

**ActionAid Association**  
**Statutory audit for the year**  
**ending 31 March 2016**

# B S R & Associates LLP

Chartered Accountants

Building No. 5, 8th Floor, Tower-C  
DLF Cyber City, Phase II, Gurgaon  
Haryana - 122 002

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## Independent Auditor's Report

To the Chairperson of **ActionAid Association**

### Report on Financial Statements

We have audited the accompanying financial statements of ActionAid Association ('the Society') which comprise the Balance Sheet as at 31 March 2016 and the Statement of Income and Expenditure 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, financial performance of the Society in accordance with the accounting principles generally accepted in India and the Accounting Standards, to the extent applicable, issued by Institute of Chartered Accountants of India. This responsibility includes the design, implementation and maintenance of internal control 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 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 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 control relevant to the Society's preparation and fair presentation of the financial statements 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 the Society's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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.



**Opinion**

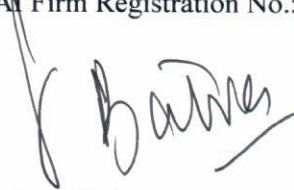
In our opinion and to the best of our information and according to the explanations given to us, the financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Society as at 31 March 2016; and
- (ii) in the case of the Statement of Income and Expenditure, excess of income over expenditure of the Society for the year ended on that date.

*For B S R & Associates LLP*

*Chartered Accountants*

ICAI Firm Registration No.: 116231W/ W-100024



**Sandeep Batra**

*Partner*

Membership No.: 093320

Place: Gurgaon

Date: 13 October 2016

**ActionAid Association**  
Balance sheet as at 31 March 2016  
(All amounts are in Indian Rupees, unless otherwise stated)

Schedule	As at 31st March 2016			As at 31 March 2015		
	FC	NFC	Total	FC	NFC	Total
<b>Funds employed</b>						
Unrestricted funds						
General fund	(9,488,312)	(6,055,214)	(15,543,526)	(61,232,869)	212,648	(61,020,221)
<b>Restricted funds</b>						
Specific projects fund	22,914,987	16,454,766	39,369,753	96,693,881	7,053,181	103,747,062
<b>Total</b>	<b>13,426,675</b>	<b>10,399,552</b>	<b>23,826,227</b>	<b>35,461,012</b>	<b>7,265,829</b>	<b>42,726,841</b>
<b>Application of funds</b>						
<b>Fixed assets</b>						
Gross block	12,806,267	263,596	13,069,863	8,320,010	263,596	8,583,606
Less: Accumulated depreciation	6,140,341	202,671	6,343,012	2,846,766	191,837	3,038,603
Net block	6,665,926	60,925	6,726,851	5,473,244	71,759	5,545,003
<b>Current assets, loans and advances</b>						
Cash and bank balances	21,246,459	11,202,040	32,448,499	32,619,751	7,262,477	39,882,228
Loans and advances	26,562,585	352,997	26,915,582	17,755,396	320,528	18,075,924
	47,809,044	11,555,037	59,364,081	50,375,147	7,583,005	57,958,152
<b>Less: Current liabilities and provisions</b>						
Current liabilities and provisions	41,048,295	1,216,410	42,264,705	20,387,379	388,935	20,776,314
	6,760,749	10,338,627	17,099,376	29,987,768	7,194,070	37,181,838
<b>Net current assets</b>	<b>13,426,675</b>	<b>10,399,552</b>	<b>23,826,227</b>	<b>35,461,012</b>	<b>7,265,829</b>	<b>42,726,841</b>

Significant accounting policies and notes to the accounts 11

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

As per our report of even date attached

For **BSR & Associates LLP**  
Chartered Accountants  
Firm Registration No.: 116231W/W-100024

*[Signature]*  
**Sandeep Batra**  
Partner

Membership No.: 093320

Place: Gurgaon

Date: 13 October 2016

For and on behalf of Actionaid Association

*[Signature]*

**Sandeep Chachra**  
Secretary

Place: New Delhi

Date: 13 October 2016





**ActionAid Association**  
**Statement of Income and Expenditure for the year ending 31 March 2016**  
*(All amounts are in Indian Rupees, unless otherwise stated)*

Schedule	For the year ended a 31 March 2016			For the year ended a 31 March 2015		
	FC	NFC	Total	FC	NFC	Total
<b>Income</b>						
Grants received from ActionAid International and its affiliates						
General donation	595,451,971	-	595,451,971	555,760,845	-	555,760,845
Grants received (from sponsorship fund)	2,924,180	2,388,349	5,312,529	206,012	3,011,064	3,217,076
<b>Amount transferred from restricted funds to the extent of expenditure incurred</b>						
- restricted funds	224,485,213	9,480,498	233,965,711	216,791,286	22,291,820	239,083,106
- sponsorship fund	-	20,701,337	20,701,337	-	23,070,950	23,070,950
Other income:						
- Interest income	2,608,050	412,432	3,020,482	2,896,016	541,897	3,437,913
- Miscellaneous income	42,003	20,968	62,971	13,228	-	13,228
	<b>825,511,417</b>	<b>41,875,585</b>	<b>867,387,002</b>	<b>775,667,386</b>	<b>57,855,632</b>	<b>833,523,019</b>
<b>Expenditure</b>						
Grants disbursed						
- restricted funds	112,947,715	6,178,779	119,126,494	157,394,319	13,981,500	171,375,819
- sponsorship fund	-	20,701,337	20,701,337	-	23,070,950	23,070,950
- others	280,244,870	17,241,391	297,486,261	328,443,752	22,001,897	350,445,649
Internal programme expenses						
- restricted funds	77,403,565	3,301,719	80,705,284	59,396,967	8,310,320	67,707,287
- others	36,288,660	108,184	36,396,844	43,929,284	479,225	45,057,952
Fundraising expenses	34,133,934	-	34,133,934	2,298,327	-	2,298,327
Depreciation	3,334,550	10,835	3,345,385	2,389,161	13,006	2,402,167
Employee benefits expense	152,982,682	6,312	152,988,994	162,753,296	42,233	162,795,529
Administrative and other expenses	79,091,408	594,890	79,686,298	87,881,866	623,630	88,505,496
	<b>776,427,384</b>	<b>48,143,447</b>	<b>824,570,831</b>	<b>844,486,972</b>	<b>68,522,761</b>	<b>913,009,733</b>
<b>Excess of income over expenditure transferred to general fund</b>	<b>49,084,033</b>	<b>#</b>	<b>42,816,171</b>	<b>(68,819,586)</b>	<b>(10,667,129)</b>	<b>(79,486,715)</b>

Significant accounting policies and notes to the accounts 11

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

As per our report of even date attached

For **BSR & Associates LLP**  
**Chartered Accountants**  
 Firm Registration No.: 116231W/W-100024

**Sandeep Batra**  
 Partner  
 Membership No.: 093320  
 Place: Gurgaon  
 Date: 13 October 2016

For and on behalf of ActionAid Association

**Sandeep Chachra**  
 Secretary



Place: New Delhi

Date: 13 October 2016

Chart



**Schedule 4: Sponsorship fund**

Opening balance  
Add : Funds received during the year  
Less: Transferred to Statement of Income  
Less: Grants disbursed during the year



ActionAid Association  
Schedules to the financial statements for the year ended 31 March 2016  
(All amounts are in Indian Rupees, unless otherwise stated)

Schedule 5 : Fixed assets

**NON FOREIGN CONTRIBUTION (NFC)**

Particulars	Gross block			Accumulated depreciation			Net block	
	As at 1 April 2015	Additions during the year	Deletions/ adjustments during the year	As at 31 Mar 2016	For the year 1 April 2015	On deletion/ adjustments 31 Mar 2016	As at 31 Mar 2016	As at 31 Mar 2015
<b>Tangible assets</b>								
Computers	89,609	-	-	89,609	89,284	-	130	325
Office equipment	149,500	-	-	149,500	96,106	-	45,385	53,394
Vehicle	21,000	-	-	21,000	4,489	-	14,034	16,511
Furniture and fixtures	3,487	-	-	3,487	1,958	-	1,376	1,529
<b>Current year</b>	<b>263,596</b>	<b>-</b>	<b>-</b>	<b>263,596</b>	<b>191,837</b>	<b>-</b>	<b>60,925</b>	<b>71,759</b>
Previous year	263,596	-	-	263,596	178,831	-	71,759	

**FOREIGN CONTRIBUTION (FC)**

Particulars	Gross block			Accumulated depreciation			Net block	
	As at 1 April 2015	Additions during the year	Deletions/ adjustments during the year	As at 31 Mar 2016	For the year 1 April 2015	On deletion/ adjustments 31 Mar 2016	As at 31 Mar 2016	As at 31 Mar 2015
<b>Tangible assets</b>								
Computers	4,477,155	2,989,073	56,910	7,409,318	2,184,416	40,975	2,582,767	2,292,739
Office equipment	1,326,360	1,432,866	-	2,759,226	164,521	-	2,244,456	1,161,839
Vehicle	2,223,594	56,688	-	2,280,282	471,714	-	1,537,283	1,751,880
Furniture and fixtures	292,901	64,540	-	357,441	26,115	-	301,420	266,786
<b>Current year</b>	<b>8,320,010</b>	<b>4,543,167</b>	<b>56,910</b>	<b>12,806,267</b>	<b>2,846,766</b>	<b>40,975</b>	<b>6,665,926</b>	<b>5,473,244</b>
Previous year	3,245,837	5,074,173	-	8,320,010	457,605	-	5,473,244	

**TOTAL**

Particulars	Gross block			Accumulated depreciation			Net block	
	As at 1 April 2015	Additions during the year	Deletions/ adjustments during the year	As at 31 Mar 2016	For the year 1 April 2015	On deletion/ adjustments 31 Mar 2016	As at 31 Mar 2016	As at 31 Mar 2015
<b>Tangible assets</b>								
Computers	4,566,764	2,989,073	56,910	7,498,927	2,273,700	40,975	2,582,897	2,293,064
Office equipment	1,475,860	1,432,866	-	2,908,726	260,627	-	2,289,841	1,215,233
Vehicle	2,244,594	56,688	-	2,301,282	476,203	-	1,551,317	1,751,880
Furniture and fixtures	296,388	64,540	-	360,928	28,073	-	302,796	266,786
<b>Current year</b>	<b>8,583,606</b>	<b>4,543,167</b>	<b>56,910</b>	<b>13,069,863</b>	<b>3,038,603</b>	<b>40,975</b>	<b>6,726,851</b>	<b>5,545,003</b>
Previous year	3,509,433	5,074,173	-	8,583,606	636,436	-	5,545,003	



**Action Aid Association**  
**Schedules to the financial statements for the year ended 31 March 2016**  
*(All amounts are in Indian Rupees, unless otherwise stated)*

**Schedule 6: Current assets, loans and advances**

**Cash and bank balances**

	As at 31 March 2016		As at 31 March 2015	
	FC	NFC	FC	NFC
Cash in hand	369,601	271	293,052	2,627
Balances with scheduled banks				
- in current accounts	20,876,858	11,201,769	31,022,724	7,259,850
Funds in transit	-	-	1,303,975	-
	<u>21,246,459</u>	<u>11,202,040</u>	<u>32,619,751</u>	<u>7,262,477</u>
				<u>39,882,228</u>

**Loans and advances**

*(Unsecured, considered good)*

Advances recoverable in cash or in kind or for value to be received				
Advances to employees	4,553,571	252,022	3,786,767	84,332
Advance income tax	1,765,493	475	1,974,435	130,196
Grant receivable	28,758	-	307,976	6,000
Balance in gratuity fund (net of provision for gratuity of Rs. 34,423,391 (previous year Rs. 39,811,542))	8,748,867	-	-	-
Security deposits	5,814,101	-	6,044,473	-
	<u>5,651,795</u>	<u>100,500</u>	<u>5,641,745</u>	<u>100,000</u>
	<u>26,562,585</u>	<u>352,997</u>	<u>17,755,396</u>	<u>320,528</u>
				<u>18,075,924</u>

**Schedule 7: Current liabilities and provisions**

Sundry creditors	17,194,184	678,240	12,879,499	346,339
Other liabilities	4,548,207	36,205	3,354,500	9,420
Employee related payables	14,891,531	501,965	306,360	33,176
Provision for compensated absences	4,414,373	-	3,847,020	-
	<u>41,048,295</u>	<u>1,216,410</u>	<u>20,387,379</u>	<u>388,935</u>
				<u>20,776,314</u>



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**ActionAid Association**  
**Schedules to the financial statements for the year ended 31 March 2016**  
*(All amounts are in Indian Rupees, unless otherwise stated)*

	For the year ended 31 March 2016			For the year ended 31 March 2015		
	FC	NFC	Total	FC	NFC	Total
<b>Schedule 8: Fundraising expenses</b>						
Awareness and dissemination	21,628,575	-	21,628,575	631,380	-	631,380
Communication expenses	364,850	-	364,850	56,610	-	56,610
Legal and professional charges	8,537,634	-	8,537,634	266,349	-	266,349
Meeting and seminar expenses	150,392	-	150,392	18,063	-	18,063
Power and fuel	62,583	-	62,583	14,364	-	14,364
Printing and stationery	193,810	-	193,810	116,228	-	116,228
Rates & Taxes	820	-	820	-	-	-
Rent	761,800	-	761,800	247,536	-	247,536
Repairs and maintenance expenses	523,931	-	523,931	200,080	-	200,080
Staff Recruitment Expenses	2,488	-	2,488	14,000	-	14,000
Travelling and conveyance	1,790,305	-	1,790,305	718,591	-	718,591
Miscellaneous expenses	116,746	-	116,746	15,126	-	15,126
	<b>34,133,934</b>	<b>-</b>	<b>34,133,934</b>	<b>2,298,327</b>	<b>-</b>	<b>2,298,327</b>

**Schedule 9: Employee benefits expense**

Salaries and wages	131,437,932	(4,140)	131,433,792	141,866,474	37,673	141,904,147
Contribution to provident fund	9,586,986	10,452	9,597,438	9,668,345	4,560	9,672,905
Contribution to other funds	3,614,986	-	3,614,986	7,081,123	-	7,081,123
Staff welfare expenses	8,342,778	-	8,342,778	4,137,354	-	4,137,354
	<b>152,982,682</b>	<b>6,312</b>	<b>152,988,994</b>	<b>162,753,296</b>	<b>42,233</b>	<b>162,795,529</b>

**Schedule 10: Administrative and other expenses**

Auditors' remuneration	1,776,427	-	1,776,427	1,148,675	-	1,148,675
Awareness and dissemination	3,559,163	-	3,559,163	-	-	-
Communication expenses	9,593,428	-	9,593,428	7,779,254	-	7,779,254
Documentation and research charges	708,822	-	708,822	575,330	-	575,330
Power and fuel	3,672,910	-	3,672,910	4,752,759	-	4,752,759
Printing and stationery	908,492	-	908,492	1,526,930	-	1,526,930
Legal and professional charges	9,246,391	-	9,246,391	13,488,277	166,293	13,654,570
Rates and taxes	31,627	-	31,627	44,796	10,176	54,972
Rent	15,577,597	-	15,577,597	14,790,132	14,000	14,804,132
Repairs and maintenance expenses	7,632,043	-	7,632,043	10,063,775	1,335	10,065,110
Staff recruitment expenses	1,180,087	-	1,180,087	646,027	-	646,027
Training and workshops	2,682,101	133,844	2,815,945	4,815,525	-	4,815,525
Travelling and conveyance	21,922,616	-	21,922,616	27,034,038	-	27,034,038
Miscellaneous expenses	599,704	461,046	1,060,750	1,216,348	431,826	1,648,174
	<b>79,091,408</b>	<b>594,890</b>	<b>79,686,298</b>	<b>87,881,866</b>	<b>623,630</b>	<b>88,505,496</b>



**ActionAid Association**  
**Schedules forming parts of the financial statements**  
**(All amount are in rupees)**

**Schedule 11: Significant accounting policies and notes to the accounts**

**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 an exemption under Section 12A of the Income Tax Act, 1961, vide letter no. DIT(E)/12A/2008-09/A-2513/119 dated 25th April 2008. The Society has also obtained exemption under section 80G(5)(vi) of the Income Tax Act, 1961 vide Order No. DIT (E) 2011-12/A-2513/5744 dated 29th 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 our 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.

**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 practices prevailing in India as applied consistently by AAA.

**(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**

*Restricted fund* are grants received from various funding agencies/ individuals to carry out specific activities. These are held in Society until used for the purpose specified against them. 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.

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.





**ActionAid Association**  
**Schedules forming parts of the financial statements**  
**(All amount are in rupees)**

*Unrestricted funds* are contributions received or funds generated by the Society, the use of which is not restricted by the contributors/ donors.

**(d) Revenue recognition**

General donations and grants received for welfare programs carried out by the society are accounted in the Statement of Income and Expenditure on cash basis.

Interest income on Savings Bank accounts is accounted on cash basis and interest income on fixed deposits is accounted on accrual basis.

**(e) 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 Income and Expenditure account.

**(f) Fixed assets**

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 at the following rates:

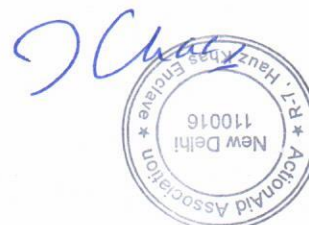
Asset	Rate (in %) Per annum
Computers	60
Office equipment	15
Vehicles	15
Furniture and fixtures	10

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.

**(g) Impairment**

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 Profit and Loss Account. 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.





**ActionAid Association**  
**Schedules forming parts of the financial statements**  
**(All amount are in rupees)**

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**(h) 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.

**(i) Leases**

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.

**(j) Employee Benefit**

Benefits such as salaries, etc., are recognized in the statement of income and expenditure in the period in which the employee renders the related service.

**Defined contribution plan:** The AAA's employee provident fund scheme is a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions and will have no constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the Statement of Income and Expenditure in the year when the employee renders the related service. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

**Defined benefit plans:**

**Gratuity plan**

The AAA's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined benefit plan is determined annually based on an actuarial valuation carried out by an independent actuary for the plan using the Projected Unit Credit Method, which recognizes each period of current and past service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the valuation date having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognized immediately in the Statement of Income and Expenditure. Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs.

The Society has taken a policy with the Life Insurance Corporation of India to cover its liability towards gratuity. The difference between the fund balance with the Life Insurance Corporation of India and the gratuity liability of the society, as determined by an independent actuary, is charged/written back to the Statement of Income and Expenditure.

**Other long term benefits**

Benefits under leave encashment constitute other long-term employee benefits. The liability in respect of leave encashment is provided on the basis of an actuarial valuation done by an independent actuary at the year-end using the Projected Unit Credit Method. Actuarial gains and losses are recognized immediately in the Statement of Income and Expenditure.





**ActionAid Association**  
**Schedules forming parts of the financial statements**  
**(All amount are in rupees)**

**(k) Expenditure**

*Monitoring expenses:* 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.

*Fund raising expenses:* Until 31 March 2015, the society has been incurring and reporting the fund raising cost in Schedule 10 'Administration and Other Expenses'. These have been reported separately in Schedule 8 'Fundraising expenses' in the current financial year i.e. 2015-16.

**12. Employee Benefit Obligations:**

*Provident fund:* An amount of Rs. 9,597,438 (Previous year Rs. 9,672,905) 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 personnel expenses 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. 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.

*Other long term benefits:* The society operates a leave encashment plan wherein every employee shall be entitled to encash privilege leave up to maximum of 30 days a year. The salary for calculation of earned leave is last drawn gross salary. Leave can be encashed up to a maximum of 30 days only at the time of resignation or death of the employee while in service.

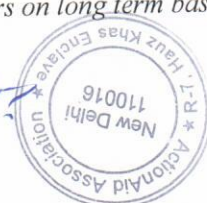
Principal actuarial assumptions in respect of provision for gratuity and compensated absences at the balance sheet date are as follows:

<b>Economic assumptions</b>	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>
Discount rate*	8%	8%
Expected rate of salary increase*	7%	7%
<b>Demographic assumptions</b>		
Retirement age	58 Years	58 Years
Mortality table	Standard Indian Assured Lives (2006-08) Ultimate Table	IALM (1994-96)
Withdrawal rates (%):		
Age		
Up to 30 years	3.00	3.00
31-44 years	2.00	2.00
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.



*Signature*



**ActionAid Association**  
**Schedules forming parts of the financial statements**  
**(All amount are in rupees)**

13. Hitherto, the Society was recognizing the retirement liability relating to gratuity every regular and contractual employees (with fixed term of three years and above) and who has completed three years of service. During the year, the society has amended its policy and it has started recognizing the liability of contractual staff hired for less than three years on continuous basis. Consequent to this change, additional provision of Rs. 8,55,643 has been created with corresponding effect on the amount of gratuity fund.

**14. Leases**

The Society has taken office premises under operating lease arrangements. The lease rent charged to Statement of Income and Expenditure is Rs 16,339,397 (Previous year Rs. 15,051,668).

**15. Expenditure in foreign currency:**

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Travelling and conveyance	264,660	343,907

**16. Related Parties**

- (a) Related party and nature of the relationships, where control exists :

Name of the Party	Relationship
Action Aid International, United Kingdom	Affiliate
ActionAid - India Branch	Enterprise under the common control
ActionAid India- Karnataka Project	Enterprise under the common control
ActionAid India Society	Enterprise under the common control

- (b) Related party where transactions have taken place:

Name of the Party	Relationship
Action Aid International, United Kingdom	Affiliate
Action Aid - India Branch	Enterprise under the common control

- (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 2016	For the year ended 31 March 2015
Action Aid International, United Kingdom	Receipt of funds	683,590,407	572,027,129
Action Aid - India Branch	Receipt of funds	120,000,000	146,000,000
Action Aid- Karnataka Project	Grant disbursement	-	11,96,286





**ActionAid Association**  
**Schedules forming parts of the financial statements**  
**(All amount are in rupees)**

(d) Particulars of balances in respect of related party transactions:

Name of the Party	Nature of transaction	For the year ended 31 March 2016	For the year ended 31 March 2015
Action Aid International, United Kingdom	Grant receivable	8,748,866	-
Action Aid International, United Kingdom	Other receivable	177,755	-

**17. Income Taxes**

Since the society is registered with the Income Tax Authorities U/s.12A and its activities falls under the definition of "charitable purpose" as defined in section 2(15) of the Income Tax Act,1961 accordingly, has not created any provision for income tax in its books of accounts.

18. The Society is classified as Small and Medium Sized Enterprise (SME) of Level – III entity 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 as applicable to a Small and Medium Sized Enterprise.

19. 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 overdue outstanding 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.

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

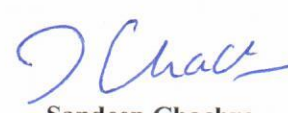
As per our report attached

For **BSR & Associates LLP**  
Chartered Accountants  
Firm Registration No.: 116231W/ W-100024

  
**Sandeep Batra**  
Partner  
Membership No.: 093320

Place: Gurgaon  
Date: 13 October 2016

For and on behalf of **ActionAid Association**

  
**Sandeep Chachra**  
Secretary

Place: New Delhi  
Date: 13 October 2016



B S R & Associates LLP  
Chartered Accountants  
8 Floor, Tower B  
Building No.10  
DLF Cyber City, Phase II  
Gurgaon, Haryana 122002

13 October 2016

Dear Sirs:

We confirm to the best of our knowledge and belief, the following representations given to you in connection with your audit of the Society's financial statements for the year ended 31 March 2016. We acknowledge as member(s) our responsibility for the financial statements which have been prepared to comply with the requirements of the Memorandum and Rules and Regulations of Society and approved by the Management Committee this day. We further confirm that financial statements are prepared and presented on accrual basis of accounting in accordance with the Generally Accepted Accounting Principles ('GAAP') applicable in India.

We understand that your examination included such tests and procedures as you considered necessary for the purpose of expressing an opinion on the financial statements. We also understand that such tests and procedures would not necessarily detect fraud, irregularities or error, should any exist. We acknowledge that control over and responsibility for the prevention and detection of fraud, irregularities and error remains with us.

In connection with your audit we confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

#### **Financial statements and records**

1. The financial statements are free of material errors and omissions and present fairly the financial position of the Society and the results of its operations in accordance with generally accepted accounting principles.
2. We have made available to you all accounting and financial records and related data of the Society.
3. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.

#### **Accounting policies**

4. The Society's accounting principles and the practices and methods followed in applying them, are as disclosed in the financial statements and there have been no changes during the year in the Society's accounting principles and practices that have not been disclosed to you.
5. The financial statements are prepared and presented under the historical cost convention, on the basis of accrual basis of accounting, in accordance with Generally

*Chag*  
R-7, Hauz Khas Enclave \* ActionAid Association  
New Delhi 110016



Accepted Accounting Principles ('GAAP') in India, and practices prevailing in India as applied consistently by the Society.

6. There are no material unrecorded liabilities at the year end.

#### **Accounting standards**

7. The Society is classified as Small and Medium Sized Enterprise (SME) of Level – III entity 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 as applicable to a Small and Medium Sized Enterprise.

Contingent liabilities

8. There are no material contingent liabilities.
9. There have been no violations or possible violations of laws or regulations the effect of which should be considered for disclosure in the financial statements as the basis for recording a contingent loss.

#### **Legal matters**

10. There are no claims that are outstanding, or possible claims, which have not been disclosed to you, whether or not discussed with legal counsel.

#### **Contracts**

11. There are no significant contractual obligations.

#### **Statement of Income and Expenditure**

12. Except as disclosed in the statement, the results for the year were not materially affected by:
  - a) transactions of a nature not usually undertaken by the Society;
  - b) circumstances of an exceptional or non-recurrent nature;
  - c) charges or credits relating to prior years.

#### **Post balance sheet events**

13. There are no events that have occurred or matters been discovered, subsequent to the balance sheet date that would require adjustment to or disclosure in the financial statements.

#### **Minutes**

14. The following Managing Committee meeting have been held during the year and the minutes as recorded and produced to you are complete and authentic:

##### **General Assembly**

- 19 June 2015
- 18th-19th December 2015

##### **Governing Board**

- 25 September 2015
- 18 December 2015





### Fixed assets

15. AAI has a satisfactory title to all owned assets and all the assets are physically available with AAI to the best of our knowledge.
16. No capital expenditure has been charged to revenue.
17. Depreciation on tangible fixed assets pertaining to ActionAid Association is provided on written down value method as per Income Tax Act, 1961 at the following rates:

Particulars	Rates of depreciation (per annum)
Computers	60
Office equipment	15
Vehicles	15
Furniture and fixtures	10

There are no changes in the depreciation accounting method.

18. The depreciation rates used by the society for its fixed assets reflect the estimated economic useful life of the assets.
19. Further, there are no such assets at the period-end, which have outlived their useful life or require higher rates of depreciation than being currently used.

### Capital commitments

20. The Society is not contractually committed for any capital expenditure not provided for in the accounts.

### Investments

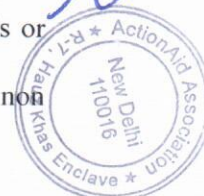
20. As at 31 March 2016, Society does not have any investments.

### Loans and advances

21. All loans and advances given by the society are fully recoverable. Further, all loans and advances are expected to realise the amount that is at least equal to the amount at which they are stated.

### General


22. No fraud on or by the Society has been noticed or reported during the year.
23. Further:
  - a. The Society acknowledges its responsibilities for the implementation and operation of accounting and internal control systems that are designed to prevent and detect fraud and error.
  - b. The Society has disclosed to you all significant facts relating to any frauds or suspected frauds known to Society that may have affected the entity.
  - c. There have been no communications from regulatory agencies concerning non compliance with, or deficiencies in, financial reporting practices.



- d. There are no other irregularities or illegal acts that have been discovered and not disclosed to you.
24. There are no uncorrected financial statement misstatements.
25. There are no unutilized amounts in respect of restricted funds in the books of the Society which are required to be refunded back to the donor as on 31 March 2016.
26. As Society is a charitable organisation, it has no liability towards taxation. Further Society has complied with all tax laws to qualify as a charitable organisation under the Income-tax Act, 1961.
27. We confirm that the Society has not undertaken any activities other than those for which they have been formed.
28. The Society is wholly engaged in charitable activities in India and has applied its entire income for the period 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016 for charitable purposes in India.
29. The Society has obtained the necessary registration under section 12A of the Income-tax Act, 1961 and meets the conditions specified therein.21.
30. The Society has no plans or intentions that may materially affect the carrying value or classification of their respective assets or liabilities.
31. As specified in section 11(3)(d) introduced by Finance Act, 2002 no part of the accumulated income as referred to section 11(2) is being credited or paid to any trust or institution registered under section 12AA or to any fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv), sub-clause (v), sub-clause (vi) or sub-clause (via) of clause of (23C) of section 10 of the Income-tax Act, 1961.
32. No part of Society income for the period 1 April 2015 to 31 March 2016 has been applied / used directly or indirectly for the benefit of any person specified in section 13(3) of the Income-tax Act, 1961.

Yours faithfully,

For and on behalf of **Actionaid Association**

  
**Sandeep Chachra**  
Secretary

