

Price Waterhouse Chartered Accountants LLP

Independent Auditors' Report

To the Secretary of Action Aid Association

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Action Aid Association (the "Society"), which comprise the Balance Sheet as at March 31, 2020 and the Income and Expenditure Account for the year then ended including a summary of significant accounting policies and other explanatory information which we have signed under reference to this report.
2. In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements together with the notes thereon and attached thereto give a true and fair view of the financial position of the Society as at March 31, 2020, and its net surplus for the year then ended in accordance with the accounting standards issued by the Institute of Chartered Accountants of India and other accounting principles generally accepted in India.

Basis for Opinion

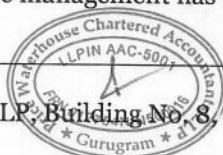
3. We conducted our audit in accordance with the Standards on Auditing (SAs) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw attention to
 - (a) Note 11 forming part of the financial statements, which describes the management's assessment of impact of the recent Supreme Court Judgment in case of Vivekananda Vidya mandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund(PF) Organization in relation to non-exclusion of certain allowances from the definition of 'basic wages' of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. The management has assessed the PF liability pursuant to

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Price Waterhouse (a Partnership Firm) Converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPINAAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N)

the Supreme Court judgement with effect from February 2019 and is currently in process of assessing the impact of earlier periods till January 2019. Pending completion of the evaluation by the management, the resultant impact on the financial statement, if any is not ascertainable at this stage. Our opinion is not modified in respect of this matter.

- (b) Note 12 forming part of the financial statements, which describes the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) on ActionAid Association operations. The management believes that no adjustments are required in financial statements as it does not impact the current financial year, however, in view of the various preventive measures taken (such as complete lock-down, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

Other Information

5. The Governing Body of the Society is not required to prepare an annual report. Accordingly, the requirement for our reporting on such other information does not arise

Governing Body's Responsibilities for the Financial Statements

6. The Governing Body of the Society are 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 issued by the Institute of Chartered Accountants of India pursuant to the Memorandum of Association of the Society dated October 5, 2006 (the generally accepted accounting principles). This responsibility also includes the design, implementation and maintenance of adequate internal controls, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the Governing Body is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting. The Governing Body is also responsible for overseeing the Society's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



INDEPENDENT AUDITORS' REPORT
To the Secretary of Action Aid Association
Report on the Financial Statements

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9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit 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 internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Governing Body.
 - Conclude on the appropriateness of Governing Body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other requirements

11. As required by the Memorandum of Association of the Society dated October 5, 2006, we also report that:
- (a) We have sought and obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit; and
 - (b) In our opinion, proper books of account as required by the bye-laws of the Society and the Societies Registration Act, 1860 have been kept by the Society so far as it appears from our examination of those books;
 - (c) The Balance Sheet and Income & Expenditure Account dealt with by this Report are in agreement with the books of account.



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(d) In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act, read with the bye-laws of the Society in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

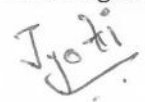
(1) in the case of the Balance Sheet, of the state of affairs of the Society as at March 31, 2020;

(2) in the case of the Income and Expenditure Account, of the net surplus for the year ended on that date

Restriction of Use

12. This report is addressed to the Secretary of the Society and has been prepared only for the purpose as set out in the Society's Bye-Laws as approved by the Governing Board. This report should not be otherwise used or shown to or otherwise distributed to any party for any other purpose except with our prior consent in writing. Price Waterhouse Chartered Accountants LLP neither accepts nor assumes any duty, responsibility or liability to any other party for any purpose other than stated purpose.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016


Jyoti Vaish
Partner

Membership Number : 096521

UDIN: 21096521AAAAAC7604

Gurugram

Date: January 15, 2021

ActionAid Association
Balance sheet as at 31 March 2020
(All amounts are in Indian Rupees, unless otherwise stated)

	Schedule			As at 31st March 2020			As at 31 March 2019		
	FC	NFC	Total	FC	NFC	Total	FC	NFC	Total
Funds employed									
Unrestricted funds									
General fund									
1	49,351,792	(5,103,093)	44,248,699	1,603,546	3,401,435	5,004,981			
Restricted funds									
2	109,390,462	126,820,226	236,210,688	103,900,750	110,491,113	214,391,863			
Total	158,742,254	121,717,133	280,459,387	105,504,296	113,892,548	219,396,844			
Application of funds									
Fixed assets									
Gross block	21,779,845	1,537,785	23,317,630	19,295,008	1,036,401	20,331,409			
Less: Accumulated depreciation	14,798,506	748,574	15,547,080	12,866,480	435,667	13,302,147			
Net block	6,981,339	789,211	7,770,550	6,428,528	600,734	7,029,262			
Current assets, loans and advances									
Cash and bank balances	42,228,514	115,026,570	157,255,084	24,590,766	111,773,261	136,364,027			
Loans and advances	155,982,069	15,979,715	171,961,784	109,561,141	6,428,539	115,989,680			
Less: Current liabilities and provisions	198,210,583	131,006,285	329,216,868	134,151,907	118,201,800	252,353,707			
Current liabilities and provisions	46,449,668	10,078,363	56,528,031	35,076,139	4,909,986	39,986,125			
Net current assets	151,760,915	120,927,922	272,688,837	99,075,768	113,291,814	212,367,582			
Total	158,742,254	121,717,133	280,459,387	105,504,296	113,892,548	219,396,844			

Significant accounting policies and notes to the accounts

8

The accompanying schedules form an integral part of the financial statements.

As per our report of even date attached

For Price Waterhouse Chartered Accountants LLP
 Firm Registration No.: 012754N/ N500016

Jyoti Vaish
 Partner

Membership No.: 096521
 Place: Gurugram

Date: January 15, 2021

Venketwar Nayak
 Director Finance

Place: New Delhi

Date:

For and on behalf of ActionAid Association

Sandeep Chachra
 Secretary

Place: New Delhi

Date:

ActionAid Association
Statement of Income and Expenditure for the year ending 31 March 2020
(All amounts are in Indian Rupees, unless otherwise stated)

Schedule	For the year ended 31 March 2020			For the year ended 31 March 2019		
	FC	NFC	Total	FC	NFC	Total
Income						
Grants received from ActionAid International and its affiliates	374,072,378	-	374,072,378	275,240,766	-	275,240,766
General donation	1,644,489	10,253,643	11,898,132	466,741	6,073,616	6,540,357
Grants received (from sponsorship fund)	-	-	-	-	-	-
Amount transferred from restricted funds to the extent of expenditure incurred						
- restricted funds	62,089,000	183,219,365	245,308,365	137,219,005	83,067,460	220,286,465
- sponsorship fund	-	17,836,003	17,836,003	-	21,114,182	21,114,182
Other income:						
- Interest income	1,394,621	5,487,115	6,881,736	4,244,736	2,646,946	6,891,682
- Miscellaneous income	20,019	8,154	28,173	61,007	13,411	74,418
Expenditure	439,220,507	216,804,280	656,024,787	417,232,255	112,915,615	530,147,870
Grants disbursed						
- restricted funds	19,137,801	44,104,248	63,242,049	52,898,381	23,193,452	76,091,833
- sponsorship fund	-	17,836,002	17,836,002	-	21,114,182	21,114,182
- others	61,999,411	19,293,692	81,293,103	97,685,796	1,664,000	99,349,796
Internal programme expenses						
- restricted funds	42,951,199	137,523,053	180,474,252	84,320,624	59,874,006	144,194,630
- others	39,791,733	5,288,962	45,080,695	17,816,824	1,714,010	19,530,834
Depreciation	1,932,026	312,907	2,244,933	1,797,985	180,035	1,978,020
Employee benefits expense	139,916,821	-	139,916,821	141,340,271	1,009,138	142,349,409
Administrative and other expenses	85,743,270	949,944	86,693,214	88,480,008	1,698,922	90,178,930
	391,472,261	225,308,808	616,781,069	484,339,889	110,447,745	594,787,634
Excess of income over expenditure transferred to general fund	47,748,246	(8,504,528)	39,243,718	(67,107,634)	2,467,870	(64,639,764)

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The accompanying schedules form an integral part of the financial statements.

As per our report of even date attached

For Price Waterhouse Chartered Accountants LLP
 Firm Registration No.: 012754N/NS00016

Jyoti Vaish

Partner

Membership No.: 096521

Place: Gurugram

Date: January 15, 2021

For and on behalf of ActionAid Association

Venkateswar Nayak

Director Finance

Place: New Delhi

Date:

January 15, 2021

Sandeep Chachra

Secretary

Place: New Delhi

Date:

January 15, 2021

ActionAid Association
Schedule to the financial statements for the year ended 31 March 2020
(All amounts are in Indian Rupees, unless otherwise stated)

Schedule 1: General fund

	As at 31 Mar 2020			As at 31 Mar 2019		
	FC	NFC	Total	FC	NFC	Total
Opening balance	1,603,546	3,401,435	5,004,981	68,711,180	933,565	69,644,745
Add: Transferred from statement of income and expenditure	47,748,246	(8,504,528)	39,243,718	(67,107,634)	2,467,870	(64,639,764)
	49,351,792	(5,103,093)	44,248,699	1,603,546	3,401,435	5,004,981

Schedule 2: Restricted funds

(A) Specific Project Fund

Opening balance*	102,777,918	98,662,599	201,440,517	99,796,645	42,532,301	142,328,946
Add : Funds received during the year	18,353,394	158,072,012	176,425,406	19,178,953	131,328,825	150,507,778
Less: Grants disbursed during the year	121,131,312	256,734,611	377,865,923	118,975,598	173,861,126	292,836,724
Less: Expenditure on project	900,771	28,370,511	29,271,282	3,016,130	23,193,453	26,209,583
	10,840,079	125,298,498	136,138,577	12,058,718	48,730,068	60,788,786
	109,390,462	103,065,602	212,456,064	103,900,750	101,937,605	205,838,355

(B) Sponsorship fund

Opening balance	-	8,553,508	8,553,508	-	(2,289,906)	(2,289,906)
Add : Funds received during the year	-	33,037,119	33,037,119	-	31,957,596	31,957,596
Less: Transferred to Statement of Income and Expenditure	-	-	-	-	-	-
Less: Grants disbursed during the year	-	41,590,627	41,590,627	-	29,667,690	29,667,690
Add: Amount transferred to General Fund	-	17,836,003	17,836,003	-	21,114,182	21,114,182
	-	23,754,624	23,754,624	-	8,553,508	8,553,508
Total (A+B)	109,390,462	126,820,226	236,210,688	103,900,750	110,491,113	214,391,863

* The opening balance as of March 31, 2020 in FC and NFC of the restricted fund has been reclassified to restricted fund to be utilised/ recoverable based on whether the closing balance of the fund is to be utilised/recoverable.



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Schedule 3: Fixed Assets

NON FOREIGN CONTRIBUTION (NFC)

Particulars	Gross block				Accumulated depreciation				Net block
	As at 1 April 2019	Additions during the year	Deletions/ adjustments	As at 31 Mar 2020	As at 1 April 2019	For the year	On deletion/ adjustments	As at 31 Mar 2020	
Tangible assets									
Computers	587,128	325,212	-	912,340	244,411	257,472	-	410,457	
Office equipment	269,029	176,172	-	445,201	143,177	39,550	-	262,474	
Vehicle	82,932	-	-	82,932	29,567	8,005	-	45,360	
Furniture and fixtures	97,312	-	-	97,312	18,512	7,880	-	70,920	
Total	1,036,401	501,384	-	1,537,785	435,667	312,907	-	789,211	

Particulars	Gross block				Accumulated depreciation				Net block
	As at 1 April 2018	Additions during the year	Deletions/ adjustments	As at 31 Mar 2019	As at 1 April 2018	For the year	On deletion/ adjustments	As at 31 Mar 2019	As at 31 Mar 2019
Tangible assets									
Computers	165,509	421,619	-	587,128	104,758	139,653	-	244,411	342,717
Office equipment	206,280	62,749	-	269,029	120,967	22,210	-	143,177	125,852
Vehicle	82,932	-	-	82,932	20,150	9,417	-	29,567	53,365
Furniture and fixtures	74,812	22,500	-	97,312	9,757	8,755	-	18,512	78,800
Total	529,533	506,868	-	1,036,401	255,632	180,035	-	435,667	600,734

FOREIGN CONTRIBUTION (FC)

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ActionAid Association
Schedule to the financial statements for the year ended 31 March 2020
(All amounts are in Indian Rupees, unless otherwise stated)

Schedule 4: Current assets, loans and advances

Cash and bank balances

Cash in hand
Balances with scheduled banks
- in saving accounts
- in deposit with Bank

	As at 31 March 2020			As at 31 March 2019		
	FC	NFC	Total	FC	NFC	Total
	288,747	170,176	458,923	216,752	77,385	294,137
	41,939,767	114,606,394	156,546,161	24,374,014	111,445,876	135,819,890
	-	250,000	250,000	-	250,000	250,000
	<u>42,228,514</u>	<u>115,026,570</u>	<u>157,255,084</u>	<u>24,590,766</u>	<u>111,773,261</u>	<u>136,364,027</u>

Loans and advances

(Unsecured, considered good)

Advances recoverable in cash or in kind or for value to be received
Restricted Funds - Recoverable [Refer Note 1 below]
Advances to employees
Balance in gratuity fund (net of provision for gratuity)
Security deposits

	13,618,144	2,152,476	15,770,620	8,141,979	735,228	8,877,207
	133,606,889	12,923,355	146,530,244	92,237,012	4,991,419	97,228,431
	4,046,846	647,884	4,694,730	4,280,310	465,889	4,746,199
	-	-	-	-	-	-
	4,710,190	256,000	4,966,190	4,901,840	236,003	5,137,843
	<u>155,982,069</u>	<u>15,979,715</u>	<u>171,961,784</u>	<u>109,561,141</u>	<u>6,428,539</u>	<u>115,989,680</u>

Schedule 5: Current liabilities and provisions

Sundry creditors
Other liabilities
Employee related payables
Balance in gratuity fund
Provision for compensated absences

	15,405,512	5,133,401	20,538,913	19,200,772	3,758,177	22,958,949
	1,659,046	914,492	2,573,538	4,136,645	611,760	4,748,405
	3,009,412	4,030,470	7,039,882	1,490,526	540,049	2,030,575
	19,356,252	-	19,356,252	4,532,329	-	4,532,329
	7,019,446	-	7,019,446	5,715,867	-	5,715,867
	<u>46,449,668</u>	<u>10,078,363</u>	<u>56,528,031</u>	<u>35,076,139</u>	<u>4,909,986</u>	<u>39,986,125</u>

Note 1 Restricted Funds - Recoverable

Opening balance*

Less : Funds received during the year

Add: Grants disbursed during the year
Add: Expenditure on project

	91,114,180	1,716,413	92,830,593	(202,559)	2,085,558	1,882,999
	7,855,441	18,343,414	26,198,855	29,704,586	8,238,076	37,942,662
	83,258,739	(16,627,001)	66,631,738	(29,907,145)	(6,152,518)	(36,059,663)
	18,237,030	15,733,737	33,970,767	49,882,250	-	49,882,250
	32,111,120	13,816,619	45,927,739	72,261,907	11,143,937	83,405,844
	<u>133,606,889</u>	<u>12,923,355</u>	<u>146,530,244</u>	<u>92,237,012</u>	<u>4,991,419</u>	<u>97,228,431</u>

* The opening balance as of March 31, 2020 in FC and NFC of the restricted fund has been reclassified to restricted fund to be utilised/ recoverable based on whether the closing balance of the fund is to be utilised/recoverable.



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ActionAid Association
Schedule to the financial statements for the year ended 31 March 2020
(All amounts are in Indian Rupees, unless otherwise stated)

Schedule 6: Employee benefits expense

	For the year ended 31 March 2020			For the year ended 31 March 2019		
	FC	NFC	Total	FC	NFC	Total
Contribution for gratuity	14,823,923	-	14,823,923	19,601,964	-	19,601,964
Contribution to provident fund	8,834,048	-	8,834,048	8,377,482	426,404	8,803,886
Salaries and wages	105,891,843	-	105,891,843	104,052,605	578,996	104,631,601
Staff welfare expenses	10,367,007	-	10,367,007	9,308,220	3,738	9,311,958
	139,916,821	-	139,916,821	141,340,271	1,009,138	142,349,409

Schedule 7: Administrative and other expenses

	For the year ended 31 March 2020			For the year ended 31 March 2019		
	FC	NFC	Total	FC	NFC	Total
Auditors' remuneration:	1,823,790	-	1,823,790	1,691,565	-	1,691,565
Awareness and dissemination	967,134	-	967,134	1,534,743	-	1,534,743
Bank Charges	163,219	610,352	773,571	99,194	592,005	691,199
Books and periodicals	739,682	-	739,682	913,695	-	913,695
Computer maintenance expenses	1,173,553	-	1,173,553	1,200,162	3,100	1,203,262
Consultancy Expenses	33,725,357	191,652	33,917,009	37,979,338	805,774	38,785,112
Documentation & Research	31,458	-	31,458	124,789	-	124,789
Electricity and water	1,971,892	345	1,972,237	2,075,163	-	2,075,163
Office repair & Maintenance	4,537,451	78,655	4,616,106	5,412,405	-	5,412,405
Postage and Courier	3,584,892	5,522	3,590,414	4,586,111	-	4,586,111
Printing and stationery	1,427,193	-	1,427,193	933,168	90	933,258
Rates & Taxes	2,615,775	604	2,616,379	84,800	3,745	88,545
Rent	12,339,817	-	12,339,817	12,765,682	49,220	12,814,902
Software Expenses-Others	167,672	-	167,672	383,776	-	383,776
Staff Recruitment Expenses	477,779	37,913	515,692	254,703	114,265	368,968
Telephone & Email Charges	2,464,011	-	2,464,011	2,830,728	692	2,831,420
Training and workshops	1,149,403	-	1,149,403	450,352	-	450,352
Travelling and conveyance	15,512,214	24,901	15,537,115	14,310,617	130,031	14,440,648
Vehicle Running Expenses	870,978	-	870,978	849,017	-	849,017
	85,743,270	949,944	86,693,214	88,480,008	1,698,922	90,178,930



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Particulars	Gross block				Accumulated depreciation				Net block
	As at 1 April 2018	Additions during the year	Deletions/ adjustments	As at 31 Mar 2019	As at 1 April 2018	For the year	On deletion/ adjustments	As at 31 Mar 2019	As at 31 Mar 2019
Tangible assets									
Computers	10,527,846	768,651	-	11,296,497	8,347,322	1,059,580	-	9,406,902	1,889,595
Office equipment	4,255,258	644,013	-	4,899,271	1,410,926	506,180	-	1,917,106	2,982,165
Vehicle	2,280,282	-	-	2,280,282	1,169,595	166,603	-	1,336,198	944,084
Furniture and fixtures	572,220	246,738	-	818,958	140,652	65,622	-	206,274	612,684
Total	17,635,606	1,659,402	-	19,295,008	11,068,495	1,797,985	-	12,866,480	6,428,528

TOTAL

Particulars	Gross block				Accumulated depreciation				Net block
	As at 1 April 2019	Additions during the year	Deletions/ adjustments	As at 31 Mar 2020	As at 1 April 2019	For the year	On deletion/ adjustments	As at 31 Mar 2020	As at 31 Mar 2020
Computers	11,883,625	1,885,240	-	13,768,865	9,651,313	1,437,243	-	11,088,556	2,680,309
Office equipment	5,168,300	868,667	-	6,036,967	2,060,283	570,604	-	2,630,887	3,406,080
Vehicle	2,363,214	-	-	2,363,214	1,365,765	149,618	-	1,515,383	847,831
Furniture and fixtures	916,270	232,314	-	1,148,584	224,786	87,468	-	312,254	836,330
Total	20,331,409	2,986,221	-	23,317,630	13,302,147	2,244,933	-	15,547,080	7,770,550

Particulars	Gross block				Accumulated depreciation				Net block
	As at 1 April 2018	Additions during the year	Deletions/ adjustments	As at 31 Mar 2019	As at 1 April 2018	For the year	On deletion/ adjustments	As at 31 Mar 2019	As at 31 Mar 2019
Computers	10,693,355	1,190,270	-	11,883,625	8,452,080	1,199,233	-	9,651,313	2,232,312
Office equipment	4,461,538	706,762	-	5,168,300	1,531,893	528,390	-	2,060,283	3,108,017
Vehicle	2,363,214	-	-	2,363,214	1,189,745	176,020	-	1,365,765	997,449
Furniture and fixtures	647,032	269,238	-	916,270	150,409	74,377	-	224,786	691,484
Total	18,165,139	2,166,270	-	20,331,409	11,324,127	1,978,020	-	13,302,147	7,029,262



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Schedule 8: Significant accounting policies and notes to the accounts

1. Background

ActionAid Association ('AAA' or 'the Society') is registered under the Societies Registration Act, 1860 vide registration certificate number S-56828 dated 5 October 2006.

The Society has been granted registration under section 12A read with section 12AA of the Income Tax Act, 1961, vide letter no. DIT(E)/12A/2008-09/A-2513/119 dated 25 April 2008. The Society has also obtained registration under section 80G(5)(vi) of the Income Tax Act, 1961 vide Order No. DIT (E) 2011-12/A-2513/5744 dated 29 March 2012 for the period from 1 April 2012 to till it is rescinded. Further, the Society has been registered under the Foreign Contribution (Regulation) Act, 1976 for carrying out activities of social nature with registration no.231661299, vide letter no. II/21022/83(0070)/2011-FCRA.II- dated 29 December 2011. The registration of the Society has been renewed for a period of five years with effect from 29 December 2016 vide letter no. 0300051042016 - dated 22 August 2016.

The Society receives funds for charitable purpose in India. The Society aims to deepen understanding of peoples' ability for progressive expressions and solidarities within the context of widespread social and ecological injustices, economic, political and cultural dispossession and feminization of dispossession.

2. Significant accounting policies

(a) Basis of preparation of financial statements

The accompanying financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting, in accordance with Generally Accepted Accounting Principles ('GAAP') in India, and in all material aspects comply with the Mandatory Accounting Standards issued by the Institute of Chartered Accountants of India as applicable for Level III Non-Corporate entity.

(b) Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of income and expenses during the reporting period. Examples of estimates include useful life of fixed assets etc. Actual results could differ from these estimates. Any changes in estimates are adjusted prospectively.

(c) Fund accounting and Revenue recognition

- (i) Grants and donations received for which there are stipulations as to use recognised in the Statement of Income and Expenditure as income in the year of utilization and as at balance sheet date, to unutilized amount i.e. represented by the restricted funds. At the end of the agreement, the unutilized restricted fund is returned to the respective donor. In case the unutilized amount is not required to be returned to the respective donor, the same is transferred to Statement of Income and Expenditure in the relevant year in which the project is completed. In cases income generated from assets held in restricted funds is not subject to the same restrictions and the fund therefore the same has not been classified to restricted funds and credited to Statement of Income and Expenditure.
- (ii) Remittances received from donors for specific projects/ activities are disclosed under restricted funds. Disbursements made to other non-governmental organizations and project expenditures out of the restricted funds are netted off from the restricted funds and included in the Statement of Income and Expenditure as "Amount transferred from restricted funds to the extent of expenditure incurred".
- (iii) Unrestricted funds are contributions received or funds generated by the Society, the use of which is not restricted by the contributors/ donors and are recognized on a receipt basis. Donations received in kind are not valued or accounted in the books of account.
- (iv) General donations and grants received for welfare programs carried out by the society for which there are stipulation as to use are recognised in the Statement of Income and Expenditure as income in the year of receipt.
- (v) Interest income on savings bank accounts fixed deposits is accounted on accrual basis.



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(d) Foreign currency transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the respective transactions. Realized gain and losses on foreign currency transactions during the year are recognized in the Statement of Income and Expenditure. Monetary foreign currency assets and liabilities remaining unsettled at the Balance Sheet date are translated at year end rates and resultant gains/ losses on foreign currency translation are recognized in the Statement of Income and Expenditure.

(e) Fixed assets and Depreciation

Fixed assets are stated at the cost of acquisition including incidental costs related to acquisition and installation, less accumulated depreciation and impairment losses, if any. Cost is inclusive of freight, duties, taxes and other directly attributable costs incurred to bring the assets to their working condition for intended use.

Depreciation on fixed assets is provided on written down value method in accordance with the rate prescribed under Appendix I in the Income Tax Rule, 1962.

Asset	Rate (in %) Per annum
Computers	40
Office equipment	15
Vehicles	15
Furniture and fixtures	10

The above rates and methods of depreciation are also in line with the estimated useful lives, as determined by the management.

The appropriateness of depreciation rate and depreciation method is reviewed by the management in each financial year.

Individual asset received as donation, if any, is recognised in the books of account at Re. 1.

(f) Impairment of assets

The carrying values of assets are reviewed at each reporting date to determine if there is indication of any impairment. If any indication exists, the asset's recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount and is recognized in the Statement of Income and Expenditure. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization, if no impairment loss had been recognized.

(g) Provisions, contingent liabilities and contingent assets

A provision is created when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.



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(h) Leases

As a lessee

Lease payment under an operating lease is recognized as expenditure in the Statement of Income and Expenditure on a straight line basis over the lease term.

(i) Employee Benefit

Employee's benefits comprise provident fund, gratuity and leave encashment/ compensated absences.

Defined contribution plan – Provident Fund: Contribution towards provident fund for employees is made to the regulatory authorities, where the Society has no further obligations. Such benefits are classified as Defined Contribution Plan, as the Society does not carry any obligation, apart from the contributions made on a monthly basis.

Defined Benefit plan - Gratuity plan (Funded):

- Contribution towards Society's gratuity liability made to the Life Insurance Corporation of India (LIC) are adjusted against the gratuity liability determined by an independent actuary at the balance sheet date on the basis of "Projected Unit Credit Method" and the short fall, if any, is charged to the Income and Expenditure Account.
- Actuarial gains and losses comprise experience adjustments and the effects of change in actuarial assumptions are recognized in the Income and Expenditure Account as income or expense in the year in which they arise.

Other Employee Benefit - Compensated Absences benefits:

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end. Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Society's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

(j) Expenditure

The Society implements its programmes for strengthening training, research and policy development in the area of eradication of poverty through projects conducted by itself or by other local non-governmental organizations to which it disburses grants. Accordingly, expenditure incurred by the Society during the year to monitor such non-governmental organizations and implement their internal projects is charged to Statement of Income and Expenditure.

3. Employee Benefit Obligations:

Provident fund: An amount of Rs. 88,34,048 (Previous year Rs. 88,03,886) has been recognized as an expense in respect of the AAA's contribution for provident fund deposited with the government authorities and has been shown under Employee benefits expense in the Statement of Income and Expenditure.

Gratuity plan: The Society operates a gratuity plan wherein every regular and contractual employees (with fixed term of three years and above) and who has completed three years of service, is eligible for gratuity as per the group gratuity scheme of the Life Insurance Corporation of India. The plan allows one month's basic salary per year of service (after a minimum of three years' service) to be paid. In addition, in case of death in service, the legal heir / heiress or the nominee of the staff as the case may be, is eligible to receive gratuity for the balance potential service up to the normal retirement age.



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Principal actuarial assumptions in respect of provision for gratuity at the balance sheet date are as follows:

Particulars	As at 31 March 2020	As at 31 March 2019
Discount rate*	6.54%	7.75%
Expected rate of salary increase*	3.50%	3.44%
Demographic assumptions		
Retirement age	58 Years	58 Years
Mortality table	Standard Indian Assured Lives (2006-08) Ultimate Table	Standard Indian Assured Lives (2006-08) Ultimate Table
Withdrawal rates (%):		
Age		
Up to 30 years	1.00	1.00
31-44 years	1.00	1.00
Above 44 years	1.00	1.00

*The discount rate is generally based upon the market yield available on the Government bonds at the accounting date with a term that matches that of the liabilities and the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis.

4. Leases

The Society has taken office premises under operating lease arrangements. The lease rent charged to Statement of Income and Expenditure is Rs 1,23,39,817 (Previous year Rs. 1,28,14,902).

5. Expenditure in foreign currency:

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Travelling and conveyance	7,75,576	9,03,481

6. Related Parties

(a) Related parties where transactions have taken place during the year:

Name of the Party	Relationship
Action Aid International, United Kingdom	Affiliate
Comic Relief Fund	Affiliate
Hewlett Foundation	Affiliate
IHART (AA-UK)	Affiliate
Mr. Sandeep Chachra	Secretary
ActionAid India Branch	Enterprise under the common control

(b) Related parties where transactions have taken place during the previous year:

Name of the Party	Relationship
Action Aid International, United Kingdom	Affiliate
Mr. Sandeep Chachra	Secretary
Ms. Shabana Azmi	Governing Member
Mr. V.K. Shunglu	Governing Member
ActionAid India Branch	Enterprise under the common control



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(c) Related party and nature of the relationship with whom transactions have taken place during the year:

Name of the Party	Nature of transaction	For the year ended 31 March 2020	For the year ended 31 March 2019
Action Aid International, United Kingdom	Receipt of funds	358,306,284	275,240,766
Comic Relief Fund	Receipt of funds	2,783,840	-
Hewlett Foundation	Receipt of funds	12,528,054	-
IHART (AA-UK)	Receipt of funds	454,200	-
Mr. Sandeep Chachra	Salary	6,251,604	6,251,604
Mr. Sandeep Chachra	Reimbursement of Travel Cost	874,598	1,310,767
Ms. Shabana Azmi	Reimbursement of Travel Cost	-	282,302
Mr. V.K. Shunglu	Reimbursement of Travel Cost	-	24,989
ActionAid India Branch	Services Rendered	-	-

During the year ended March 31, 2020 and March 31, 2019, the ActionAid Association rendered free of cost services to ActionAid, Branch.

7. Income Taxes

The society is registered under section 12A read with sections 12AA of Income Tax Act, 1961 vide letter dated April 25, 2008 and subject to compliance with the conditions specified therein, it is no longer liable to pay tax on excess of income over expenditure.

8. The Society is classified as Small and Medium Sized Enterprise (SME), being Level – III for the purposes of applicability of Accounting Standards as defined by the Council of the Institute of Chartered Accountants of India. Accordingly, the Society has complied with the Accounting Standards and availed certain exemptions as applicable to a Small and Medium Sized Enterprise. Accordingly, the society has not recognized any provision for income tax in its books of accounts.
9. The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Based on the information available with the management, there are no outstanding balance to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006. Further, the Society has not received any claim for interest from any supplier under the said Act.



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ActionAid Association

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10. AAA registered itself in February 2020 under Employees State Insurance Corporation Act, 1948, after receiving a notice from ESIC Authorities dated January 9, 2020 (for the period August 2014 to June 2017) and January 17, 2020 (for the period March 2012 to June 2014) demanding a penalty amounting to INR 5,19,412 and 2,027,630 respectively, which was duly paid by the association in the month of February 2020 and included under the head – Rates and taxes. The Society has covered all its employees who in accordance with Employee State Insurance Corporation Act, 1948 are eligible for Employee State Insurance under Society's Group Mediciclaim Insurance Policy.
11. The Society is in the process of evaluating the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organization in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. The management has assessed the PF liability for employees on roll pursuant to the Supreme Court judgement with effect from February 2019 and ensured compliance starting August 2019 and is currently in process of assessing the impact of earlier periods till January 2019. Pending completion of the evaluation by the management, the resultant impact on the financial statement, if any is not ascertainable at this stage.
12. AAA is an organization working for social and ecological justice. There was an organic shift from regular work to COVID response work with communities which continued during lockdown and unlock, with focus on relief operations. Both long term project and other project activities and budgets were realigned to some extent to support this work. The pandemic situation helped the organization to raise more grant from corporate and individual within the short span to cater to the emerging need. Though there are indications for decline in income from ActionAid affiliates, but they are helping ActionAid India country program to connect with other potential donor from northern countries. Considering the opportunity and realignment within the organization and change in focus areas even with conservative estimates it is looking similar budget in 2020-21 and 2021-22 as in 2019-20 and does not foresee any material adverse impact of COVID 19 on its operations nor on the carrying value of assets as of March 31, 2020. However, in view of the various preventive measures taken (such as complete lock-down, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.
13. The recent developments in the Foreign Contribution Regulation Act, 2010 (FCRA) by the virtue of the amendments made to the FCRA through the Foreign Contribution (Regulation) Amendment Act 2020 (Amendment Act). The Amendment Act has been notified by the Union Government on 29 September 2020, to amend certain provisions of the FCRA.

Through one of the amendments in the FCRA, has put a prohibition on transfer of foreign contribution. Consequent to the aforesaid amendment, AAA has stopped sub-grant/ re-grant foreign funds to its partner NGOs and has decided to go for self-implementation of the on-going project and for future project. As per the amendment and further notification to it, the designated FCRA bank account is required to be with State Bank of India, New Delhi Main Branch (NDMB), as AAA has the existing FCRA designated Bank account with State Bank of India New Delhi South Extension and allowed to use till March 31, 2021 and AAA is receiving foreign contribution grants in their existing FCRA bank account till today. AAA is in process of transferring their FCRA bank account to SBI, NDMB. As per the amendment, the limit of Administrative expenses has been reduced from 50% to 20% of foreign contribution received in a particular year. AAA has taken various precautionary measure to reduce the establishment expenses and travel expenses to the extent possible and put a restriction on recruitment of staff and staff training and development activities. AAA does not foresee any material impact of aforesaid amendment on the carrying value of the assets as of March 31, 2020.



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14. Previous year's figures have been regrouped / reclassified, wherever necessary, to conform to current year's classification

As per our report of even date attached

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No.: 012754N/N500016

Jyoti

Jyoti Vaish

Partner

Membership No.: 096521

Place: Gurugram

Date: *January 15, 2021*

For and on behalf of **ActionAid Association**

Sandeep

Sandeep Chachra

Secretary

Place: NEW DELHI

Date: *January 15, 2021*

Venkateswar

Venkateswar Nayak

Director Finance

Place: NEW DELHI

Date: *January 15, 2021*