



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, 2009 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;
- 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, 2009 and
  - ii. In the case of Income and Expenditure account, the excess of Income over Expenditure for the year ended on that date, except the following:
    - The Grant based receipt and its associated expenses have been accounted directly in Balance sheet under 'Committed Funds Livelihood Education Program' as per new accounting policy and accounting method adopted by the Society. The net impact on surplus comes out is Rs. 35.30 lacs. *(refer para: 2 notes on accounts)*

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

Hyderabad  
May 16, 2009

**(V. NAGARAJAN)**  
Partner  
M.N. 019959

# THE LIVELIHOOD SCHOOL

Rs.

## **BALANCE SHEET AS AT MARCH 31, 2009 2008**

	Sch	2009	2008
<b>SOURCES OF FUNDS</b>			
<b>FUNDS &amp; RESERVES</b>			
<b>COMMITTED FUNDS</b>			
Livelihood Education Programs	1	8,039,807	4,800,000
<b>UNCOMMITTED FUNDS</b>			
General Reserve		456,709	603,179
Assets Acquisition Fund		489,408	-
<b>TOTAL</b>		<b>8,985,924</b>	<b>5,403,179</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS (At cost)</b>	2	489,408	-
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Cash and Bank Balances	3	7,848,093	5,956,183
Interest Accrued on Term Deposits (with Banks)		191,499	15,288
Advances and Other Recoverable	4	1,059,757	197,713
		9,099,350	6,169,184
<b>LESS: CURRENT LIABILITES AND PROVISIONS</b>	5	602,834	766,005
<b>NET CURRENT ASSETS</b>		8,496,516	5,403,179
<b>TOTAL</b>		<b>8,985,924</b>	<b>5,403,179</b>

Fund Based Receipt and Payment Accounts 12  
Accounting Policies and Notes to Accounts 13

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

for **THE LIVELIHOOD SCHOOL**

Hyderabad  
May 16, 2009

**(V.NAGARAJAN)**  
Partner  
M.N. 019959

**Chairman**

**Dean**

# THE LIVELIHOOD SCHOOL

Rs.

## INCOME AND EXPENDITURE

### ACCOUNT FOR THE YEAR ENDED

2009

2008

*Sch*

#### **INCOME:**

Fees on Livelihood Education Programs / Courses		3,351,940	1,231,000
Consultancy Fees	6	3,349,977	943,396
Interest on Bank Deposits		15,098	25,322
Other Income	7	140,474	56,000
Earlier year provisions written back	8	98,621	-

#### **TOTAL**

**6,956,110**

**2,255,718**

#### **EXPENDITURE:**

Direct Programme / Course Expenditure		658,622	523,479
Professional and Consultancy		2,245,079	411,824
Salaries and other benefits	9	1,831,725	-
Travelling and Conveyance	10	1,250,237	483,696
Other Administrative Overheads	11	918,277	233,540

#### **TOTAL**

**6,903,940**

**1,652,539**

#### **Surplus for the year**

**52,170**

**603,179**

Balance brought forward -previous year

603,179

-

#### **Transfer to Balance Sheet**

**655,349**

**603,179**

Fund Based Receipt and Payment Accounts	12
Accounting Policies and Notes to Accounts	13

As per our report of even date  
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Hyderabad  
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# THE LIVELIHOOD SCHOOL

Rs.

## **SCHEDULES TO ACCOUNTS AS AT** **2009** **2008**

### **SCHEDULE 1: RESERVE AND SURPLUS**

#### **COMMITTED FUNDS**

*Livelihood Education Program*

Opening Balance	4,800,000	-
Add: Grant Received	15,300,000	4,800,000
Add: Interest credited to the Fund	322,925	-
Less: (a) Utilization during the year	12,092,350	-
(b) Transfer to Assets Acquisition Fund (Fixed assets purchased)	290,768	-
<i>Sub-Total</i>	<b>8,039,807</b>	<b>4,800,000</b>

#### **UNCOMMITTED FUNDS**

##### **A: GENERAL RESERVE**

Transferred from Income and Expenditure Account	655,349	603,179
Less: Transfer to Assets Acquisition Fund (Fixed assets purchased)	198,640	-
<i>Sub-Total</i>	<b>456,709</b>	<b>603,179</b>

##### **B: ASSETS ACQUISITION FUND**

Transferred from:

Program Funds	290,768	-
General Reserve	198,640	-
<i>Sub-Total</i>	<b>489,408</b>	-
<b>TOTAL</b>	<b>8,985,924</b>	<b>5,403,179</b>

#### **SCHEDULE 2: FIXED ASSETS\***

Furniture and Fixtures	173,968	-
Professional Equipment (Computers)	270,400	-
Professional Equipment -Others	31,850	-
Office Equipment	13,190	-
<b>TOTAL</b>	<b>489,408</b>	-

#### **SCHEDULE 3: CASH AND BANK BALANCES**

Cash in Hand	-	1,000
Cheques in Hand	-	4,800,000
Bank Balance in Saving bank Account	1,348,093	555,183
Fixed deposit With Bank (Unencumberd)	6,500,000	600,000
<b>TOTAL</b>	<b>7,848,093</b>	<b>5,956,183</b>

As per our report of even date *for* **THE LIVELIHOOD SCHOOL**  
**for V.NAGARAJAN & Co.,**  
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# THE LIVELIHOOD SCHOOL

	<i>Rs.</i>	
<b>SCHEDULES TO ACCOUNTS AS AT</b>	<b>2009</b>	<b>2008</b>

*Rs.*

## SCHEDULE 4: ADVANCES AND OTHER RECOVERABLES

Fees Receivable		
Less than Six months	124,651	108,000
More than six months	66,523	58,000
TDS Recoverable	275,936	31,713
Stock in Hand (Training Material)	242,443	-
Security Deposits	180,500	-
Advance to Staff	123,422	-
Prepaid Expenses	4,264	-
Others	42,018	-
<b>TOTAL</b>	<b>1,059,757</b>	<b>197,713</b>

## SCHEDULE 5: CURRENT LIABILITIES AND PROVISIONS

<i>Statutory Dues:</i>		
TDS Payable	190,561	14,096
Service Tax Payable	6,628	116,604
Professional Tax Payable	1,000	-
Expenses Payable for Utilities	325,524	-
Course Fee received in Advance	40,000	25,000
Audit Fee Payable	39,121	51,030
Other Payable (IGS)	-	559,275
<b>TOTAL</b>	<b>602,834</b>	<b>766,005</b>

*\*There is no sale/trff of fixed assets during the year.*

As per our report of even date *for* **THE LIVELIHOOD SCHOOL**  
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# THE LIVELIHOOD SCHOOL

	<i>Rs.</i>	
<b>SCHEDULES TO ACCOUNTS FOR THE YEAR ENDED ON MARCH 31,</b>	<b>2009</b>	<b>2008</b>
<b>SCHEDULE 6: CONSULTANCY FEE</b>		
Consultancy Fee (Gross)	3,713,100	1,060,000
Less: Service Tax (included in Gross fee)	363,123	116,604
<b>TOTAL</b>	<b>3,349,977</b>	<b>943,396</b>
<b>SCHEDULE 7: OTHER INCOME</b>		
Membership fee	6,000	36,000
Others / Donation	134,474	20,000
<b>TOTAL</b>	<b>140,474</b>	<b>56,000</b>
<b>SCHEDULE 8: EARLIER YEAR PROVISION WRITTEN BACK</b>		
Audit Fee (Reversal)	10,618	-
Service Tax Liability (Reversal)	88,003	-
<b>TOTAL</b>	<b>98,621</b>	<b>-</b>
<b>SCHEDULE 9: SALARY &amp; OTHER BENEFITS</b>		
Salary & Other benefits	1,607,625	-
Dean Remuneration & Other benefits	120,000	-
Employer Contribution to Provident Fund	104,100	-
<b>TOTAL</b>	<b>1,831,725</b>	<b>-</b>
<b>SCHEDULE 10: TRAVELLING , CONVEYANCE AND OTHER INCIDENTAL EXPENSES</b>		
- Director	53,842	59,801
- Dean	166,271	5,392
- Staff	344,607	105,807
- Others	440,310	251,269
- Vehicle Hiring Charges( <i>for all</i> )	245,207	61,427
<b>TOTAL</b>	<b>1,250,237</b>	<b>483,696</b>

# THE LIVELIHOOD SCHOOL

		<i>Rs.</i>
<b>SCHEDULES TO ACCOUNTS FOR</b>	<b>2009</b>	<b>2008</b>
<b>THE YEAR ENDED ON MARCH 31,</b>		

## **SCHEDULE 11: OTHER ADMINISTRATIVE OVERHEADS**

Printing & Stationery	516,603	81,099
Office Rent	64,500	-
Rates & Taxes	14,355	-
Telephone, Telex and Fax Expenses	61,302	9,827
Office Maintenance	30,504	110
Postage, Courier and Telegrams	40,621	4,324
Reprography Charges	45,720	-
Directors Sitting Fees	32,500	45,000
Books & Periodicals	52,787	-
Other overheads	59,385	37,000
Auditor's Remuneration	-	56,180
<b>TOTAL</b>	<b>918,277</b>	<b>233,540</b>

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

*for* **THE LIVELIHOOD SCHOOL**

Hyderabad  
May 16, 2009

**(V.NAGARAJAN)**  
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**Chairman**

**Dean**

# THE LIVELIHOOD SCHOOL

## SCHEDULE-12 FUND BASED RECEIPTS AND PAYMENTS ACCOUNT: YEAR ENDED MARCH 31, 2009

Rs.

PARTICULARS	Fund	Opening Balance as on April 01, 2008	Receipts during the year		Recurring Expenditure	Non Recurring Expenditure	Closing Balance as at March 31, 2009
			Receipts (other than Interest)	Interest			
		a	b	c	d	e	f=(a+b+c-d-e)
<b>(A) COMMITTED FUNDS:</b>							
Grant Received from IGS (support from Ford Foundation)	Foreign	4,800,000	-	36,173	4,766,984	34,731	34,458
Institutional Building Fund (Sir Dorabji Tata Trust)	Indian	-	15,300,000	286,752	7,325,366	256,037	8,005,349
<b>Total (A)</b>		<b>4,800,000</b>	<b>15,300,000</b>	<b>322,925</b>	<b>12,092,350</b>	<b>290,768</b>	<b>8,039,807</b>
<b>(B) UNCOMMITTED FUND:</b>							
TLS General Fund (Course & Programme Fee)	Indian	603,179	6,941,012	15,098	6,903,940	198,640	456,709
Assets Acquisition Fund	Indian	-	489,408	-	-	-	489,408
<b>Total (B)</b>		<b>603,179</b>	<b>7,430,420</b>	<b>15,098</b>	<b>6,903,940</b>	<b>198,640</b>	<b>946,117</b>
<b>TOTAL (A+B)</b>		<b>5,403,179</b>	<b>22,730,420</b>	<b>338,023</b>	<b>18,996,290</b>	<b>489,408</b>	<b>8,985,924</b>

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# THE LIVELIHOOD SCHOOL

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## SCHEDULE 13: 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 is accounted on gross-up basis, which consist of scholarship granted also.
- iv) The Scholarship, which is offered to participants for the course/programme is accounted as an expenses under course expenses.

#### 3) CHANGE IN ACCOUNTING POLICY AND METHOD OF ACCOUNTING:

- i) The society changed its accounting policy and method accounting relating to the treatment of grant based receipt and its related expenses during the year; In respect of grants / funds received from funding institutions / agencies towards specific project is accounted under '**PROGRAM FUND-COMMITTED**' in balance sheet. All expenses (recurring and non recurring) incurred from grant for same project is accounted under same fund in balance sheet.

#### 4) FIXED ASSETS AND DEPRECIATION:

- i) Fixed Assets is stated in the books at the historical cost inclusive of all incidental expenses incurred for acquisition of such assets.
- ii) The assets purchased (net of sale proceeds) are shown in the Balance Sheet at cost under the head "Fixed Assets", the corresponding amount is accounted as Fund balance under the head "Asset Acquisition Fund" to reflect the assets being utilised by the Society.
- iii) The rate assumed for calculating the notional depreciation is as follows:

<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%

\*Under written down value method

#### 5) INVESTMENTS:

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

#### 6) RETIREMENT BENEFITS:

- i) The Society has schemes of retirement benefits of provident fund and gratuity fund in respect of which the society's contribution to the funds are charged to the income and expenditure account. The gratuity benefits of the society are administered by the trust formed for this purpose through the schemes of Life Insurance Corporation of India. Gratuity is being computed as per statutory norms and paid into the trust.

# THE LIVELIHOOD SCHOOL

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## B) NOTES TO ACCOUNTS:

### 1) NOTE ON THE SOCIETY'S ACTIVITIES:

(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.

#### (a) Livelihood Education Programs:

- 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.
- The Program is partially supported by 'The Ford Foundation' for which grant of Rs.48 lacs has been received during last year, beside this Society also collects the fee from participants under different programs.

#### (b) Support Services on Livelihood Education Programs and Orientation:

- The Society is providing consultancy services on Livelihood Orientation to government and other organizations. During the reported period, the major consultancy services have been rendered to 'Chhattisgarh State Institute of Rural Development', Raipur.

### 2) DISCLOSURE FOR IMPACT BY CHANGE IN ACCOUNTING POLICY:

- i) The impact in Income and Expenditure account by adopting the new accounting policy and method of accounting, in reference to the treatment of grant based receipt and its associated expenses are as follows:
- In the regrouping of previous year's figures, the Income by way of Grant of Rs. 48 lacs have been transferred from Income and Expenditure account to Balance Sheet under Project Fund (Committed).
  - During this year a surplus of Rs.3,530,575/-, being excess of Grant based receipt over its grant based revenue expenses is not accounted in income and expenditure account and being accounted under Project fund(Committed) in Balance sheet.

### 3) COMMITTED PROGRAM FUNDS – (Grant based):

- i) During the year, the Society has received Rs. 15,300,000/- from Sir Dorabji Tata Trust (SDTT), which is directly credited to Committed Project Funds, the total Interest credited to the committed project fund is Rs. 322,925/-. The Society was having opening balance of Rs. 4,800,000/-in this fund received from 'Indian Grameen Services' (supported from Ford Foundation).
- ii) During the year, total utilization of committed project fund of Rs. 12,383,118/- is consisting of revenue expenses Rs. 12,092,350/- and capital expenses of Rs.290,768/- for purchase of fixed assets.

### 4) NOTIONAL DEPRECIATION:

- i) The value of Fixed Assets Rs. 489,408/- shown in Balance sheet is at actual cost of acquisition. The notional depreciation as per the rates specified in note 3(iii) is Rs. 61,759/- as at March 31,2009, which is not accounted as per policy of the society.

### 5) SCHOLARSHIP OFFERED:

- i) During the year, the Society has offered total scholarship of Rs. 709,500/- to different participants for Program in Livelihood Promotion Education out of which Rs. 347,000/- offered from Ford Foundation and Rs. 362,500/- from Sir Dorabji Tata Trust.

### 6) RESERVES AND SURPLUS :

- i) The breakup of closing balance in Reserve and Surplus as on March 31, 2009 is are as follows:

## THE LIVELIHOOD SCHOOL

Particulars	March 31, 2009	March 31, 2008
Projects Fund (Committed)	8,039,807	4,800,000
General Reserve (Uncommitted)	456,709	603,179
Assets Acquisition Fund (Uncommitted)	489,408	--
<b>Closing Balance</b>	<b>8,985,924</b>	<b>5,403,179</b>

- ii) The apportionment of Reserve & Surplus is made between "Committed Funds" and "Uncommitted Funds" is the balance of grant fund and the balance of other funds respectively.
- iii) The assets purchased during the year Rs. 489,408/- are shown in the Balance Sheet at cost under the head "Fixed Assets" and the corresponding amount accounted under "Asset Acquisition Fund".

### 7) GOVERNANCE EXPENSES:

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

Particulars	March 31, 2009	March 31, 2008
Sitting fees to Board members	65,000	45,000
Traveling Expenses reimbursed to Board members	219,438	59,801
<b>Total*</b>	<b>284,438</b>	<b>104,801</b>

\*Out of Rs. 284,438/- an amount of Rs. 198,096/- has been met out from committed project fund.

### 8) REMUNERATION TO DEAN:

Particulars	March 31, 2009	March 31, 2008
Salaries and Other benefits*	15,36,000	--
Contribution to Provident Fund Account	92,160	--
<b>Total</b>	<b>16,28,160</b>	<b>--</b>

\*Out of Rs. 1,536,000/- an amount of Rs. 1,416,000/- has been met out from committed project fund.

### 9) DETAILS OF AUDITOR'S REMUNERATION:

Particulars	March 31, 2009	March 31, 2008
Audit Fee	40,000	40,000
Service Tax	4,120	5,562
Out of Pocket Expense reimbursement	27,337	--
<b>Total*</b>	<b>71,457</b>	<b>45,562</b>

\*Total expenses of Rs. 71,457/- has been met out from committed project fund.

### 10) 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.
- (ii) Previous year's figures have been regrouped, wherever necessary. In this reference a significant regrouping has been made in Income and Expenditure account, by which Rs. 48 lacs received as grant have been moved to Uncommitted Project Fund in balance sheet.

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

for, **THE LIVELIHOOD SCHOOL**

Hyderabad  
May 16, 2009

**(V. NAGARAJAN)**  
Partner  
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**Chairman**

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