



V. SANKAR AIYAR & CO.

CHARTERED ACCOUNTANTS

Flat No.202 & 301, Satyam Cinema Complex
Ranjit Nagar Community Centre, New Delhi - 110008
Tel (011) 25702691, 25704639; e-mail: newdelhi@vsa.co.in

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KATHASOCIETY

1. Opinion

We have audited the financial statements of **KATHASOCIETY** ("Society") which comprise the Balance Sheet as at March 31, 2022 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, 2022 and
- ii) in the case of the Income and Expenditure Account, of the surplus for the year ended on that date.

2. Basis of Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued to ICAI. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of 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 with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Responsibilities of management for the financial statements

The 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 deducting frauds and other irregularities; selection and application of appropriate implementation and maintenance of account policies; making judgements 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.

4. 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 judgement 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 controls.



- 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 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.

5. **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 it 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;

For V. Sankar Aiyar & Co.
Chartered Accountants
ICAI Firm Regn. 109208W

Karthik Srinivasan

Karthik Srinivasan
Partner
Membership No. 514998

UDIN: 22514998AWLKNZ9490

Place : New Delhi

Date : 29th September, 2022



KATHA

Balance Sheet

As on 31 March 2022

(All amounts in Rupees)

	Schedule Number	As at 31 March 2022	As at 31 March 2021
SOURCES OF FUNDS			
CAPITAL FUND	1	50,69,942	59,48,312
Corpus fund		31,70,000	31,70,000
Restricted funds:-	2		
Resources for Educating A Child Fund (REACH Fund)		47,50,671	37,06,363
Founder's Reserve		1,66,20,379	1,61,82,879
Unrestricted funds:-	3		
General fund		(71,06,223)	(74,30,114)
		<u>2,25,04,769</u>	<u>2,15,77,440</u>
APPLICATION OF FUNDS			
Fixed assets	4		
Net block		50,69,942	59,48,312
Project Funds Spent- Awaiting reimbursement (Annexure - A)		24,12,261	5,44,594
Current assets, loans and advances			
Inventory	5	19,84,190	45,95,897
Debtors	6	36,28,146	39,86,288
Cash and bank balances	7	3,10,84,693	3,48,74,179
Loans and advances	8	14,99,513	15,47,759
		<u>3,81,96,542</u>	<u>4,50,04,123</u>
Less : Current liabilities and provisions			
Short term Borrowing	9	-	-
Current liabilities	10	85,50,719	1,05,13,267
Provisions	11	21,46,055	22,19,026
Unutilised Project Funds Carry Forward (Annexure - A)		1,24,77,202	1,71,87,296
		<u>2,31,73,976</u>	<u>2,99,19,589</u>
Net current assets		<u>1,50,22,566</u>	<u>1,50,84,534</u>
		<u>2,25,04,769</u>	<u>2,15,77,440</u>

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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

Karthik Srinivasan

Karthik Srinivasan

Partner

Membership No.: 514998

Place: New Delhi

Date: 29-09-2022

For and on behalf of Katha

R Balasubramanian

Vice President

Parvinder

Ms. Parvinder Chhabra

Executive Director



KATHA

Income and Expenditure Account
For the year ended 31 March 2022
(All amounts in Rupees)

	Schedule Number	Year ended 31 March 2022	Year ended 31 March 2021
Income			
Grants Allocated	12	6,62,64,399	5,10,39,228
Distribution of publications (Net of Sales returns)		43,81,450	41,03,307
Other income	13	31,87,102	27,00,683
		7,38,32,951	5,78,43,218
Expenditure			
(Increase)/decrease in stock		26,11,707	14,86,438
Programme expenses	14	3,19,46,392	2,95,22,886
Personnel expenses	15	3,45,21,316	2,15,71,505
Administrative and other expenses	16	41,27,821	30,10,774
Depreciation	4	12,19,570	13,20,310
Less: Adjusted against capital fund		(12,19,570)	(13,20,310)
Finance and bank charges	17	16,440	1,31,905
		7,32,23,676	5,57,23,508
(Deficit)/Surplus for the year		6,09,275	21,19,710
: Transfer from/to Reach Fund		(2,85,384)	(9,92,872)
: Transfer to Green Fund			
: Transfer from/to General Fund		(3,23,891)	(11,26,838)
		-	-

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

For and on behalf of Katha

Karthik Srinivasan

Karthik Srinivasan
Partner
Membership No.: 514998

R Balasubramanian

R Balasubramanian
Vice President

Parvinder

Mrs. Parvinder Chhabra
Executive Director

Place: New Delhi
Date: 29-09-2022



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

Schedule - 1

CAPITAL FUND

Fixed Assets for previous years
Add: Fixed Assets out of grant during the year
Add: Fixed Assets out of General Fund
Less: Assets Discarded from Use
Less: Depreciation for the year adjusted

As at 31 March 2022	As at 31 March 2021
59,48,312	64,12,151
3,41,200	8,35,587
-	20,884
-	-
12,19,570	13,20,310
<u>50,69,942</u>	<u>59,48,312</u>

Schedule - 2

Restricted fund

Resources for Educating A Child Fund (REACH Fund)

Opening balance
Add/Less: Transfer from/to Income and Expenditure Account
Add: Fund received from Gopalan Raman

37,06,363	27,13,491
(1,47,271)	9,92,872
7,58,924	-
<u>43,18,016</u>	<u>37,06,363</u>

Founder's Reserve

Opening balance
Add: Founder 's contribution to projects

1,61,82,879	1,46,45,329
4,37,500	15,37,550
<u>1,66,20,379</u>	<u>1,61,82,879</u>

Corpus fund

As per last balance sheet

<u>31,70,000</u>	<u>31,70,000</u>
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Schedule - 3

General Fund

Opening balance
Add: Excess of Income Over Expenditure
Less: Excess of expenditure over income
Add:/ Less other adjustment (transfers of fund to General Fund)

(74,30,114)	(85,56,952)
(1,67,141)	11,26,838
-	-
-	-
<u>(75,97,255)</u>	<u>(74,30,114)</u>

Schedule - 5

Inventory

Closing stock of books
Less: Provision for slow moving stock

52,56,739	78,68,446
32,72,549	32,72,549
<u>19,84,190</u>	<u>45,95,897</u>

Schedule - 6

Sundry Debtors (Unsecured)

Marketing debtors
Less :- Provision for doubtful debts

36,28,146	39,86,288
<u>36,28,146</u>	<u>39,86,288</u>



Schedule - 4 :- Fixed Assets
Year 2021-22

Particulars	WDV as at 1 April 2021	Additions 1st April 21 to 30 Sept 21'	Additions 1st Oct 21 to 31st Mar 22	Total Additions	Sales/ Adjustments/ Discarded	As at 31 March 2022	Depreciation for the year	Written down value as on 31 March 2022
Tangible assets								
Building	93,631	-	-	-	-	93,631	9,363	84,268
Furniture and fixtures	22,83,967	-	-	-	-	22,83,967	2,28,397	20,55,570
Computers	14,83,897	1,52,945	89,900	2,42,845	-	17,26,742	6,72,717	10,54,025
Office equipment	15,53,948	89,685	8,670	98,355	-	16,52,303	2,47,195	14,05,108
Intangible assets								
Trade Mark	27,061	-	-	-	-	27,061	6,765	20,296
Software	-	-	-	-	-	-	-	-
Current year (A)	54,42,504	2,42,630	98,570	3,41,200	-	57,83,704	11,64,437	46,19,267

Fixed assets against grants: (in kind)

Particulars	WDV as at 1 April 2021	Additions 1st April 21 to 30 Sept 21'	Additions 1st Oct 21 to 31st Mar 22	Total Additions	Sales/ Adjustments/ Discarded	As at 31 March 2022	Depreciation for the year	Written down value as on 31 March 2022
Tangible assets								
Building	3,86,869	-	-	-	-	3,86,869	38,687	3,48,182
Furniture and fixtures	27,892	-	-	-	-	27,892	2,789	25,103
Office equipment	91,047	-	-	-	-	91,047	13,657	77,390
Current year (B)	5,05,808	-	-	-	-	5,05,808	55,133	4,50,675
Total Current Year(A)+(B)	59,48,312	2,42,630	98,570	3,41,200	-	62,89,512	12,19,570	50,69,942



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

	As at 31 March 2022	As at 31 March 2021
Schedule - 7		
Cash and bank balances		
Cash in hand	-	-
Balance with scheduled banks in:		
- saving banks account	1,78,22,107	2,16,22,868
- fixed deposits	1,32,62,586	1,32,51,311
	3,10,84,693	3,48,74,179
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	73,000	76,147
Security deposits	6,36,000	6,36,000
Interest accrued but not due	74,184	85,145
TDS receivable	2,28,512	2,18,951
Prepaid Expenses	4,87,817	5,31,516
	14,99,513	15,47,759
Schedule - 9		
Short term Borrowing:		
Bank Overdraft-Axis Bank	-	-
	-	-
Schedule - 10		
Current liabilities		
Sundry creditors	53,94,430	68,78,038
Loan from Dharmarajan Family	36,29,000	36,29,000
Stale Cheques	46,165	-
Other liabilities	2,69,675	6,229
	93,39,270	1,05,13,267
Schedule - 11		
Provisions		
- for gratuity	21,46,055	20,83,891
- for leave encashment	1,35,136	1,35,135
	22,81,191	22,19,026
Schedule - 12		
Grants received		
Specific Purpose Funds (Refer Annexure-A)	6,46,28,005	4,72,85,011
Grant Received from Dharmarajan Family	-	24,00,000
General Donations	16,36,394	13,54,217
	6,62,64,399	5,10,39,228



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

Schedule - 13

Other income

	As at 31 March 2022	As at 31 March 2021
Interest on fixed deposits	9,50,535	12,35,426
Interest on saving bank accounts	5,56,448	3,23,630
Interest on income tax Refund	9,901	23,696
Unclaimed and old credit Balances written back	9,83,758	40,888
Miscellaneous and Other Receipts	6,86,460	6,62,900
Bad debts Written off in earlier year, recovered	-	4,14,143
Total	31,87,102	27,00,683

Schedule - 14

Programme expenditure

Education material development	78,93,015	52,69,647
Consultant fee and expenses	32,23,532	26,55,864
Kathashala school expenses {Refer note 3(a)(i)}	1,10,01,553	1,55,81,779
Project implementation expenses {Refer note 3(f)}	1,16,86,581	76,29,752
Sales and distribution cost	5,05,897	3,65,238
Total	3,43,10,578	3,15,02,280
Less: Kathashala school expenses	23,64,186	19,79,394
Total	3,19,46,392	2,95,22,886

Schedule - 15

Personnel expenses

Salary Project staff- Kalpavriksham {refer note- 3(a)}	3,33,06,832	2,74,22,284
Salary Project staff- Kathavilasam {refer note- 3(b)}	80,31,738	56,27,345
Salary Project staff- Distribution of Publications	7,36,954	13,53,778
Staff welfare	51,203	17,790
Total	4,21,26,727	3,44,21,197
Less: Kathashala school expenses	76,05,411	1,28,49,692
Total	3,45,21,316	2,15,71,505

Schedule - 16

Administrative and other expenses

Promotional Activity	1,91,433	46,412
Communication	6,04,289	5,63,112
Electricity and Water	15,90,661	12,25,078
Short & Excess	5,306	(20)
Insurance	11,520	25,074
Legal and professional (see note below)	6,93,904	1,66,800
Printing and stationary	29,452	62,853
Interest paid on statutory dues	4,225	5,019
Repair and maintenance	13,31,673	5,41,204
Travelling and conveyance	5,85,445	3,29,937
Miscellaneous expenses	1,11,869	1,38,849
Project expenses spent in excess, written off	-	6,59,149
Total	51,59,777	37,63,467
Less: Kathashala school expenses	10,31,956	7,52,693
Total	41,27,821	30,10,774



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

	As at 31 March 2022	As at 31 March 2021
Notes to Legal & Professional:		
Payment to Auditor		
Audit Fees	95,000	95,000
Fees for other services & certificate	40,000	40,000
Total (Excluding GST Amount)	1,35,000	1,35,000

Schedule - 17

Finance and bank charges

Bank charges	16,440	40,081
Other interest	-	91,824
	16,440	1,31,905



Audit year: 2021-22

Annexure -A

Schedule of Grants received during the year 2021-22

Sl. No.	PROJECT	BALANCES AS		BALANCES AS	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)
		ON 01-04-2021	ON 01-04-2021	ON 01-04-2021	RECEIPTS Agst. Grant	RECEIPTS Agst. Debtors								
	HEAD	Cr. Balance	Dr. Balance										31-03-2022	31-03-2022
	Specific Purpose Grants-												(Cr.)	(Dr.)
	General (A)													
1	Bata India Limited	-	-	-	10,47,266			10,47,266	10,47,266			10,47,266	-	-
2	HCL Foundation	8,26,321	-	-	1,27,10,621			1,35,36,942	1,35,36,942			1,35,36,942	-	-
3	British Asian India Foundation-ration Vitran	-	-	-	15,00,000			15,00,000	15,00,000			15,00,000	-	-
4	Cians Analytics Private Limited	-	-	-	25,65,000			25,65,000	25,65,000			25,65,000	-	-
5	NSE Foundation	41,08,093	-	-	-			41,08,093	52,89,025	87,910		53,76,935		(12,68,842)
6	Network for Quality Education (SQEP)	-	-	-	24,00,000			24,00,000	23,24,988			23,24,988	75,012	-
7	Amazon Pay India Pvt. Ltd - Delivering Smile	-	-	-	20,00,000			20,00,000	20,00,000			20,00,000	-	-
8	Tejas Network	-	-	-	5,00,000			5,00,000	5,00,000			5,00,000	-	-
9	Edel Give Foundation	30,01,650	-	-				30,01,650	29,19,664	81,986		30,01,650	-	-
10	Amazon Internet Services Pvt. Ltd.	45,17,839	-	-	90,00,000			1,35,17,839	1,21,79,874	1,54,935		1,23,34,809	11,83,030	-
11	Network for Quality Education- Ration Vitran		-	-	1,20,000			1,20,000	1,20,000			1,20,000	-	-
12	NSE Foundation -Ration vitran		-	-	12,40,000			12,40,000	12,40,000			12,40,000	-	-
13	R N Malhotra & Anna R Mailhotra Charitable Trust				1,37,625			1,37,625					1,37,625	-
14	British Asian India Foundation				34,02,750			34,02,750					34,02,750	-
	Total (A)	1,24,53,903	-	-	3,66,23,262	-	-	4,90,77,165	4,52,22,759	3,24,831		4,55,47,590	47,98,417	(12,68,842)



Schedule 18– 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 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 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.

Distribution of Publications



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 (Rs. 43,81,450/-) shown in the books of accounts is excluding of Project distributions (Rs.21,08,898/-)

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 2021-22, assets purchased for benefit of beneficiaries at -HCL Centre Noida and Amazon aggregate to Rs.1,18,168/ and Rs.23,80,864/ respectively 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%
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.

h) Provisions and contingent liability

A provision is recognised in the financial statements where there exists a present obligation as a result



Schedule 18– Significant accounting policies and notes to the accounts

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.

- d) The Founder and President Ms. Geeta Dharmarajan does not wish to be benefitted for services rendered by her. However, the Governing Body decided that the value of her creative services be accounted for by transfer of an equal amount to "Founder's Reserve". During the year, the accounting has been done as follows: -

Katha**Schedules forming part of the financial statements**
(All amounts in Rupees)**Schedule 18- Significant accounting policies and notes to the accounts**

Particulars	F.Y. 21-22	F.Y. 20-21
Value of service	Rs.6,25,000	Rs.21,96,500
Less: Tax liability to be borne by her	Rs.1,87,500	Rs.6,58,950
Amount transferred to Founder's Reserve	Rs.4,37,500	Rs.15,37,550

e) The amount unspent on projects of Rs.1,24,77,202/- (Previous Year Rs.1,71,87,296/-) is carried forward as "Carried forward Projects Funds" under the head Current Liabilities.

f) Project implementation expenditure (Sch.14) includes the following:

S. No	Nature of expenditure	Amount (CY)	Amount (PY)
1	Security Expenses	10,42,286	14,01,776
2	Rent & Licence fees	24,70,592	29,85,161
3	Accreditation Charges	5,23,817	2,52,851
4	Printing and Stationery	5,46,126	7,15,781
5	AMC on computer and others	10,89,893	12,40,951
6	Setting up MCD School-Repair & Maintenance.	19,37,008	-

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

For and on behalf of **Katha**

Karthik Srinivasan

Karthik Srinivasan
Partner
Membership No. 514998

R Balasubramanian

R Balasubramanian
Vice President

Parvinder

Mrs Parvinder Chhabra
Executive Director



Place: New Delhi
Date: 29-09-2022

