

Financial statements and Independent auditor's report

Child Fund India

31 March 2018

Walker Chandiok & Co LLP

Independent Auditor's Report

To the Members of Child Fund India

Walker Chandiok & Co LLP
5th Floor, No. 65/2, Block "A",
Bagmane Tridib, Bagmane Tech Park
C V Raman Nagar, Bengaluru 560093
India

T +91 80 4243 0700
F +91 80 4126 1228

1. We have audited the accompanying financial statements of Child Fund India, (the "Society"), which comprise the Balance Sheet as at 31 March 2018 and the Income and 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

2. 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 the Institute of Chartered accountants of India ('ICAI'), to the extent considered relevant by the management (refer note 1 to the accompanying financial statements). This responsibility also includes maintenance of adequate accounting records, safeguarding the assets of the Society, Preventing and detecting frauds and 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

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI. 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.
5. 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 controls relevant to the Society's preparation of the financial statements that give a true and fair view in order to design audit procedures that are



Walker Chandiok & Co LLP

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Society's management, as well as evaluating the overall presentation of the financial statements.

6. 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

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, including Accounting Standards issued by the ICAI to the extent considered relevant by the management (refer note 1 to the accompanying financial statements), in case of the:
 - a. the Balance Sheet, of the state of affairs of the Society as at 31 March 2018; and
 - b. the Income and Expenditure Account, of the surplus of its accounting year ended on that date.

Other matter

8. We have also issued our audit report as per Form 10B pursuant to the requirement of the section 12(A)(1)(b) of the Income tax Act, 1961, on the financial statements prepared by the management as required by the provisions of the Income tax Act, 1961 covering the same period as these accompanying financial statements.

Restriction on distribution or use

9. The accompanying financial statements have been prepared solely for the purpose of information of the donors of the Society and therefore, may not be suitable for another purpose. This report is being addressed to and provided to the members of the Society solely for the aforementioned purpose, and accordingly, should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Further, we do not accept or assume any liability or duty of care for any other purpose or to any person to whom this report is shown or into whose hands it may come without our prior consent in written.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No.: 001076N/N500013

Vijay V Singh

Vijay Vikram Singh

Partner

Membership No.: 059139

Bengaluru
29 August 2018



Child Fund India

Balance Sheet as at 31 March 2018

(All amounts in ₹, unless other wise stated)

	Note	As at 31 March 2018	As at 31 March 2017
Sources of funds			
Unrestricted funds			
Corpus fund	2	439,037	439,037
General fund	3	70,683,098	62,022,376
Restricted funds			
Project fund	4	88,016,471	145,339,416
Development fund	5	5,000,000	5,000,000
Current liabilities and provisions			
Current liabilities	6	8,198,153	10,275,303
Provisions	7	1,010,761	649,311
		173,347,520	223,725,443
Applications of funds			
Property, plant and equipment	8	4,201,422	6,617,904
		4,201,422	6,617,904
Current assets			
Cash and bank balances	9	164,548,755	209,602,139
Loans, advances and deposit	10	4,597,343	7,505,400
		169,146,098	217,107,539
		173,347,520	223,725,443
Summary of significant accounting policies	1		
The accompanying notes are an integral part of the financial statements.	1 -16		

This is the Balance sheet referred to in our report issued in Form No 10B of the Income Tax Rules, 1962 of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.001076N / N500013

Vijay V Singh
Vijay Vikram Singh
Partner
Membership No.059139

Bengaluru
29 August 2018



For and on behalf of Child Fund India

Ms. Neelam Makhijani
Ms. Neelam Makhijani
CEO

Dr. Philip Lewis
Dr. Philip Lewis
President

Bengaluru
29 August 2018

Bengaluru
29 August 2018



Child Fund India**Income and Expenditure Account for the year ended 31 March 2018**

(All amounts in ₹, unless otherwise stated)

	Note	Year ended 31 March 2018	Year ended 31 March 2017
Income			
Grants and donations	15	263,977,488	210,735,300
Other income	11	8,660,722	14,454,585
Total		272,638,210	225,189,885
Expenditure			
Grant expenses	15	95,691,943	72,914,168
Other grant expenses			
Relief of the poor- children	15	133,532,148	102,256,510
Relief of the poor- designated fund for children	15	17,323,722	18,109,539
Employee benefit expense	12	11,741,096	13,133,911
Administrative expenses	13	4,520,861	6,586,492
		262,809,770	213,000,620
Depreciation during the year	8	1,167,718	1,812,439
Total		263,977,488	214,813,059
Excess of income over expenses before prior period expenses		8,660,722	10,376,826
Prior period income (net)	14	-	1,402,319
Excess of income over expenses transferred to general fund		8,660,722	11,779,145
Summary of significant accounting policies and other explanatory information	1		

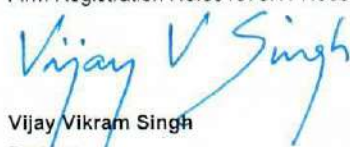
The accompanying notes are an integral part of the financial statements.

This is the Income and Expenditure Account referred to in our report issued in Form No 10B of the Income Tax Rules, 1962 of even date.

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm Registration No.001076N / N500013


Vijay Vikram Singh

Partner

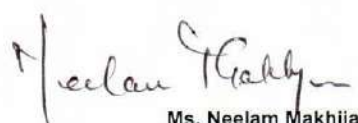
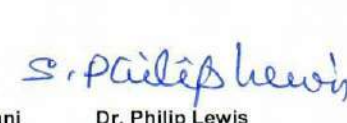
Membership No.059139

Bengaluru

29 August 2018



For and on behalf of Child Fund India



Ms. Neelam Makhijani

CEO

Dr. Philip Lewis

President

Bengaluru

29 August 2018

Bengaluru

29 August 2018



Child Fund India

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ except otherwise stated)

1 Significant accounting policies and other explanatory information

I) Background

- a) The Society is registered under Societies Registration Act, 1860 vide no. S/15160 dated 31 December 1984 under State of Delhi and is also registered under Sec. 12A(a) of the Income Tax Act, 1961. Child Fund India strives to ensure that deprived, excluded and vulnerable children have the capacity to improve their lives and become young adults, parents and leaders who inspire lasting and positive change in their communities. Child Fund India promotes communities whose individuals and institutions participate in valuing, protecting, and advancing the worth and rights of children.

II) Summary of significant accounting policies

a) Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ("Indian GAAP") and in compliance with the accounting standards ("AS") issued by the Institute of Chartered Accountants of India. The accounting policies have been consistently applied by the Society and are consistent with those used in the previous year.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Society to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of liabilities at the date of financial statements and the reported amount of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

c) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Society and the revenue can be reliably measured. Fund received specifically towards Child Development among DEV (deprived excluded and vulnerable) category for identified children and their communities is categorized as "Relief of the poor-children" and DFC (designated funds for children). In consonance with the Covenants (Grant Agreements with the Donors), the Grants are recognized as Income to the extent they are utilized in the respective year/s. The balance of unutilized Grants – which in terms of the Grant Agreements, are specifically restricted / agreed to belong to the Donor/s are carried forward in the respective Donor/s accounts as Donor/s Funds to be utilized in the subsequent years.

Grants income

Financial assistance provided by the donors, funding agencies and Government is recognized in the year it was received or when the entitlement for the revenue is established. Most of the government grants and assistance received are recognized as revenue when all of the following conditions have been satisfied:

- (i) The Society obtains control of the grant or the right to receive the grant;
- (ii) it is probable that the contribution will flow to the Society; and
- (iii) The amount of the grant can be reliably measured.

The revenue from Grant income is recognized over the periods necessary to match with related costs and only when there is reasonable assurance that the conditions attached to them will be complied and the grants will be received.

Interest income

Interest income is recognized using time proportion method, based on the rate implicit in the transaction.

- d) Programs implemented through other partner NGO's are treated as sub-grants and are charged off to expense/s under the head/s of account/s it is meant to be spent at the time of disbursement. Conversely, unspent balance received from partner NGO's at the closure of the program is treated as income in the year of its receipt, under the head/s of account/s reported unspent.

e) Property, plant and equipment

Property, plant and equipment's are stated at cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

- a) Assets acquired out of own funds are depreciated at the following rates based on estimated life of the assets as per the decision of the Governing Council:

Depreciation

Depreciation on property, plant and equipment is charged on the written down Value (WDV) method, at the following rates:

Particulars	Rate of depreciation %
i) Furniture's and fixtures	15
ii) Office equipment	20
iii) Computers	33
iv) Vehicles	20
v) Building	10

- b) Assets acquired out of grants are charged off to income and expenditure account as per grant agreements, and are not capitalized.



S. Philip Hewitt



Child Fund India

Summary of significant accounting policies and other explanatory information (Cont'd)

(All amounts in ₹ except otherwise stated)

f) Employee benefits

The Accounting policy followed by the organization in respect of its employee benefit scheme is set out below.

Provident fund

The Society makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. This is post employment defined contribution plan and the contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee. The Society has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognised in respect of defined contribution plans are expensed as and when they accrue. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets, respectively, as they are normally of a short term in nature.

Gratuity

Child Fund India provides gratuity, a defined benefit retirement plan, to its eligible employees. In accordance with the Payment of Gratuity Act, 1972, the gratuity plan provides a lump sum payment to the eligible employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's basic salary and tenure of employment with Child Fund India. The amount deposited in the LIC Gratuity is debited to the Income and Expenditure Account.

Compensated absences

Liability in respect of compensated absences becoming due and expected to be availed or encashed is recognised on the basis of value of estimated amount required to be paid or estimated value of benefits expected to be availed by the employees.

Other short-term benefits

Expense in respect of other short term benefits is recognised on the basis of amount paid or payable for the period during which services are rendered by the employees.

g) Corpus fund

Corpus fund relates to the funds contributed by the founder members at incorporation and donations received with specific directions that they shall form part of the corpus of the Society.

h) General fund:

The Society also receives "General fund" which are unrestricted in nature. The surplus earned during the year, being general purpose in nature is carried forward for use in future periods. In case of deficit, if in any year, this is first adjusted against general fund and remaining is adjusted from the specified fund.

i) Project fund

Project fund are grants received from various funding agencies to carry out specific activities. These are held in trust until used for the purpose specified and deposits / investments are earmarked against them. Revenue from the restricted fund is recognized during the year in the Income and Expenditure Account to match the related expenditure (including capital expenditure). The balance amount is carried forward in the restricted fund for use in future periods.

j) Development fund

Development fund relates to funds assigned towards match funding and other development activities. The Board members in their meeting held on 9th March 2018, authorised the Society for utilisation of these funds over the period of three years ending 31st March 2021.

k) Expenditure

The Society implements and supports locally led, community based initiatives that strengthen families and communities. Programmes includes healthcare support, quality education and livelihood skills for strengthening training, research and policy development in the area of children through projects conducted by itself or by other partner organizations to which it disburses grants. Accordingly, "Program expenditure" includes amount disbursed to partner organisations till the year end.

l) Liabilities and provisions

The Society makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of the obligation can be made.

A disclosure is made for a liability when there is a:

- possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully within the control of the Society; or
- present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- present obligation, where a reliable estimate cannot be made.



S. Philip Henry



Child Fund India

Summary of significant accounting policies and other explanatory information

(All amounts in ₹, unless other wise stated)

	As at 31 March 18	As at 31 March 17
2 Corpus fund	439,037	439,037
3 General fund		
Balance at the beginning of the year	62,022,376	50,243,231
Add: Surplus during the year	8,660,722	11,779,145
Balance at end of the year	70,683,098	62,022,376
4 Project fund		
Balance at the beginning of the year	145,339,416	122,026,115
Add: Funds received during the year	206,654,543	236,127,017
Less: Expenditure incurred during the year	(263,977,488)	(212,813,716)
Balance at end of the year	88,016,471	145,339,416
5 Development fund	5,000,000	5,000,000
6 Current liabilities		
Trade payables	6,485,134	7,713,639
Statutory dues	1,094,617	1,611,548
Employees payable	24,402	419,116
Expenses payable	594,000	531,000
	8,198,153	10,275,303
7 Provision		
Provision for compensated absences	1,010,761	649,311
	1,010,761	649,311



S. Philip Henry

This space has been intentionally left blank



Child Fund India

Summary of significant accounting policies and other explanatory information

(All amounts in ₹, unless other wise stated)

8 Property, plant and equipment

Particulars	Furnitures and fixtures	Office equipment	Vehicles	Computers	Buildings	Total
Gross block (at cost)						
Balance as at 1 April 2016	2,719,951	4,753,871	6,337,805	4,631,895	263,470	18,706,992
Additions	-	79,257	-	44,094	-	123,351
Balance as at 31 March 2017	2,719,951	4,833,128	6,337,805	4,675,989	263,470	18,830,343
Additions	-	93,990	-	475,424	-	569,414
Deletions	740,729	1,477,434	2,171,772	907,948	-	5,297,883
Balance as at 31 March 2018	1,979,222	3,449,684	4,166,033	4,243,465	263,470	14,101,874
Accumulated depreciation						
Balance as at 1 April 2016	1,004,186	2,340,779	3,777,970	3,013,595	263,470	10,400,000
Charge for the year	257,365	496,869	511,967	546,238	-	1,812,439
Balance as at 31 March 2017	1,261,551	2,837,648	4,289,937	3,559,833	263,470	12,212,439
Deletions	355,145	923,899	1,460,447	740,214	-	3,479,705
Charge for the year	160,919	299,667	287,313	439,819	-	1,167,718
Balance as at 31 March 2018	1,067,325	2,213,416	3,096,803	3,259,438	263,470	9,900,452
Net block						
As at 31 March 2017	1,458,400	1,995,480	2,047,868	1,116,156	-	6,617,904
As at 31 March 2018	911,897	1,236,268	1,069,230	984,027	-	4,201,422

9 Cash and bank balances

	As at 31 March 18	As at 31 March 17
Cash on hand	23,253	40,812
Balances with banks in current/ saving accounts	164,229,960	209,283,707
Deposits with bank in fixed deposits*	295,542	277,620
	164,548,755	209,602,139

*Given as lien towards corporate credit card

10 Loans, advances and deposit

(Unsecured, considered good)

TDS receivables	2,774,434	2,065,079
Security deposits	235,000	524,485
Advances and other amounts recoverable in cash or kind or for value to be received	1,587,909	4,915,856
	4,597,343	7,505,400



S. Pailip Kumar

This space has been intentionally left blank



Child Fund India

Summary of significant accounting policies and other explanatory information

(All amounts in ₹, unless other wise stated)

	Year ended 31 March 2018	Year ended 31 March 2017
11 Other income		
Interest income:		
from savings bank accounts	2,510,824	2,339,442
from deposit accounts	5,933,701	8,861,799
Liabilities written back	176,496	3,243,344
Miscellaneous income	39,701	10,000
	8,660,722	14,454,585
12 Employee benefits expense		
Salaries, wages and bonus	11,146,151	11,944,155
Gratuity	12,580	388,730
Compensated absences	361,450	649,311
Staff welfare expenses	220,915	151,715
	11,741,096	13,133,911
13 Administrative expenses		
Travel and conveyance	781,396	1,495,253
Board meetings and conference expense	703,906	508,076
Rent	254,922	358,125
Audit fees	737,500	531,000
Membership and subscription	94,687	401,150
Communication expense	87,069	202,082
Website and software renewal	283,673	231,039
Insurance expense	82,915	189,789
Printing and stationery	43,371	546,622
Legal and professional charges	1,378,893	1,661,692
Repairs and maintenance	-	25,970
Rates and taxes	-	6,475
Miscellaneous expenses	72,529	429,219
	4,520,861	6,586,492
14 Prior period income (net)		
Grant income	-	2,098,069
Audit expenses	-	(695,750)
	-	1,402,319



S. Philip Hewn

This space has been intentionally left blank



Child Fund India

Summary of significant accounting policies and other explanatory information

(All amounts in ₹, unless other wise stated)

15 Project fund

Particulars	Balance as at 1 April 2017	Receipts	Total	Expenses	Balance as at 31 March 2018
Local fund	A 2,373,835	59,922,011	62,295,846	63,410,453	(1,114,607)
Foreign fund	B 142,965,581	146,732,532	289,698,113	200,567,035	89,131,078
Total project fund	145,339,416	206,654,543	351,993,959	263,977,488	88,016,471

Local fund - A Particulars	Balance as at 1 April 2017	Receipts	Total	Expenses	Balance as at 31 March 2018
Link workers scheme- Andhra Pradesh	1,418,550	28,797,256	30,215,806	31,153,389	(937,583)
Link workers scheme- Telangana	(2,778,142)	19,875,990	17,097,848	18,351,720	(1,253,872)
Target Intervention -Jagitia	-	630,069	630,069	620,189	9,880
Target Intervention - Ramagundam	-	1,375,856	1,375,856	1,107,295	268,561
Samajik suvidha sangam - Government of Delhi	(517,218)	698,478	181,260	-	181,260
Local donations	2,111,108	854,530	2,965,638	3,386,101	(420,463)
Sustainable nutrition education and health-Copalamba	1,798,399	3,065,800	4,864,199	3,313,983	1,550,216
ACCIONA-Swavalamba	-	1,349,997	1,349,997	1,426,267	(76,270)
Reading improvement program - AVIS	111,000	-	111,000	111,000	-
Early learning and development standards-Ambedkar	(301,695)	1,759,195	1,457,500	1,457,500	-
Youth skill development program-Flour Daniel	508,439	312,672	821,111	1,057,640	(236,529)
Improving success through academic readiness-Jindal	189,215	846,130	1,035,345	1,215,152	(199,807)
Oil and Natural Gas Corporation	(145,821)	356,038	210,217	210,217	-
Total (A)	2,373,835	59,922,011	62,295,846	63,410,453	(1,114,607)

Foreign fund- B

Particulars	Balance as at 1 April 2017	Receipts	Total	Expenses	Balance as at 31 March 2018
Activities	122,226,506	105,290,918	227,517,424	-	76,555,601
Relief of the poor- children	-	-	-	133,532,148	-
Employee expenses	-	-	-	11,741,096	-
Administrative expenses	-	-	-	4,520,861	-
Depreciation expenses	-	-	-	1,167,718	-
Total (a)	122,226,506	105,290,918	227,517,424	150,961,823	76,555,601

Grant expenses

Women entrepreneurs program-Citi Foundation	14,726,024	-	14,726,024	14,726,024	-
Reading Improvement -Fullerton	304,872	670,000	974,872	974,872	-
Brickfield (Mukti)-Germany	560,274	1,348,097	1,908,371	1,919,758	(11,387)
Child trafficking program (BMZ)	3,673,635	9,910,908	13,584,543	8,693,531	4,891,012
Youth livelihood empowerment programme	-	2,897,625	2,897,625	2,897,625	-
Library initiatives	-	393,683	393,683	393,683	-
Nutritional- Spirulina tank	764,361	-	764,361	-	764,361
Special program fund	542,275	-	542,275	-	542,275
SLDP-German Grant Disha	-	441,658	441,658	-	441,658
Promoting access and continuity in education	-	5,846,000	5,846,000	575,269	5,270,731
Bernard van leer Foundation-SASA	-	742,172	742,172	428,885	313,287
Community based learning center	-	1,671,843	1,671,843	1,671,843	-
Total (b)	20,571,441	23,921,986	44,493,427	32,281,490	12,211,937

Relief of the poor-designated fund for children (c)	167,634	17,519,828	17,687,262	17,323,722	363,540
---	---------	------------	------------	------------	---------

Total B (a+b+c)	142,965,581	146,732,532	289,698,113	200,567,035	89,131,078
-----------------	-------------	-------------	-------------	-------------	------------



S. Philip Henry



Child Fund India

Summary of significant accounting policies and other explanatory information

(All amounts in ₹, unless other wise stated)

16 Prior year comparatives

Previous year comparatives have been regrouped / reclassified wherever necessary to conform to the presentation in the current year.

As per our report of even date.

For Walker Chandio & Co LLP
Chartered Accountants
Firm Registration No.001076N / N50C013

Vijay V Singh

Vijay Vikram Singh
Partner
Membership No.059139

Bengaluru
29 August 2018



For and on behalf of Child Fund India

Ms. Neelam Makhijani *Dr. Philip Lewis*

Ms. Neelam Makhijani
CEO

Dr. Philip Lewis
President

Bengaluru
29 August 2018

Bengaluru
29 August 2018

