

INDEPENDENT AUDITOR'S REPORT

To
The Members of
SOCIETY FOR INDIAN CHILDREN'S WELFARE

We have audited the accompanying financial statements of the **SOCIETY FOR INDIAN CHILDREN'S WELFARE** ("the Society") of 20 & 22 Colonel Biswas Road , Kolkata 700 019 which comprise the Balance Sheet as at **March 31, 2016**, and the Income & Expenditure Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 Standards generally accepted in India.

This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Society and for preventing and detecting frauds and other irregularities; selection and application of appropriate 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the accounting and auditing standards applicable to the Society. 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 financial control relevant to the organisation's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the organisation has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 on the financial statements

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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 abovenamed Society as at **March 31 , 2016**;
- (ii) in the case of the Income & Expenditure Account, of the:
Excess of Income Over Expenditure (Surplus) of the '**SOCIETY FOR INDIAN CHILDREN'S WELFARE** for the year ended on that date

For J. K. Brahma & Co
Chartered Accountants
Firm's Registration No: 304100E

J.K.Brahma
Proprietor
Membership No: 006434

Place of Signature: Kolkata
Dated: **10th September 2016**

SOCIETY FOR INDIAN CHILDREN'S WELFARE

20 & 22 COLONEL BISWAS ROAD , KOLKATA 700 019

**BALANCE SHEET AS AT 31st MARCH 2016**

Particulars	Note No:	31.03.2016	31.03.2015
I SOURCES OF FUNDS			
(1) General & Project Funds			
(a) General Funds	1		
Corpus Fund		26,009,082	25,941,745
Fixed Asset Fund		23,497,315	23,800,239
(b) Project Funds	2	7,564,584	7,148,927
(2) Current Liabilities	7	238,321	383,961
Total		57,309,302	57,274,872
II APPLICATION OF FUNDS			
(1) Fixed Assets	3	28,520,033	28,712,704
(2) Investments	4	5,700,000	5,700,000
(3) Current Assets, Loans & Advances			
Cash & Bank Balances	5	22,240,848	22,175,965
Advances & Deposits	6	848,421	686,203
Total		57,309,302	57,274,872
Additional Notes to Financial Statements	9	-	-
Significant Accounting Policies	10		

Note: Figures in (parenthesis) indicate negative (debit) values.

ANNEXURE TO OUR REPORT OF EVEN DATE

For J. K. Brahma & Co

Chartered Accountants

Kolkata
Date: 10 Sep 2016J.K.Brahma
Proprietor
Memb. No: 6434

SOCIETY FOR INDIAN CHILDREN'S WELFARE

20 & 22 COLONEL BISWAS ROAD , KOLKATA 700 019

**INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH,2016**

Particulars	Note No:	2015-16	2014-15
I INCOME			
- Donation Received		719,492	1,750,874
- Rent Received		258,840	374,640
- Sale of Scrap		3,030	13,798
- <u>Interest Received:</u>			
Savings Account with Banks		89,994	211,726
Term Deposits with Banks		1,338,988	1,220,808
Other Investments		530,100	530,100
Income Tax Refund		6,952	10,302
On Security Deposits		3,193	12,241
Total		2,950,589	4,124,489
II EXPENSES			
- Administration and Establishment Expenses	8	2,659,238	4,577,966
- Depreciation		224,014	221,721
Total		2,883,252	4,799,687
III SURPLUS / (DEFICIT)		67,337	(675,198)
(Transferred to Corpus Fund)		Surplus	Deficit
Additional Notes to Financial Statements	9		
Significant Accounting Policies	10		

Note: Figures in (parenthesis) indicate negative (debit) values.

ANNEXURE TO OUR REPORT OF EVEN DATE
For J. K. Brahma & Co
Chartered Accountants

Kolkata
Date: 10 Sep 2016

J.K.Brahma
Proprietor
Memb. No: 6434



NOTE "1" OF GENERAL FUND

Particulars	31.03.2016	31.03.2015
Corpus Fund		
Balance as per last Balance Sheet	25,941,745	26,616,943
Add/(Less) :		
Add: Excess of Income Over Expenditure	67,337	(675,198)
	<i>Surplus</i>	<i>Deficit</i>
Total	26,009,082	25,941,745
Fixed Asset Fund		
Balance as per last Balance Sheet	23,800,239	24,126,220
Add/(Less) :		
Add: Fixed Asset additions during the year	1,293,648	416,342
Add: Adjustments during the year	-	797,898
- Less: Adjustment to the extent of Depreciation on Fixed Assets acquired out of the aforesaid fund.	(1,596,572)	(1,540,221)
Total	23,497,315	23,800,239



NOTE "2" OF PROJECT FUNDS

Particulars	31.03.2016	31.03.2015
1] EDUCATION SPONSORSHIP PROJECT FUND		
# Hope Foundation		
Balance as per last Balance Sheet	66,134	
Add: Grants in Aid Received during the year	945,593	
Add: Interest Received	2,879	
<u>Less: Grants Utilised during the year</u>		
<u>Program Cost</u>	(957,339)	
	57,267	66,134
# General Education Program		
Balance as per last Balance Sheet	2,864,547	
Add: Grants in Aid Received during the year	2,002,539	
<u>Less: Grants Utilised during the year</u>		
<u>Acquisition of Fixed Assets</u>		
Plant & Machinery-15%	(32,000)	
<u>Program Cost</u>	(1,690,896)	
Education Sponsorships	671,488	
Nutrition Bag & Refreshments	0	
Retainership	0	
Art & Activities Expenses	0	
Documentation & Stationary	1,019,408	
Travelling & Conveyance	0	
Salary & Honorarium	0	
Contribution to PF, Pension Fund etc	0	
	3,144,190	2,864,547
2] MEDICAL CARE PROJECT FUND		
# General Medical Care Program		
Balance as per last Balance Sheet	2,227,964	
Add: Grants in Aid Received during the year	1,696,510	
<u>Less: Grants Utilised during the year</u>		
<u>Program Cost</u>	(1,002,239)	
<u>Expenses</u>		
Heart Surgeries	1,002,239	
Eye Care Surgeries	0	
Treatment of Thalassemia Patients	0	
Other Medical Emergencies	0	
	2,922,235	2,227,964
# Leela Clinic		
Balance as per last Balance Sheet	18,076	
Add: Grants in Aid Received during the year	462,332	
<u>Less: Grants Utilised during the year</u>		
<u>Program Cost</u>	(495,142)	
	(14,734)	18,076
3] SPECIAL NEEDS PROJECT FUND		
# Hope Foundation		
Balance as per last Balance Sheet	18,013	
Add: Grants in Aid Received during the year	666,527	
<u>Less: Grants Utilised during the year</u>		
<u>Program Cost</u>	(681,693)	
	2,847	18,013
# Sonia Karkare Fund		
Balance as per last Balance Sheet	148,484	
Grants in Aid Received during the year	-	
<u>Less: Grants Utilised during the year</u>		
<u>Program Cost</u>	(148,484)	
	-	148,484
C/F	6,111,805	5,343,218

**NOTE "2" OF PROJECT FUNDS**

Particulars		31.03.2016	31.03.2015
	B/F	6,111,805	5,343,218
4] JANSEVA HATISUR FUND			
# Amicale International d'Aide Enfance, Luxembourg			
Balance as per last Balance Sheet	258,442		
Add: Grants in Aid Received during the year	3,826,022		
<u>Less: Grants Utilised during the year</u>			
<u>Acquisition of Fixed Assets</u>			
Furniture & Fixtures	(141,474)		
Plant & Machinery-15%	(46,450)		
Plant & Machinery-60%	(64,900)		
<u>Program Cost</u>			
Adult Literacy Program	(82,699)		
Clinic Expenses	(220,254)		
Computer Literacy Program	(127,048)		
Creche Program	(1,697,070)		
Vocational Training Program	(125,609)		
<u>Other Administrative Expenses</u>	(1,372,935)		
		206,025	258,442
# Pathways to Children			
Balance as per last Balance Sheet	1,115,546		
Grants in Aid Received during the year	3,315,584		
<u>Less: Grants Utilised during the year</u>			
<u>Acquisition of Fixed Assets</u>			
Furniture & Fixtures-10%	(31,188)		
Plant & Machinery-15%	(800,054)		
Plant & Machinery-60%	(6,500)		
<u>Program Cost</u>			
Udaan- Special Needs Program	(569,467)		
Clinic Expenses	(416,453)		
Community Health Program	(21,600)		
<u>Other Administrative Expenses</u>	(814,178)		
		1,771,690	1,115,546
# Janseva -Others			
Balance as per last Balance Sheet	349,025		
Grants in Aid Received during the year	53,478		
<u>Less: Grants Utilised during the year</u>			
<u>Program Cost</u>	(87,066)		
		315,437	349,025
5] CHILD CARE FUND			
Balance as per last Balance Sheet	82,696		
Add: Grants in Aid Received during the year <i>(includes Government grants of Rs 11,00,700/-)</i>	4,664,513		
Add: Interest Received	33,196		
<u>Less: Grants Utilised during the year</u>			
<u>Acquisition of Fixed Assets</u>			
Furniture & Fixtures-10%	(113,562)		
Plant & Machinery-15%	(57,520)		
<u>Program Cost</u>	(5,449,696)		
		(840,373)	82,696
Total [1+2+3+4+5]		7,564,584	7,148,927

Note: Figures in (parenthesis) indicate negative (debit) values.



NOTE "2" OF PROJECT FUNDS

SUMMARY

Project Funds	Opening	Receipts	Payments On		Total	Closing
	Balance 1-04-2015		Revenue Account	Capital Account		
	(a)	(b)	(c)	(d)	(e)	(f)
1] Education Sponsorship Fund						
Hope Foundation	66,134	948,472	(957,339)	-	(957,339)	57,267
General Education	2,864,547	2,002,539	(1,690,896)	(32,000)	(1,722,896)	3,144,190
2] Medical Care Fund						
General Medical Care	2,227,964	1,696,510	(1,002,239)	-	(1,002,239)	2,922,235
Leela Clinic	18,076	462,332	(495,142)	-	(495,142)	(14,734)
3] Special Needs Fund						
Hope Foundation	18,013	666,527	(681,693)	-	(681,693)	2,847
Sonia Karkare Fund	148,484	-	(148,484)	-	(148,484)	-
4] Janseva Hatisur Fund						
Janseva (Amicale)	258,442	3,826,022	(3,625,615)	(252,824)	(3,878,439)	206,025
Janseva (Pathways)	1,115,546	3,315,584	(1,821,698)	(837,742)	(2,659,440)	1,771,690
Janseva (Others)	349,025	53,478	(87,066)	-	(87,066)	315,437
5] Child Care Fund						
	82,696	4,697,709	(5,449,696)	(171,082)	(5,620,778)	(840,373)
Total	7,148,927	17,669,173	(15,959,868)	(1,293,648)	(17,253,516)	7,564,584



NOTE "3" OF FIXED ASSETS

ASSETS	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Balance as on 01.04.15 ` (Rs)	-ADDITIONS DURING THE YEAR For more than 180 Days ` (Rs)	For less than 180 Days ` (Rs)	Adjustment/ Sale During the Year ` (Rs)	Total (1+2+3)-(4) ` (Rs)	Rate ` (Rs)	---On Additions--- For more than 180 Days ` (Rs)	For less than 180 Days ` (Rs)	Total Depreciation (7+8) ` (Rs)	Balance as on 31.03.2016 (5-9) ` (Rs)
LAND BLOCK										
At Hatisur	3,006,000				3,006,000					3,006,000
Block Total	3,006,000	-	-	-	3,006,000					3,006,000
BUILDING BLOCK										
At Colonel Biswas & Tiljala	3,607,070	-	237,950.00	-	3,845,020	5%	180,354.00	5,949.00	186,303	3,658,717
At Janseva Hatisur	18,630,366	-	-	-	18,630,366	5%	931,518	-	931,518	17,698,848
Block Total	22,237,436	-	237,950.00	-	22,475,386		1,111,872	5,949	1,117,821	21,357,565
"CHILD CARE" ASSETS										
Furniture & Fixtures Block 10%	143,293	44,000.00	69,562	-	256,855	10%	18,729	3,478	22,207	234,648
Plant & Machinery Block 15%	511,250	57,520.00	-	-	568,770	15%	85,315	-	85,315	483,455
Block Total	654,543	101,520.00	69,562	-	825,625		104,044	3,478	107,522	718,103
"JANSEVA AMICALE" ASSETS										
Furniture & Fixtures Block 10%	357,708	84,841.00	56,633	-	499,182	10%	44,255	2,832	47,087	452,095
Plant & Machinery Block 15%	666,556	-	46,450	-	713,006	15%	99,984	3,484	103,468	609,538
Plant & Machinery Block 60%	31,797	29,400.00	35,500	-	96,697	60%	36,718	10,650	47,368	49,329
Block Total	1,056,061	114,241.00	138,583	-	1,308,885		180,957	16,966	197,923	1,110,962
"HOPE SPECIAL NEEDS" ASSETS										
Furniture & Fixtures Block 10%	40,680	0	-	-	40,680	10%	4,068	-	4,068	36,612
Block Total	40,680	0	-	-	40,680		4,068	0	4,068	36,612
EDUCATION PROGRAM ASSETS										
Plant & Machinery Block 15%	6,830	-	32,000.00	-	38,830	15%	683	1,600	2,283	36,547
Block Total	6,830	-	32,000.00	-	38,830		683	1,600	2,283	36,547

continued.....

NOTE "3" OF FIXED ASSETS

ASSETS	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Balance as on 01.04.15 ` (Rs)	-ADDITIONS DURING THE -- YEAR For more than 180 Days ` (Rs)	For less than 180 Days ` (Rs)	Adjustment/ Sale During the Year ` (Rs)	Total (1+2+3)-(4) ` (Rs)	----- DEPRECIATION ----- Rate ` (Rs)	---On Additions--- For more than 180 Days ` (Rs)	For less than 180 Days ` (Rs)	Total Depreciation (7+8) ` (Rs)	Balance as on 31.03.2016 (5-9) ` (Rs)
"VOCATIONAL TRAINING" ASSETS										
<i>Furniture & Fixtures Block 10%</i>	2,331	-	-	-	2,331	10%	233	-	233	2,098
<i>Plant & Machinery Block 15%</i>	62,177	-	-	-	62,177	15%	9,327	-	9,327	52,850
Block Total	64,508	-	-	-	64,508		9,560	-	9,560	54,948
"DONATED" ASSETS										
<i>Plant & Machinery Block 15%</i>	2,984	-	-	-	2,984	15%	449	-	449	2,535
Block Total	2,984	-	-	-	2,984		449	-	449	2,535
"LEELA CLINIC" ASSETS										
<i>Furniture & Fixtures Block 10%</i>	7,528	-	-	-	7,528	10%	753	-	753	6,775
Block Total	7,528	-	-	-	7,528		753	-	753	6,775
"JANSEVA PATHWAYS " ASSETS										
<i>Furniture & Fixtures Block 10%</i>	623,198	28,188	3,000	-	654,386	10%	65,139	150	65,289	589,097
<i>Plant & Machinery Block 15%</i>	82,100	800,054	0	-	882,154	15%	132,323	-	132,323	749,831
<i>Plant & Machinery Block 60%</i>	20,656.00	-	6,500.00	-	27,156	60%	12,394	1,950	14,344	12,812
Block Total	725,954	828,242	9,500	-	1,563,696		209,856	2,100	211,956	1,351,740
"GENERAL FUND" ASSETS										
<i>Furniture & Fixtures Block 10%</i>	33,137	-	29,312.00	-	62,449	10%	3,313	1,466	4,779	57,670
<i>Plant & Machinery Block 15%</i>	868,860	-	22,800.00	-	891,660	15%	130,329	1,710	132,039	759,621
<i>Plant & Machinery Block 60%</i>	8,183	44,205.00	-	-	52,388	60%	31,433	-	31,433	20,955
Block Total	910,180	44,205	52,112	-	1,006,497		165,075	3,176	168,251	838,246
Total	28,712,704	1,088,208	539,707	0	30,340,619		1,787,317	33,269	1,820,586	28,520,033
Less: Transferred from Fixed Assets Fund pertaining to Funded Assets									1,596,572	
Net Depreciation pertaining to Non Funded Assets									224,014	

**NOTE "4" OF INVESTMENTS**

Particulars	31.03.2016	31.03.2015
Deposits with HDFC Ltd	5,700,000	5,700,000
Total	5,700,000	5,700,000

NOTE "5" OF CASH AND BANK BALANCES

Particulars	31.03.2016	31.03.2015
<u>CASH BALANCE</u>		
Cash in Hand	214,042	206,341
<u>BANK BALANCES</u>		
<u>Standard Chartered Bank, Gurusaday Road Branch, Kolkata</u> Current Account (No: 32105009516)	6,445,978	1,977,149
<u>ICICI Bank, Ballygunj Branch, Kolkata</u> Savings Account (No: 003401000668)	586,486	180,319
<u>United Bank of India, Syed Amir Ali Avenue Branch, Kolkata</u> Savings Account (No: 0674010104034)	118,663	345,254
<u>HDFC Bank, Park Circus Branch</u> Savings Account (No: 05931450000222)	2,250,627	2,606,651
Savings Account (No:05931450000239)	62,844	80,892
Savings Account (No:50100046023921)	-	209,381
Savings Account (No:50100128862108)	12,062	
Savings Account (No:50100128998799)	9,212	
<u>FIXED DEPOSITS with:</u> <i>(Inclusive of interest Accrued)</i>		
Standard Chartered Bank, Gurusaday Road Branch, Kolkata	1,008,130	3,504,081
ICICI Bank, Ballygunj Branch, Kolkata	1,657,838	2,136,359
United Bank of India, Syed Amir Ali Avenue Branch, Kolkata	1,769,072	1,751,404
HDFC Bank, Park Circus & Stephen House Branch Kolkata	8,105,894	9,178,134
Total	22,240,848	22,175,965

**NOTE "6" OF ADVANCES AND DEPOSITS**

Particulars	31.03.2016	31.03.2015
<u>Deposits</u>		
Telephone Deposit	42,025	42,025
Electricity Deposit	150,798	148,714
Oxygen Cylinder Deposit	3,750	3,750
<u>Advances</u>		
Staff Advance	32,200	34,000
Other Advances	143,006	131,075
<u>Income Tax Deducted at Source</u>		
	476,642	326,639
Total	848,421	686,203

NOTE "7" OF CURRENT LIABILITIES

Particulars	31.03.2016	31.03.2016
Profession Tax	-	1,240
Tax Deducted at Source	-	14,248
Employees State Insurance	6,208	34,990
Provident Fund	25,671	24,839
Retention Money	152,442	180,892
Rent Received in Advance	-	31,752
Rent Deposit	54,000	96,000
Total	238,321	383,961


NOTE "8" OF ADMINISTRATION & ESTABLISHMENT EXPENSES

Particulars	2016-16	2014-15
- Advertisement & Web Site Charges	-	3,150
- Audit Fees	34,200	33,708
- Bank Charges	13,345	19,389
- Building Maintenance	751,786	2,864,212
- Children's Annual Function	56,108	-
- Computer Operation & Maintenance Expenses	43,811	43,009
- Conference & Seminar Expenses	-	183,740
- Electricity Charges	241,630	221,325
- Employers Contribution to PF,Pension Fund , ESI	175,406	77,767
- Filing Fees	1,500	875
- General Expenses	39,437	40,579
- Insurance Charges	46,103	50,340
- Interest on TDS & Profession Tax	878	636
- Newspapers & Periodicals	660	670
- Postage,Courier etc	329	54
- Printing & Stationery	31,756	22,264
- Rates & Taxes	37,039	46,195
- Repairs & Maintenance	264,232	231,767
- Retainership/Professional Fees	313,569	274,006
- Salary & Allowances	260,334	247,168
- Security Services	70,173	
- Staff Amenities	31,232	12,488
- Telephone Charges	34,890	36,816
- Travelling & Conveyance	64,266	87,307
- Vehicle Running & Maintenance	146,554	80,501
Total	2,659,238	4,577,966



NOTE "9" ADDITIONAL NOTES TO FINANCIAL STATEMENTS

Background: The Society is engaged in charitable activities relating to - adoption placement services, providing for the medical needs of needy & deprived children, education sponsorships to deserving children, creche facilities for children of working mothers, care & specialised inputs to children with special needs (pertaining to Mental Retardation, Cerebral Palsy, Autism, Downs Syndrome and Slow Learners etc), help in tracing families of lost children, financial support to children requiring eye/heart surgeries and children suffering from thalassemia, financial support guidance & support to unwed mother & pre-natal care etc.

- 01) (i)** The Society has prepared & maintained its books of accounts & presented these financial statements in accordance with the "Fund-based Accounting" method – outlined in Point No. (1) – of the Significant Accounting Policies [Note No "10"]. The Surplus/Deficit of the Society as a whole - needs to be evaluated considering the surplus/deficit disclosed as per Income & Expenditure Account as well as Surplus/Deficit reflected in those (Restricted) Project Funds.
- (ii)** Pending confirmation & reconciliation of certain debit and credit balances, the figures have been considered as appearing in the books of account. The effect, if any, of the confirmation/reconciliation of balances on the operating results for the year ended 31.03.2016 could not therefore be ascertained.
- (iii)** Depreciation on the Fixed Assets – was being charged by the Society on written down value method - in a manner and at rates as applicable under the Income-tax Act, 1961. In the opinion of the Management - none of the Assets is impaired.
- 02)** The Society had received a demand of Rs 12,02,400/- from Kolkata Metropolitan Development Authority (KMDA) in April 2011 being service charges @ 8% of current land value (i.e. Rs 15 lakhs per cottah) per annum for delay in completion of Janseva Project at Hatisur . In response to the demand notice the Society had paid Rs 3,00,000/- in Financial Year 2011-12 and also made an application to the relevant Authority for waiver/reduction of charges being a charitable society . The matter is pending disposal before KMDA
- 03)** The Society has received Government grant of Rs 11,00,700/- during the year and has been recognised as income in the Project Fund "Child Care Fund" [Notes to Accounts No 2]
- 04)** No provision for current income tax/deferred tax for the year has been made as per the relevant provisions of the Income Tax Act, 1961. Refer Note (11) of Significant Accounting Policies.
- 05)** The Figure for the Previous year have been **regrouped / re-arranged & reclassified** wherever found necessary to confirm with this year's classification.



NOTE NO "10" SIGNIFICANT ACCOUNTING POLICIES

- 01) ACCOUNTING CONCEPT:** The Society for Indian Children's Welfare ["SICW" or "the Society"] follows Cash system of accounting and recognizes income on receipt and expenses on payment of the same. Departures if any, are disclosed by way of notes. The accounts are prepared on historical cost basis and as a going concern.

FUND BASED ACCOUNTING

The Society follows the concept of Fund-Based Accounting as enumerated hereunder:

Unrestricted Funds

Grants/Donations & other forms of Revenue received by the Society with no specific restriction as to its end-use are accounted for as Income by the Society in the financial year of receipt. Unutilised surplus remaining out of unrestricted funds is generally credited to the Corpus (General) Fund of the Society. However the same may be earmarked for specific internal commitments ("Designated Fund" – e.g. Reserve Fund/Sinking Fund etc)

Restricted Funds

Grants/Donations & other forms of Revenue are also received by the Society subject to certain conditions set out by the contributors (and agreed to by the Society when accepting the contributions) – referred to as "Restricted Funds". The restrictions generally apply to the utilisation of the funds received. Such Grants/Donations received with specific restriction as to its end-use are received by the Society either:

- (a) to support one of the various Projects undertaken by the Society or
 - (b) towards a specific end-use which is not connected with any such Project.
- (a) **Grants/Donations received to support a Project**
Grants/Donations received to support the running revenue expenses of a Project or for acquisition of a Fixed Asset related to the Project – are credited to the specific Project Fund Account – which is reflected in the Balance Sheet of the Society.
- Revenue expenses connected (or attributable) to the Project are debited to the Project Account. On acquisition of a Fixed Asset out of the Project Funds – the said Fixed Asset is recorded in the books and the cost corresponding to the said Asset is appropriated from the Project Fund Account and disclosed separately as "Fixed Asset Fund" in the Balance Sheet.
- The Project Fund Account thus reflects the unutilised balance of funds received for the said Project.[The unutilised fund balance may be required to be refunded back to the contributors – if the same is not/cannot be utilised for the specific purpose for which the contributions have been received. In such case – the unutilised balance in the Project Fund Account represents a liability.
- Every year an amount proportionate to the depreciation charged on such assets acquired out of Project Funds is appropriated from the "Fixed Assets Fund" to the credit of the Income & Expenditure Account of the Society. The "Fixed Assets Fund" balance, if any, is shown separately in the Balance Sheet
- (b) **Grants/Donations received towards a specific end-use not connected to any Project**
Under this category the Society accepts Grants/Donations only for acquisition of Fixed Assets as specified by the contributors for general use but not related to any project .
On acquisition of Fixed Asset an amount equivalent to the cost of such specified Fixed Asset is transferred to the credit of 'Fixed Asset Fund"

The unutilised funds remaining out of each of such grants received for acquiring Fixed Assets is written off to Income & Expenditure Account

Every year an amount proportionate to the depreciation charged on such assets acquired out of such grants/donations is appropriated from the "Fixed Assets Fund" to the credit of the Income & Expenditure Account of the Society. The "Fixed Assets Fund" balance, if any, is shown separately in the Balance Sheet

Non monetary assets received free of cost are also recorded in the books at estimated market cost with corresponding credit to " Fixed Asset Fund"

- 02) INVESTMENTS:** Long-term Investments are stated at cost. Provision, where necessary, is to be made to recognise diminution, other than temporary, in the value of Investments.
- 03) INVENTORIES:** Inventories (generally of food/provisions), if any, are stated at Cost.



SIGNIFICANT ACCOUNTING POLICIES Continued.....

- 04) FIXED ASSETS:** Fixed Assets are shown at Cost less Depreciation. Intangible Assets (Computer Software) is capitalised in the year in which the software is implemented for use and is expected to result in future enduring economic benefits. Upgradation /enhancements are charged to revenue unless they bestow significant additional benefits. (Refer Point (1) – Fund Based Accounting regarding acquisition of Fixed Assets out of grants received for project or otherwise)

The carrying amount of the Society's assets are reviewed at each Balance Sheet date to determine whether there is any impairment. The recoverable amount of the assets is estimated as the higher of its net selling price and its value in use. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. Impairment loss is recognised in the Income & Expenditure Account (or against revaluation surplus wherever applicable).

- 05) DEPRECIATION:** Depreciation is provided on written down value method in the manner & at the rates as applicable under the Income Tax Act, 1961. Depreciation on Fixed Assets acquired from own funds or out of contributions received whether related to any project or not is charged to Income & Expenditure Account.

- 06) PROVISIONS, CONTINGENT LIABILITIES:** The Society follows Cash system of accounting and accordingly no provisions (for expenses) are recognised in the financial statements. Contingent assets are neither recognised nor disclosed. Contingent liabilities are not recognized but disclosed in the notes on accounts.

- 07) LEASE RENTALS:** Lease agreements where the risks & rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating leases. Lease Rent paid under operating leases are charged to the Income & Expenditure Account & sub-lease payments received (or receivable), if any, are also recognised in the same Account.

- 08) EMPLOYEE BENEFITS:** Short Term Employee Benefits are recognised as expenditure in the year in which related service is rendered. Defined Contribution Plans: The contribution to the employee's (government-administered) provident/pension funds etc is recognised during the year in which the related service is rendered. Defined Benefit Plans: Gratuity: A Gratuity Fund ("SICW Employees Gratuity Fund" – constituted as a Trust) has been created as a non-contributory (defined benefit) retirement benefit fund for the employees of SICW. The Gratuity Trust has subscribed to a "Group Gratuity Scheme" offered by Life Insurance Corporation of India (LIC) to secure gratuity benefit to the Employees of SICW. The ordinary annual contribution as determined & recommended by LIC is treated as appropriate accrual of gratuity liability & recognised in the Income & Expenditure Account on payment.

- 09) REVENUE RECOGNITION:** The Society recognises Revenue Income on cash-basis

Grants-in-Aid/Donations

Grants-in-Aid & Donations are accounted, following the cash-basis of accounting, on receipt of the same. Treatment of Grants/Donations received by the Society follows, wherever applicable, the Fund-Based Accounting Concept adopted by the Society.

Grants/Donations received by the Society – with no specific restriction as to its end-use

Donations/Grants received – with no specific restriction as to its end-use ("Unrestricted Funds") are recognised as Income in the Income & Expenditure Account pertaining to the period when the Grant/Donation is received.

Grants/Donations received by the Society – for specific restriction end use

Grants/Donations received with specific restriction as to its end-use ("Restricted Funds") are received by the Society either:

- (a) to support one of the various Projects administered by the Society or
- (b) towards a specific end-use which is not connected with any such Project.

Grants/Donations received to support a Project

Following the Fund based Accounting concept - Grants/Donations received to support the running revenue expenses of



SIGNIFICANT ACCOUNTING POLICIES Continued.....

a Project or for acquisition of a Fixed Asset related to the Project – are credited to the specific Project Fund Account which is reflected in the Balance Sheet of the Society.

Grants/Donations received towards a specific end-use not connected to any Project

Under this category the Society accepts Grants/Donations only for acquisition of Fixed Assets as specified by the contributors for general use and is not related to any project .

On acquisition of Fixed Asset an amount equivalent to the cost of such specified Fixed Asset is transferred to the credit of "Fixed Asset Fund"

The unutilised funds remaining out of each of such grants received for acquiring Fixed Assets is written to the credit of Income & Expenditure Account

Every year an amount proportionate to the depreciation charged on such assets acquired out of Funds received for project or otherwise is appropriated from the "Fixed Assets Fund" to the credit of the Income & Expenditure Account of the Society. The "Fixed Assets Fund" balance, if any, is shown separately in the Balance Sheet

Donations in kind in the form of sweets, toys and clothes for children are not valued or accounted for in the books of account

- 10) GOVERNMENT GRANTS:** Grants and subsidies from the government are recognized, following the cash-basis of accounting, on receipt of the same.

Where the grants/subsidies relates to an expense item (which such grant is intended to compensate) then:

- (i) where the expenses are charged to the Revenue A/c – the grant received is recognized as Revenue Income and
- (ii) where the expenses are charged to a Project Fund – the grant received is recognised as a credit to such Project Fund,

on receipt of the said grant.

Where the grant is received as subsidy towards capital investment (i.e Fixed Asset) – the grant is initially credited to the Project Fund to which it pertains and, subsequent to the acquisition of the Asset, is transferred to "Fixed Asset Fund" and thereafter treated as deferred income - over the useful life of the Asset - in proportion to the depreciation charged on such assets.

- 11) FOREIGN CURRENCY TRANSACTIONS:** Foreign exchange transactions are recorded in the books of the Society at the exchange rates prevailing on the dates of such transactions. Grants in Aid/Donations received Foreign Currency are accounted for on in the reporting currency (Indian Rupees) at the value at which the same are credited by the Society's bankers. Year-end monetary assets and liabilities denominated in foreign currencies, if any, are translated at the year-end foreign exchange rates.

Exchange differences arising on settlements / year end translations are recognised in the Statement of Income & Expenditure for the year in which they arise.

- 12) TAXES ON INCOME :** The Society is registered under Sec 12AA of the Income Tax Act, 1961 (i.e. an establishment formed for charitable purposes) and consequently, in the opinion of the management & subject to the relevant income-tax provisions, no income-tax liability would arise under the Income tax statute. Provision of deferred tax as per (Indian) Accounting Standard-22 [AS-22] is required where there exists reversible timing differences between accounting income & taxable income. However as the Society, in view of the aforesaid tax-exemption , does not have any "taxable income" and further in view of the cash-system of accounting followed by the Society - no provision is required or made for deferred taxes.

For Society for Indian Children's Welfare

**For J. K. Brahma & Co
Chartered Accountants**

Chairperson Secretary

**Place: Kolkata
Dated: September 10, 2016**

**J.K.Brahma
Proprietor
Memb No: 6434**