule 17– 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 Govind puri 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 17– Significant accounting policies and notes to the accounts

Distribution of Publications

Distribution of publications (Rs. 97,20,928/-) shown in the books of accounts is excluding of Project distributions (Rs.20,85,903/-)

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. Further during Financial Year 2023-24, assets purchased for benefit of beneficiaries at –Herbalife International (HIPL) Centre, Rs.21,31,530/ have been funded for projects run by Katha and considered as Project setting up cost. These are to be retained at project site after completion of Project.

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%
Electrical Equipment	15%
Vehicle	15%
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 17- 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 17- 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 recognised and transferred an equal amount to "Founder's Reserve". At the end of the year, the amount remains unpaid and is recorded as payable to her. Accounting has been done as follows: -

Particulars	F.Y. 23-24	F.Y. 22-23
Value of service	Rs.3,20,000	Rs.3,12,500
Less: Tax liability to be borne by her	-	Rs.94,000
Amount transferred to Founder's Reserve	-	Rs.2,18,500

- e) The amount unspent on projects of Rs.3,53,80,576/- (Previous Year Rs.2,28,19,214/-) is carried forward as "Carried forward Projects Funds" under the head Current Liabilities.
- f) Project implementation expenditure (Sch.13) includes the following:

S. No	Nature of expenditure	Amount (CY)	Amount (PY)
1	Security Expenses	9,42,578	11,81,218
2	Rent & Licence fees	28,49,696	25,59,065
3	Accreditation Charges	94,555	3,31,429
4	Printing and Stationery	8,38,832	11,77,199
5	AMC on computer and others	16,69,525	20,95,487
6	Setting up MCD School & Kathashala-Repair & Maintenance.	21,31,530	15,49,459

- g) The Society was registered under the Foreign Contribution (Regulation) Act, 2010 (FCRA), vide registration number 231650637 dated 15.05.1992. The renewal application filed by the Society on 20.07.2021 has been denied by the Ministry of Home Affairs (MHA) vide their letter dated 08.07.2024. Subsequent to this, on the basis of legal advice, the Society is in the process of addressing the concerns of the MHA. Till receipt of the renewed certificate, the Foreign Contribution funds, presently kept deposited in savings/ currents accounts and fixed deposits, cannot be utilized by the Society.

For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No.: 10920

For and on behalf of Katha

Karthik Srinivasan

Karthik Srinivasan
Partner
Membership No. 514998

R Balasubramanian

R Balasubramanian
Vice President

MS Sashwati Banerjee

MS Sashwati Banerjee
Governing Council Member

Place: New Delhi

Date: 25-09-2024

