

## **INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF CHARITIES AID FOUNDATION INDIA TRUST**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **Charities Aid Foundation India Trust** ("the Trust"), which comprise the Balance Sheet as at 31 March, 2013 and the Income and Expenditure Account for the year then ended and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Trust's Management is responsible for the preparation of these financial statements in accordance with the Accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

### **Auditors' 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 control relevant to the Trust's preparation and fair presentation of the financial statements 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 Trust's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, 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 aforesaid financial statements of the Trust dealt with by this report comply with the applicable accounting standards issued by the Institute of Chartered Accountants of India and 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 Trust as at 31 March, 2013; and
- (b) in the case of the Income and Expenditure Account, of the excess of income over expenditure for the year ended on that date.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm Registration No. 015125N)



*Alka Chadha*

**Alka Chadha**  
Partner  
(Membership No. 93474)

Gurgaon, <sup>6</sup> August, 2013

**Charities Aid Foundation India**  
**Balance Sheet as at 31 March, 2013**

PARTICULARS	Schedule Ref.	As at 31.03.13 (₹)	As at 31.03.12 (₹)
<b>SOURCES OF FUNDS</b>			
Capital Fund	1	38,005,947	32,420,030
Corpus Fund	2	1,020,400	1,015,300
Capital Assets Fund	3	2,769,485	183,438
Unutilised Grants	4A	104,742,577	56,506,070
<b>TOTAL</b>		<b>146,538,409</b>	<b>90,124,838</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
a. Gross Block	5	4,629,788	1,969,924
b. Less: Accumulated Depreciation		1,252,660	1,753,219
c. Net Block		3,377,128	216,705
<b>Current Assets, Loans and Advances</b>			
Cash and Bank Balances	6	137,253,141	89,273,615
Loans and Advances	7	18,785,358	8,759,841
Total Current Assets		156,038,499	98,033,456
<b>Less: Current Liabilities and Provisions</b>	8	12,877,218	8,125,323
<b>Net Current Assets</b>		143,161,281	89,908,133
<b>TOTAL</b>		<b>146,538,409</b>	<b>90,124,838</b>
<b>Notes forming part of the accounts</b>	11		

The above Schedules form an integral part of the financial statements

In terms of our report attached

**For Deloitte Haskins & Sells  
Chartered Accountants**

*Alka Chadha*

**Alka Chadha**  
Partner



Place: Gurgaon  
Date: - 6 AUG 2013

For and on behalf of

**Charities Aid Foundation India**

*Arun Bharat Ram*  
**Arun Bharat Ram**  
Chairman

*Meenakshi Batra*  
**Meenakshi Batra**  
Chief Executive

Place: New Delhi  
Date: - 6 AUG 2013



**Charities Aid Foundation India  
Income and Expenditure Account  
For the year ended 31 March, 2013**

	Schedule Ref.	Year ended 31.03.13 (₹)	Year ended 31.03.12 (₹)
<b><u>INCOME</u></b>			
<b>Grants/Donations Received</b>			
Specific Purpose Grant Income	4A	131,937,922	225,845,697
Other Income	9	6,387,137	4,398,433
		<b><u>138,325,059</u></b>	<b><u>230,244,130</u></b>
<b><u>EXPENDITURE</u></b>			
<b>Grants/Donations Paid</b>			
Specific Purpose Grant Expenditure	4B	119,624,297	211,146,689
Depreciation and amortisation	5	187,285	123,520
Other Expenses	10	13,089,468	9,980,000
		<b><u>132,901,050</u></b>	<b><u>221,250,209</u></b>
<b>Surplus</b>		<b><u>5,424,009</u></b>	<b><u>8,993,921</u></b>
- Transfer to Capital Assets Fund		(161,904)	(90,788)
- Transfer to Capital Fund		5,585,913	9,084,709

**Notes forming part of the accounts**      **11**

The above Schedules form an integral part of the financial statements

In terms of our report attached

For and on behalf of

**For Deloitte Haskins & Sells  
Chartered Accountants**

**Charities Aid Foundation India**

*Alka Chadha*

**Alka Chadha**  
Partner



*Arun Bharat Ram*

**Arun Bharat Ram**  
Chairman

*Meenakshi Batra*

**Meenakshi Batra**  
Chief Executive



Place: Gurgaon

Date: - 6 AUG 2013

Place: New Delhi

Date: - 6 AUG 2013

**Charities Aid Foundation India**  
**Schedules forming part of the accounts**

	<b>As at 31.03.13 (₹)</b>	<b>As at 31.03.12 (₹)</b>
<b>SCHEDULE 1</b>		
<b>CAPITAL FUND</b>		
Opening Balance	32,420,030	23,335,321
Add : Donated Assets capitalised at nominal value	4	-
Add: Balance Transferred from Income and Expenditure Account	5,585,913	9,084,709
	<b>38,005,947</b>	<b>32,420,030</b>
<b>SCHEDULE 2</b>		
<b>CORPUS FUND</b>		
Opening Balance	1,015,300	1,010,200
Add: Received during the year	5,100	5,100
	<b>1,020,400</b>	<b>1,015,300</b>
<b>SCHEDULE 3</b>		
<b>CAPITAL ASSETS FUND</b>		
Opening Balance	183,438	179,108
Add: Fixed Assets purchased from Charities Aid Foundation, UK Funds	2,747,951	95,118
Less: Deletion of Fixed Assets	-	-
Less: Depreciation transferred from Income and Expenditure Account	(161,904)	(90,788)
	<b>2,769,485</b>	<b>183,438</b>



**Charities Aid Foundation India**  
Schedules forming part of the accounts

**SCHEDULE 4 A**

**UNUTILISED GRANTS**

	( All amounts in Rupees )				
	As at 01.04.12	Contributions	Transfer to Income and Exp A/c (Income)	Transfer to Capital Assets Fund/ Adjustments	As at 31.03.12
<b>GRANTS</b>					<b>As at 31.03.12</b>
Grants from Foundations	1,170,160	19,853,739 *	17,144,625	2,747,951	1,131,323
Grants from Companies	50,821,942	43,750,695 *	24,166,804	-	70,405,833
Give As You Earn (GAYE) Program	2,842,031	119,002,926	90,348,090	-	31,496,867
Appeals	346,593	-	-	-	346,593
Individual Giving	978,019	176,159	278,403	-	875,775
NGO Capacity Building Fund	347,325	138,861 *	-	-	486,186
<b>Total</b>	<b>56,506,070</b>	<b>182,922,380</b>	<b>131,937,922</b>	<b>2,747,951</b>	<b>104,742,577</b>
<b>Previous Year</b>	<b>16,308,992</b>	<b>266,137,893</b>	<b>225,845,697</b>	<b>95,118</b>	<b>56,506,070</b>
					<b>16,308,992</b>

\* Includes interest



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**Charities Aid Foundation India**  
**Schedules forming part of the accounts**

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**SCHEDULE 4 B**

**EXPENDITURE**

	( All amounts in Rupees)	
	Transferred to Income and Exp A/c	
	(Expenses)	
	Year Ended 31.03.13	Year Ended 31.03.12
<b>GRANTS</b>		
Disbursal out of :		
Grants from Foundations	16,211,110	20,850,574
Grants from Companies	19,893,034	105,562,450
Give As You Earn (GAYE) Program	83,423,021	84,306,739
Appeals	-	-
Individual Giving	97,132	360,000
NGO Capacity Building Fund	-	66,926
<b>Total</b>	<b>119,624,297</b>	<b>211,146,689</b>



**Charities Aid Foundation India**  
Schedules forming part of the accounts

**SCHEDULE 5**

**FIXED ASSETS (At Cost)**

PARTICULARS	Gross Block		Depreciation and Amortisation		Net Block	
	As at 1.04.12	Additions Deletions / Adjustments	As at 1.04.12	For the year Adjustments / (See note i)	As at 31.03.13	As at 31.03.12
Office Equipment (see note ii)	425,564	870,659	365,379	76,025	231,695	848,981
Leasehold improvement (see note iii)	-	895,046	-	4,087	4,087	890,959
Computers (see note iv)	1,166,144	767,696	1,018,572	100,231	786,251	815,037
Furniture and Fixtures (see note v and vi)	378,216	820,145	369,268	6,942	230,627	822,151
<b>Total</b>	<b>1,969,924</b>	<b>3,353,546</b>	<b>1,753,219</b>	<b>187,285</b>	<b>1,252,660</b>	<b>3,377,128</b>
<b>Previous Year</b>	<b>1,874,806</b>	<b>95,118</b>	<b>1,629,699</b>	<b>123,520</b>	<b>1,753,219</b>	<b>245,107</b>

**Notes**

- (i) Includes ₹ 161,904 (Previous year ₹ 90,788) pertaining to fixed assets purchased out of Charities Aid Foundation, UK funds.
- (ii) Includes ₹ 870,659 (upto Previous Year ₹ 25,398 ) in Gross Block, ₹ 57,544 (upto Previous Year ₹ 21,618) in Accumulated Depreciation and ₹ 848,981 (upto Previous Year ₹ 35,866) in Net Block pertaining to Equipment purchased out of Charities Aid Foundation, U K Funds.
- (iii) Includes ₹ 289,455 (upto Previous Year ₹ Nil) in Gross Block, ₹ 1,322 (upto Previous Year ₹ Nil) in Accumulated Depreciation and ₹ 288,133 (upto Previous Year ₹ Nil) in Net Block pertaining to Leasehold improvement purchased out of Charities Aid Foundation, U K Funds
- (iv) Includes ₹ 767,692 (upto Previous Year ₹ 69,720) in Gross Block, ₹ 100,230 (upto Previous Year ₹ 69,170) in Accumulated Depreciation and ₹ 815,034 (upto Previous Year ₹ 147,572 ) in Net Block pertaining to Computers purchased out of Charities Aid Foundation, U K Funds
- (v) Includes ₹ 820,145 (upto Previous Year ₹ Nil) in Gross Block, ₹ 2,808 (upto Previous Year ₹ Nil) in Accumulated Depreciation and ₹ 817,337 (upto Previous Year ₹ Nil) in Net Block pertaining to Furniture and Fixtures purchased out of Charities Aid Foundation, U K Funds
- (vi) Donated Assets capitalised at nominal value.



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**Charities Aid Foundation India**  
**Schedules forming part of the accounts**

	<b>As At 31.03.13 (₹)</b>	<b>As At 31.03.12 (₹)</b>
<b>SCHEDULE 6</b>		
<b>CASH AND BANK BALANCES</b>		
a. Cash in hand	112,943	98,106
b. Balances with scheduled banks		
- Saving account	5,856,207	35,834,974
- Fixed deposits	131,283,991	53,340,535
	<b>137,253,141</b>	<b>89,273,615</b>

**SCHEDULE 7**

**LOANS AND ADVANCES**

a. Advances recoverable in cash or in kind or for value to be received	256,324	431,201
b. Interest accrued but not due	2,041,294	1,367,286
c. Tax deducted at source (TDS)	798,370	695,461
d. Donations receivable	15,139,370	6,099,393
e. Security deposits	550,000	166,500
	<b>18,785,358</b>	<b>8,759,841</b>

**SCHEDULE 8**

**CURRENT LIABILITIES AND PROVISIONS**

**Current Liabilities**

a. Sundry creditors and payables	11,422,723	6,825,727
b. Other liabilities	916,963	645,860
	<b>12,339,686</b>	<b>7,471,587</b>

**Provisions**

a. Provision for gratuity	103,126	101,684
b. Provision for compensated leave absences	434,406	552,052
	<b>537,532</b>	<b>653,736</b>
	<b>12,877,218</b>	<b>8,125,323</b>



**Charities Aid Foundation India**  
Schedules forming part of the accounts

	<u>Year Ended</u> <b>31.03.13</b> (₹)	<u>Year Ended</u> <b>31.03.12</b> (₹)
<b>SCHEDULE 9</b>		
<b>OTHER INCOME</b>		
a. Interest on fixed deposits and saving accounts (including TDS ₹ 174,844 Previous Year ₹ 211,511) Less: Transferred to grants (Refer schedule 4A)	<u>9,245,875</u> <u>2,968,123</u>	<u>10,342,911</u> <u>6,007,452</u> 4,335,459
b. Other Income	<u>109,385</u> <u><b>6,387,137</b></u>	<u>62,974</u> <u><b>4,398,433</b></u>
<b>SCHEDULE 10</b>		
<b>OTHER EXPENSES</b>		
a. Operating expenses in excess of grant received	13,088,603	9,908,185
b. Other expenses	<u>865</u> <u><b>13,089,468</b></u>	<u>71,815</u> <u><b>9,980,000</b></u>



**Charities Aid Foundation India**  
**Schedules forming part of the accounts**

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**SCHEDULE – 11**

**NOTES FORMING PART OF THE ACCOUNTS**

**1. Background**

Charities Aid Foundation, India (CAF India) was set up in New Delhi in 1998 as an independent Trust. The Board of Trustees include independent Indian Trustees and a representative of Charities Aid Foundation UK (CAF UK). The India operation was set up to further the mission of CAF i.e. to raise resources for the non profit sector and build the capacity of the sector worldwide. CAF India is a part of the CAF International Network and raises resources from individuals, foundations and companies, for charitable purposes.

**2. Significant Accounting Policies**

**2.1 Basis of Accounting**

The financial statements have been prepared under the historical cost convention and comply with the Accounting Standards prescribed by the Institute of Chartered Accountants of India (ICAI) to the extent applicable.

The Trust follows the mercantile basis of accounting and recognises all income, expenses, assets and liabilities on the accrual basis.

**2.2 Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reporting balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reporting amounts of income and expenses during the year. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from such estimates.

**2.3 Fixed Assets and depreciation**

All fixed assets are stated at cost. Cost includes purchase price and all other attributable costs of bringing the assets to working condition for intended use.

Assets purchased out of Charities Aid Foundation, UK (CAF UK) funds are capitalised and an equal amount is transferred out of CAF UK funds to Capital Assets Fund. Accordingly, deletions of such fixed assets are also adjusted from the Capital Assets Fund.

Assets received as donations are capitalised at nominal value.



Depreciation on fixed assets has been provided on the Straight line method at rates based on the management estimate of the useful lives of the assets, as follows:

Depreciation	Depreciation Per annum (%)
Computers	33.33
Office Equipment	25.00
Furniture and Fixtures	25.00

Leasehold Improvements are amortised over the remaining period of the lease.

Assets costing less than ₹ 5,000 are fully depreciated in the year of purchase. Depreciation of fixed assets purchased out of CAF UK funds is debited to the Capital Assets Fund through the Income and Expenditure account.

#### **2.4 Accounting for grants/donations**

Donations/grants received for specific expenditures pursuant to agreements entered into with donors are considered as a liability (Unutilised Grants) until these funds have been utilised. Funds are treated as utilised on the disbursement of funds to partner NGO's.

Revenue in respect of specific purpose grants is recognised to the extent the amount has been utilised for the purposes intended. The unspent balance of the grant is carried forward.

The trust retains a certain portion of the funds raised to meet its grant- making and monitoring costs which is recognised as part of grant income at the time of disbursement of funds/credit to the grantee.

#### **2.5 Interest Income**

Interest income is recognised on time proportionate basis.

#### **2.6 Foreign Exchange Transactions**

Foreign exchange transactions are recorded at the rates of exchange prevailing on the date of the transaction. Realised gains and losses on foreign exchange transactions during the year are recognised in the Income and Expenditure account. Foreign currency assets and liabilities denominated in foreign currencies, at the year end are translated into rupees at the year end rates and resultant gains/losses on foreign exchange translations are recognised in the Income and Expenditure account.



## 2.7 Employee benefits

### i. Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange of services rendered by employees is recognised during the period when the employee renders the services. These benefits include salaries and wages.

### ii. Employment benefit plans

#### a. Defined Contribution Plan

The Trust's contribution to the employees' provident fund is a defined contribution plan and is charged as expense to the Income and Expenditure account during the period in which the employee renders the related services. The provisions of Employees Provident Fund and Miscellaneous Provisions Act, 1952 have become applicable to the Trust w.e.f 1 April 2011, upon voluntary registration with the Employee's Provident Fund Organisation.

#### b. Defined Benefit Plan

- The Trust's gratuity scheme is a defined benefit plan. The Trust has taken a group policy with Life Insurance Corporation of India (LIC) to meet its obligation towards Gratuity. The Trust has a policy of payment of gratuity to staff as per the limits specified in Income Tax Act, 1961. The gratuity payable as per the limits specified in Income Tax Act, 1961 is charged to revenue, which is inclusive of premium paid to LIC.
- Benefits comprising compensated leave absences constitute other long term employee benefits. The liability for compensated leave absences is provided on an accrual basis within the contractual period, in accordance with the rules in respect thereof.

## 2.8 Lease commitment

### Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease charges are recognised as an expense in the income and expenditure account on a straight-line basis over the lease term.

### Finance Lease

Leases under which the Trust assumes substantially all the risks and rewards of ownership are classified as finance leases. The lower of fair value of asset and present value of minimum lease rentals is capitalised as fixed assets with corresponding amount shown as



lease liability. The principal component in the lease rentals is adjusted against the lease liability and interest component is charged to Income and Expenditure account.

## 2.9 Provisions & contingencies

A provision is recognised when the Trust has a present obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. A contingent liability is recognised where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

## 2.10 Impairment of assets

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment in an asset occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the assets net sales price or present value as determined above.

## 3. Income Tax

The Trust is exempt from income tax under Section 12AA of the Income Tax Act, 1961. Donations received by the Trust qualify for deduction under Section 80G of the Income Tax Act, 1961 in terms of approvals received vide Order No. DIT(E) 2009-2010/C-536/408 dated 29/05/2009 read together with Letter No. DIT(E) 2012-2013/1064 dated 30/08/2012.

## 4. Defined contribution plan

The Trust recognised ₹1,036,110 (Previous period ₹ 787,497) during the year for provident fund contributions as expense in the Income and Expenditure account.

## 5. Leases

The Trust has taken office premises and furniture and fixtures on operating lease and has recognised rent of ₹ 916,452 (Previous period ₹ 480,000). The total of future minimum lease payments under non -cancellable operating lease for the following periods is:

Particulars	Year ended 31.03.13 ₹	Year ended 31.03.12 ₹
a. Not later than 1 year	840,000	480,000
b. Later than 1 year but not later than 5 years	1,493,400	-
<b>Total</b>	<b>2,333,400</b>	<b>480,000</b>



**6. Payment made to Trustees**

<b>Particulars</b>	<b>Year ended 31.03.13 ₹</b>	<b>Year ended 31.03.12 ₹</b>
Reimbursement of travel and lodging expenses	20,978	39,622

**7. Payments to Auditor's \***

<b>Particulars</b>	<b>Year ended 31.03.13 ₹</b>	<b>Year ended 31.03.12 ₹</b>
Audit Fee	425,000	375,000
Out of Pocket Expenses	16,736	19,685
<b>Total</b>	<b>441,736</b>	<b>394,685</b>

\* Exclusive of Service Tax

**8. Grant/Donations received from CAF, UK**

<b>Particulars</b>	<b>Year ended 31.03.13 ₹</b>	<b>Year ended 31.03.12 ₹</b>
Grant/Donation received/Receivable during the year	12,187,734	7,986,933
Reimbursement of expense (Paid)	280,861	153,450
Reimbursement of expense (received)	258,076	-
Recoverable as at the year-end	176,235	153,450

**9. Disclosures as per Micro, Medium and Small Enterprises Development Act, 2006 (MSMED).**

Based on the information available with the Trust, the balance due to Micro & Small Enterprises as defined under the MSMED Act, 2006 is Rs. Nil (Previous year Rs. Nil) and no interest has been paid or is payable under the terms of the MSMED Act, 2006.

- 10.** The Trust is complying with the Accounting Standards, applicable to a Level III Entity- Small and Medium Sized Enterprise (SME), as notified in the announcement made by ICAI which is effective for all accounting periods commencing on or after 1 April, 2004. Accordingly, the Trust is not required to present the Related Party Disclosures, Cash Flow Statement, Segment reporting and Discontinuing Operations disclosures as required under the relevant Accounting Standards. Further, the Trust is not required to disclose information required by Paragraph 22 (c), (e) and (f); 25 (b) and (e); 37 (a), (f) and (g); 46 (b), (d) and (e) of Accounting Standard 19 on 'Leases', Paragraph 67 of Accounting Standard 29 on 'Provisions, Contingent Liabilities and Contingent Assets, and Paragraph 117 to 123 of the Accounting Standard 15 (revised) on 'Employee Benefits' in respect of defined benefit plans. The Trust has availed an exemption in respect of the recognition and measurement principles laid down in Paragraph 50 to 116



of the Accounting Standard 15 (revised) on 'Employee Benefits' in respect of defined benefit plans.

11. Previous year figures have been presented for the purpose of comparison and have been regrouped wherever necessary.

For and on behalf of

**Charities Aid Foundation India**



**Arun Bharat Ram**  
Chairman

A handwritten signature in blue ink, appearing to read 'Meenakshi Batra'.

**Meenakshi Batra**  
Chief Executive

Place : New Delhi

Date : - 6 AUG 2013

