

V.NAGARAJAN & CO.,

Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS OF
THE LIVELIHOOD SCHOOL
(A Society registered under Andhra Pradesh Societies Registration Act, 2001)

We have audited the attached Balance Sheet of '**THE LIVELIHOOD SCHOOL**' as at March 31, 2008 and the Income and Expenditure account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion. On the basis of our audit we report that:

- 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 accounts as required by the law have been kept by the Society, so far as appears from our examination of the books maintained at the Head Office and all the Regional Centres of the Society visited by us;
- c) the Balance Sheet and the Income and Expenditure account dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Income and Expenditure Account and the Balance Sheet comply with the accounting standards issued by The Institute of Chartered Accountants of India.
- e) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and the Income and Expenditure Account read together with the notes on accounts attached thereto.
 - i. In the case of the Balance Sheet, of the state of affairs of the Society as at March 31, 2008 and
 - ii. In the case of Income and Expenditure account, the excess of Income over Expenditure for the year ended on that date.

for **V. NAGARAJAN & Co.,**
Chartered Accountants

Mumbai
May 17, 2008

(V. NAGARAJAN)
Partner

THE LIVELIHOOD SCHOOL

Rs.

BALANCE SHEET AS AT

31-Mar-08

Sch

LIABILITIES

RESERVE AND SURPLUS	1	5,403,179
TOTAL		5,403,179

ASSETS**CURRENT ASSETS, LOANS AND ADVANCES**

Cash and Bank Balances	2	5,956,183
Interest Accrued on Term Deposits (with Banks)		15,288
Advances and Other Recoverable	3	<u>197,713</u>
		6,169,184
LESS: CURRENT LIABILITES AND PROVISIONS	4	<u>766,005</u>
NET CURRENT ASSETS		5,403,179
TOTAL		5,403,179

Accounting Policies and Notes on Accounts **10**

As per our report of our even date attached
for **V. NAGARAJAN & Co.,**
Chartered Accountants

for **THE LIVELIHOOD SCHOOL**

(V. NAGARAJAN)
Partner
Membership No. 019959

Chairman

Dean

Mumbai
May 17, 2008

THE LIVELIHOOD SCHOOL

Rs.

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED

31-Mar-08

	<i>Sch</i>	
INCOME		
Contributions from Foreign Agencies	5	4,800,000
Course & Programme Fees		1,231,000
Consultancy Fees	6	943,396
Other Income	7	81,322
TOTAL		<u>7,055,718</u>
EXPENDITURE		
Course & Programme Expenses		523,479
Professional & Consultancy		411,824
Travelling & Conveyance	8	483,696
Other Administrative Overheads	9	233,540
TOTAL		<u>1,652,539</u>
Excess of Income over Expenditure		<u>5,403,179</u>

APPROPRIATION

Balance brought down	<u>5,403,179</u>
Transferred to Reserve & Surplus	
-Committed Project Fund	4,800,000
-General Reserve (Un-committed Fund)	603,179

Accounting Policies and Notes on Accounts

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THE LIVELIHOOD SCHOOL

Rs.

SCHEDULES TO ACCOUNTS

31-Mar-08

SCHEDULE 1: RESERVE AND SURPLUS

A: GENERAL RESERVE

Brought forward from previous year	-
Transferred from Income and Expenditure Account	603,179
Sub-Total	603,179

B: COMMITTED PROJECT FUND (Net)

Opening Balance	-
Add: Advance Received, Pending Utilization	4,800,000
Less: Utilization	-
Sub-Total	4,800,000

TOTAL **5,403,179**

SCHEDULE 2: CASH AND BANK BALANCES

Cash in Hand, Hyderabad	1,000
Cheques in Hand, Hyderabad	4,800,000
Bank Balance in Schedule Banks	
In Saving Bank Accounts	555,183
In Term Deposit Accounts	600,000
TOTAL	5,956,183

SCHEDULE 3: ADVANCES AND OTHER RECOVERABLES

Fees Receivable	166,000
TDS Recoverable	31,713
TOTAL	197,713

SCHEDULE 4: CURRENT LIABILITIES AND PROVISIONS

Expenses/Other Payables	610,305
Advances Consultancy fee received	25,000
Statutory Dues	
TDS Payable	14,096
Service Tax Payable	116,604
TOTAL	766,005

Accounting Policies and Notes on Accounts

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May 17, 2008

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THE LIVELIHOOD SCHOOL

Rs.

SCHEDULES TO ACCOUNTS**31-Mar-08**

SCHEDULE 5: CONTRIBUTION FROM FOREIGN AGENCIES

Indian Grameen Services		4,800,000
	TOTAL	4,800,000

SCHEDULE 6: CONSULTANCY FEE

Consultancy Fee (Gross)		1,060,000
Less: Service Tax (included in above)		116,604
	TOTAL	943,396

SCHEDULE 7: OTHER INCOME

Membership Fees		36,000
Bank Interest on Saving Bank Accounts		
On Term Deposits with Schedule Banks	17,044	
On Saving Bank Accounts	<u>8,278</u>	25,322
Donation Received		20,000
	TOTAL	81,322

Accounting Policies and Notes on Accounts**10**

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Mumbai,
May 17, 2008

THE LIVELIHOOD SCHOOL

Rs.

SCHEDULES TO ACCOUNTS

31-Mar-08

SCHEDULE 8: TRAVELLING & CONVEYANCE for Extended Faculty Group (EFG)

Traveling Expenses	139,983
Boarding Expenses	36,253
Lodging Expenses	73,657
Local Conveyance	1,376
Vehicle Hiring Charges	61,427
Sub-Total	312,696

for Core Faculty, Staff & Governing Board

Travel Expenses to Director	59,801
Traveling Expenses - Staff	64,222
Boarding Expenses - Staff	19,367
Lodging Expenses - Staff	22,098
Local Conveyance - Staff	120
Boarding Expenses - Dean	2,187
Lodging Expenses - Dean	2,640
Local Conveyance - Dean	565
Sub-Total	171,000
TOTAL	483,696

SCHEDULE 9: OTHER ADMINISTRATIVE OVERHEADS

Printing & Stationery	81,099
Meeting Expenses	31,633
Telephone, Telex and Fax Expenses	9,827
Postage, Courier and Telegrams	4,324
Directors Sitting Fee	45,000
Auditor's Remuneration	56,180
Staff Welfare Expenses	677
Filling Fee to Registrar of Societies	200
Office Maintenance	110
Repairs and Maintenance - Assets	4,069
Bank Charges	421
TOTAL	233,540

Accounting Policies and Notes on Accounts

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THE LIVELIHOOD SCHOOL

SCHEDULE 10 : ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A) ACCOUNTING POLICIES:

1) Basis of Accounting:

- i) The Financial statements are drawn up based on historical costs and mercantile basis of accounting has been followed, except grants and contributions, which are accounted for on cash basis.

2) Revenue Recognition:

- i) In respect of course/programme fee, the income is recognized on the "Proportionate Completion of Course/programme" or completion of deliverable as may have been specified in the course/programme structure.
- ii) In respect of consultancy fee, the income is recognized on the "Proportionate Completion of Contract" or completion of deliverable as may have been specified in the contract structure.
- iii) The Course fee will be accounted on gross-up basis and where the Scholarship is granted to participants for the course/programme is treated as an expense.

3) Fixed Assets:

- i) Fixed Assets will be stated in the books at the historical cost inclusive of all incidental expenses incurred for acquisition of such assets.

4) Investments:

- i) All current and long-term investments will be valued at lower of cost or market value.

5) Depreciation:

Depreciation will be provided on the written down value at the stated rates on prorata basis from the day the asset is put into use:

<i>Class of fixed assets</i>	<i>Rate of Depreciation</i>
Furniture & Fixtures	10%
Office Equipment	15%
Professional Equipment (Others)	15%
Professional Equipment (Computers)	60%
Vehicles	15%

6) Retirement Benefits:

As the first year of operation, the Society has not enrolled any employee; hence employee benefit is not applicable during this year.

B) NOTES TO ACCOUNTS:

1) NOTE ON THE SOCIETY ACTIVITY:

- (i) 'The Livelihood School' is a Society, registered on April 10, 2007 under the Andhra Pradesh Society Registration Act, 2001 and it is mainly engaged in following activities for the livelihood of the poor.:
 - Building of knowledge on issues related with livelihoods promotion through research, studies, documentation of good practices and action research.
 - Dissemination the knowledge to the livelihood practitioners working in different organisations, government and non-government organisations across the country.
 - Curriculum Development and Faculty Development for the purpose.
- (ii) Earlier, The Livelihood School was a strategic program of Indian Grameen Services (IGS) which is a Section 25 Company and a not-for-profit organization. IGS had received the support from The Ford Foundation to launch and setup of The Livelihood School. Accordingly, the initial setup including Human Resource Cost is paid by IGS till date.

THE LIVELIHOOD SCHOOL

2) RETIREMENTS BENEFITS:

The Society has not enrolled any employee during this year. The employees, who are deputed by IGS for the set up of the Society, are enrolled in IGS and all Retirement Benefits of the deputed staff is directly borne by IGS.

3) RESERVES AND SURPLUS :

The breakup of closing balance in Reserve and Surplus as on March 31,2008 is as follows:

Rs.	
Particulars	March 31, 2008
Committed Fund –Advance Received -Pending Utilisation	48,00,000
Uncommitted Fund	6,03,179
Closing Balance	54,03,179

4) GOVERNANCE EXPENSES:

Governance expenses have been accounted and break up of which is given below.

Rs.	
Particulars	March 31, 2008
Sitting fees to Board members	45,000
Traveling Expenses reimbursed to Board members	59,801
Total	1,04,801

5) DETAILS OF AUDITOR'S REMUNERATION

Rs.	
Particulars	March 31, 2008
Audit Fee	40,000
FCRA Return	5,000
Income Tax Return	5,000
Service Tax	6,180
Total	56,180

6) MISCELLANEOUS:

(i) The Society has kept all the unutilized balance of fund in the form of bank balances and term deposits with scheduled banks, which are in conformity with section 11(5) of the Income Tax Act, 1961.

for **V. NAGARAJAN & Co.,**
Chartered Accountants

for **THE LIVELIHOOD SCHOOL**

Mumbai,
May 17, 2008

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Partner

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