



V.NAGARAJAN & CO.,

Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS OF

THE LIVELIHOOD SCHOOL

(A Society registered under Andhra Pradesh Societies Registration Act, 2001)

We have audited the attached Balance Sheet of '**THE LIVELIHOOD SCHOOL**' as at March 31, 2010 and the Income and Expenditure account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion. On the basis of our audit we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
- b) in our opinion, proper books of accounts as required by the law have been kept by the Society, so far as appears from our examination of the books maintained at the Head Office and all the Regional Centres of the Society;
- c) the Balance Sheet and the Income and Expenditure account dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Income and Expenditure Account and the Balance Sheet comply with the accounting standards issued by The Institute of Chartered Accountants of India.
- e) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and the Income and Expenditure Account read together with the notes on accounts attached thereto.
 - i. In the case of the Balance Sheet, of the state of affairs of the Society as at March 31, 2010 and
 - ii. In the case of Income and Expenditure account, the excess of Income over Expenditure for the year ended on that date.

Date: May 15, 2010

Place: Hyderabad

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

Chartered Accountants

(V. NAGARAJAN)

Partner

M No.: 019959

THE LIVELIHOOD SCHOOL

Rs.

BALANCE SHEET AS AT,		31-Mar-10	31-Mar-09
	Sch		
<i>SOURCES OF FUNDS</i>			
FUND & RESERVES			
COMMITTED FUNDS			
Livelihood Education programs	1	2,814,213	8,039,807
UNCOMMITTED FUNDS			
General Reserve		1,411,778	456,709
Assets Acquisition Fund		716,839	489,408
TOTAL		4,942,829	8,985,924.00
<i>APPLICATIONS OF FUNDS</i>			
Fixed Assets (as cost)	2	716,839	489,408
CURRENT ASSETS, LOANS AND ADVANCES			
Cash and Bank Balances	3	2,206,172	7,848,093
Interest Accrued on Term Deposits (with Banks)		14,282	191,500
Advances and Other Recoverable	4	4,283,023	1,059,757
		6,503,477	9,099,350
LESS: CURRENT LIABILITIES AND PROVISIONS	5	2,277,487	602,834
NET CURRENT ASSETS		4,225,990	8,496,516
TOTAL		4,942,829	8,985,924.00

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

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

for THE LIVELIHOOD SCHOOL

(V.NAGARAJAN)
Partner
M.N. 019959

Chairman

Dean

Hyderabad
May 15, 2010

THE LIVELIHOOD SCHOOL

Rs.

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED ON		31-Mar-10	31-Mar-09
	<i>Sch</i>		
<u>INCOME:</u>			
Fee on Livelihood Education Programs/Course	6	1,922,452	2,642,440
Consultancy Fees	7	4,552,202	3,349,977
Contribution from Indian Agencies		613,144	-
Other Income	8	170,303	239,095
Interest on Saving bank Accounts		13,086	15,098
TOTAL		7,271,187	6,246,610
<u>EXPENDITURE:</u>			
Direct Programme / Course Expenditure		96,705	658,622
Professional and Consultancy		421,839	2,245,079
Salaries & other benefits	9	3,646,377	1,831,725
Travelling & Conveyance	10	1,227,828	1,250,237
Other Administrative Overheads	11	1,407,067	918,277
TOTAL		6,799,816	6,903,940
Surplus/(Deficit) for the year		471,372	(657,330)

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THE LIVELIHOOD SCHOOL

Rs.

SCHEDULES TO ACCOUNTS AS ON,	31-Mar-10	31-Mar-09
SCHEDULE 1: RESERVE AND SURPLUS		
(I) COMMITTED FUND		
Opening Balance	8,039,807	4,800,000
<i>SCHEDULE -1A-(details as per schedule 1A)</i>		
Add: Grant Received	11,090,000	15,300,000
Add: Interest credited to the Fund	147,975	322,925
<i>Less: Expenditure/transfer</i>		
(i) Utilization during the year <i>(Excluding Scholarship offered)</i>	15,752,442	11,382,850
(ii) Scholarship offered for education program <i>(transferred from Uncommitted Fund)</i>	669,500	709,500
(iii) Transfer to Assets Acquisition Fund <i>(Fixed assets purchased)</i>	41,628	290,768
Closing balance	<u>2,814,213</u>	<u>8,039,807</u>
(II) UNCOMMITTED FUNDS:		
(a) GENERAL RESERVE		
Opening Balance	456,709	603,179
Transferred from Income and Expenditure Account	471,372	(657,330)
Add: Scholarship offered for education program <i>(transferred to Committed Fund)</i>	669,500	709,500
Less: Transfer to Assets Acquisition Fund <i>(Fixed assets purchased)</i>	185,803	198,640
Closing balance	<u>1,411,778</u>	<u>456,709</u>
(b) ASSETS ACQUISITION FUND		
Transferred from:		
Opening Balance	489,408	-
Project Fund (Committed)	41,628	290,768
General Reserve (Uncommitted)	185,803	198,640
Closing balance	<u>716,839</u>	<u>489,408</u>
TOTAL	<u>4,942,829</u>	<u>8,985,924</u>
SCHEDULE 2: FIXED ASSETS		
Furniture and Fixtures	177,906	173,968
Professional Equipment (Computers)	457,060	270,400
Professional Equipment -Others	59,993	31,850
Office Equipment	21,880	13,190
TOTAL	<u>716,839</u>	<u>489,408</u>
SCHEDULE 3: CASH AND BANK BALANCES		
Bank Balance in Saving bank Account	1,206,172	1,348,093
Fixed deposit with Scheduled Banks (Unencumbered)	1,000,000	6,500,000
TOTAL	<u>2,206,172</u>	<u>7,848,093</u>

THE LIVELIHOOD SCHOOL

Rs.

SCHEDULES TO ACCOUNTS AS ON,	31-Mar-10	31-Mar-09
SCHEDULE 4: ADVANCES AND OTHER RECOVERABLES		
Fees Receivable		
Less than Six months (<i>from 'IGS' Rs. 14.68 Lacs</i>)	2,797,538	124,651
More than six months	90,250	66,523
TDS Recoverable	748,308	275,936
Stock in Hand (Training Material)	178,959	242,443
Security Deposits/Earnest Money	216,800	180,500
Advance for ticket booking	173,970	123,422
Prepaid Expenses	56,435	4,264
Cenvat Credit - Services Tax	10,763	-
Others	10,000	42,018
TOTAL	4,283,023	1,059,757
SCHEDULE 5: CURRENT LIABILITIES AND PROVISIONS		
<i>Statutory Dues:</i>		
TDS Payable	215,916	190,561
Service Tax Payable (<i>Net of Cenvat Credit Rs.29,288/-, Previous year NIL</i>)	205,095	6,628
EPF Payable	103,887	-
Professional Tax Payable	600	1,000
Expenses Payable for Utilities	1,407,053	325,524
Course & Consultancy Fee received in Advance	30,000	40,000
Audit Fee Payable	39,708	39,121
Salary Payable	137,470	-
Other Advances (<i>Including Staff advance also</i>)	137,758	-
TOTAL	2,277,487	602,834

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

SCHEDULES TO ACCOUNTS FOR THE YEAR ENDED,	31-Mar-10	31-Mar-09
SCHEDULE 6: Fee on Livelihood Education Programs/Course		
Course Fee (Gross)	2,591,952	3,351,940
Less:- Scholarship offered for educational programme	669,500	709,500
TOTAL	1,922,452	2,642,440
SCHEDULE 7: CONSULTANCY FEE		
Consultancy Fee (Gross)	4,564,220	3,713,100
Less:- Service tax Not collected on fee	12,018	363,123
TOTAL	4,552,202	3,349,977
SCHEDULE 8: OTHER INCOME		
Miscell.Income (<i>Participants fee on seminar</i>)	102,473	134,474
Sale of resource Material	62,830	-
Membership fee	5,000	6,000
Earlier year provisions written back	-	98,621
TOTAL	170,303	239,095
SCHEDULE 9: SALARY & OTHER BENEFITS		
Salary & Other benefits	3,111,745	1,607,625
Dean Remuneration & Other benefits	349,743	120,000
Employer Contribution to Provident Fund	184,889	104,100
TOTAL	3,646,377	1,831,725
SCHEDULE 10: TRAVELLING , CONVEYANCE AND OTHER INCIDENTAL EXPENSES		
- Director	4,762	53,842
- Dean	17,940	166,271
- Staff	552,696	344,607
- Others	478,811	440,310
- Foreign (Dean)	22,144	-
- Vehicle Hiring Charges (<i>for all</i>)	150,965	245,207
TOTAL	1,227,828	1,250,237

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SCHEDULES TO ACCOUNTS FOR THE YEAR ENDED,	31-Mar-10	31-Mar-09
SCHEDULE 11: OTHER ADMINISTRATIVE OVERHEADS		
Office Rent	522,800	64,500
Printing & Stationery	265,776	516,603
Telephone, Telex and Fax Expenses	213,350	61,302
Office Maintenance	109,747	30,504
Repairs and Maintenance - Assets	69,362	2,590
Sundries written off	47,352	-
Directors Sitting Fees	40,000	32,500
Meeting Expenses	34,653	21,658
Postage, Courier and Telegrams	26,630	40,621
Electricity & Water Charges	26,578	15,998
Reprography Charges	25,573	45,720
Books & Periodicals	20,255	52,787
Rates & Taxes	3,187	14,355
Bank Charges	1,804	1,853
Service Tax Paid on expenses	-	17,286
TOTAL	1,407,067	918,277

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THE LIVELIHOOD SCHOOL

SCHEDULE 1A: DETAILS OF COMMITTED FUND

Income & Expenditure

<u>SCHEDULES TO ACCOUNTS</u>	<u>31-Mar-10</u>	<u>31-Mar-09</u>
Income:		
Contribution from Indian Agencies	11,090,000	15,300,000
Interest on other Investment	147,975	322,925
Total Income	<u>11,237,975</u>	<u>15,622,925</u>
Expenditure:		
Curriculum Development	634,217	675,234
Faculty Development	710,717	1,806,185
Knowledge Building	1,675,707	1,834,169
Human Resource Cost	9,384,242	4,816,682
Traveling Expenses	2,440,390	1,201,868
Other Overhead	907,169	1,048,712
<i>Expenditure (excluding scholarship offered)</i>	<u>15,752,442</u>	<u>11,382,850</u>
Add: Scholarship offered to Participants <i>(transferred from Uncommitted fund)</i>	669,500	709,500
Total Recuring Expenditure	<u>16,421,942</u>	<u>12,092,350</u>
Fixed Assets (Capital/non recurring expenditure)	41,628	290,768
Total Expenditure	<u>16,463,570</u>	<u>12,383,118</u>

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THE LIVELIHOOD SCHOOL

SCHEDULE-12: FUND BASED RECEIPTS AND PAYMENTS ACCOUNT -for the year ended March 31,2010

PARTICULARS	Fund	Opening Balance as on April 01,2009	Receipts during the year		Recurring Expenditure		Non Recurring Expenditure	Closing Balance as at March 31,2010
			Receipts (<i>other than Interest</i>)	Interest	Recurring Expenditure	Transfer from/to Fund (*)		
		a	b	c	d	e	f	g=(a+b+c-d-e-f)
(A) COMMITTED FUND:								
Grant Received from IGS (support from 'Ford Foundation')	Foreign	34,458	-	672	14,180		-	20,950
Institutional Development Fund ('Sir Dorabji Tata Trust')	Indian	8,005,349	10,000,000	147,303	14,500,161	669,500	41,628	2,941,364
North East Study for Livelihood opportunity ('CESS')	Indian	-	850,000	-	977,292		-	(127,292)
Govt. of India ('RBH')	Indian	-	240,000	-	260,809		-	(20,809)
Total (A)		8,039,807	11,090,000	147,975	15,752,442	669,500	41,628	2,814,213
(B) UNCOMMITTED FUND:								
TLS General Fund (Course & Programme Fee)	Indian	456,709	7,271,187	-	6,799,816	(669,500)	185,803	1,411,778
Assets Acquisition Fund	Indian	489,408	227,431	-	-		-	716,839
Total (B)		946,117	7,498,618	-	6,799,816	(669,500)	185,803	2,128,617
TOTAL (A+B)		8,985,924	18,588,618	147,975	22,552,257	-	227,431	4,942,829

* The Scholarship offered on different educational programme is netted off from receipt of course fee (refer Schedule no.6) in Income and Expenditure account. As this is offered from 'Institutional Development Fund' (under committed fund), hence total Scholarship of Rs. 669,500/- has been transferred from Uncommitted fund to Committed fund. (refer Schedule no.1)

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May 15, 2010

Audited Financial Statement for the year ended March,31,2010

THE LIVELIHOOD SCHOOL

SCHEDULE 13: ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A) ACCOUNTING POLICIES:

1) BASIS OF ACCOUNTING:

- i) The Financial statements are drawn up based on historical costs and mercantile basis of accounting has been followed, except grants and contributions, which are accounted for on cash basis.

2) REVENUE RECOGNITION:

- i) In respect of course/programme fee, the income is recognized on the "Proportionate Completion of Course/programme" or completion of deliverable as may have been specified in the course/programme structure.
- ii) In respect of consultancy fee, the income is recognized on the "Proportionate Completion of Contract" or completion of deliverable as may have been specified in the contract structure.
- iii) The Course fee is accounted on gross-up basis, which consist of scholarship offered also. The presentation of this expenditure in financial statement is shown after netting off it from course fee.

3) ACCOUNTING POLICY AND METHOD OF ACCOUNTING:

- i) **COMMITTED FUND:** In respect of grants/funds received from funding institutions/agencies towards specific project is accounted under '**PROGRAM FUND-COMMITTED**' in balance sheet. All expenses (recurring and non recurring) incurred from grant for same project is accounted under same fund in balance sheet.
- ii) **UNCOMMITTED FUND:** In respect of course fee, consultancy income and associated expenses are accounted in income and expenditure account. The resulted surplus/deficit is transferred to uncommitted fund in balance sheet.
- iii) **ASSETS ACQUISITION FUND:** The assets purchased (net of sale proceeds) are shown in the Balance Sheet at cost under the head "Fixed Assets", the corresponding amount is accounted under this fund to reflect the assets being utilized by the Society.

4) FIXED ASSETS AND DEPRECIATION:

- i) Fixed Assets is stated in the books at the historical cost inclusive of all incidental expenses incurred for acquisition of such assets.
- ii) The rate assumed for calculating the notional depreciation is as follows:

<i>Class of fixed assets</i>	<i>*Rate of Depreciation</i>
Furniture & Fixtures	10%
Office Equipment	15%
Professional Equipment (Others)	15%
Professional Equipment (Computers)	60%
Vehicles	15%

*Under written down value method

5) INVESTMENTS:

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

6) RETIREMENT BENEFITS:

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

THE LIVELIHOOD SCHOOL

B) NOTES TO ACCOUNTS:

1) NOTE ON THE SOCIETY ACTIVITY:

(i) 'The Livelihood School' is a Society, registered on April 10, 2007 under the Andhra Pradesh Society Registration Act, 2001 and it is mainly engaged in following activities for the livelihood of the poor.

(a) Program in Livelihood Promotion (PLP):

- Building of knowledge on issues related with livelihoods promotion through research, studies, documentation of good practices and action research.
- Dissemination the knowledge to the livelihood practitioners working in different organisations, government and non-government organisations across the country.
- Curriculum Development and Faculty Development for the purpose.
- The Program is partially supported by 'Sir Dorabji TaTa Trust ' for which grant of Rs.100 lacs has been received during the year, beside this Society also collects the fee from participants through different livelihood education programmes.

(b) Support Services on Livelihood Education and Orientation program:

- The Society is providing consultancy services on Livelihood Orientation to government and other non government organizations.
- The Livelihood School in collaboration with Centre for Economic and Social Studies (CESS), Hyderabad is conducting a study on "**Identification of Livelihood Opportunities and Challenges of Forest Dwellers in upland areas of North Eastern States of India**". The study may benefit agencies (Govt. and non Govt.), in better designing and implementation of livelihood promotion strategies for North East directly and forest dwellers of the region indirectly. The study would help enhance the knowledge of the School on issues relating to livelihoods of people inhabiting the hill's terrains of North East India' The cost of the research project is being shared by both 'CESS' and 'The Livelihood School'. An amount of Rs. 8.50 lacs has been received from 'CESS' during the year.

2) COMMITTED PROGRAM FUNDS -(Grant based):

- i) During the year, total utilization of committed project fund of Rs. 16,463,570/- is consisting of recurring expenses of Rs. 16,421,942/- and capital expenses of Rs.41,628/- for purchase of fixed assets.
- ii) During the year, the total Interest credited to the committed project fund of Rs.147,975/-

3) NOTIONAL DEPRECIATION:

The value of Fixed Assets Rs. 716,839/- (*cumulative as on March 31,2010*) shown in Balance sheet is at actual cost of acquisition. The notional depreciation as per the rates specified in note 4(iii) is Rs.298,334/- as at March 31, 2010 which is not accounted as per policy of the society.

4) SCHOLARSHIP OFFERED:

During the year, the Society has offered total scholarship of Rs.669,500/- to different participants for education program for Livelihood Promotion with support from Sir Dorabji Tata Trust.

5) INCOME TAX :

The Society is registered under Andhra Pradesh Society Registration Act, 2001 as a non-profit society and having registration under section 12 A(a) of the Income Tax Act,1961. The Society acclaimed that it has complied the necessary provision and conditions of the section 2(15) of the Income Tax Act 1961 related to the charitable nature of its activities. Hence no provision for Income Tax considered necessary.

THE LIVELIHOOD SCHOOL

6) RESERVES AND SURPLUS :

- i) The breakup of closing balance in Reserve and Surplus as on September 30, 2009 is are as follows:

Particulars	March 31, 2010	March 31, 2009
Projects Fund (Committed)	2,814,212	8,039,807
General Reserve (Uncommitted)	1,411,778	456,709
Assets Acquisition Fund (Uncommitted)	716,839	489,408
Closing Balance	4,942,829	8,985,924

- ii) The apportionment of Reserve & Surplus is made between committed fund and uncommitted fund is basically the balance of grant fund and the balance of other funds respectively. The other fund has been created through fee and consultancy services for Livelihood Programme.

7) GOVERNANCE EXPENSES:

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

Particulars	March 31, 2010	March 31, 2009
Sitting fees to Board members	95,000	65,000
Traveling Expenses reimbursed to Board members	208,505	219,438
Total*	303,505	284,438

*Out of Rs.303,505/-an amount of Rs.258,743/- have been met out from committed project fund. (Previous year Rs. 198,096/-)

8) REMUNERATION TO DEAN:

Particulars	March 31, 2010	March 31, 2009
Salaries and other benefits *	2,089,202	18,26,100
Contribution to Provident Fund Account	93,600	92,160
Total*	2,182,802	1,918,260

*Out of Rs. 2,089,202/- an amount of Rs. 1,739,457/-has been met out from committed project fund. (Previous year Rs. 1,416,000/-) The Payment of Performance pay Rs.529,200/- is included in the salary and other benefits. (Previous year Rs. 290,100/-)

9) DETAILS OF AUDITOR'S REMUNERATION:

Particulars	March 31, 2010	March 31, 2009
Audit Fee	40,000	40,000
Service Tax	4,120	4,120
Out of Pocket Expense reimbursement	37,091	27,337
Total*	81,211	71,457

*Out of Rs. 81,211/- an amount of Rs. 76,581/- (excluding service tax Rs. 4,120/-) has been met out from committed project fund. (Previous year Rs. 71,457/-)

10) SUNDRIES WRITTEN OFF:

During the year, an aggregate amount of Rs. 47,352/- has been written off as the status of its recoverability is fare remote. The details are as follows:

- (i) Sundry receivable on Course Fee of Rs. 45,000/-
- (ii) Tax Deducted at Source (Receivable) (Asst. year 2008-09) Rs. 2,352/-

THE LIVELIHOOD SCHOOL

11) MISCELLANEOUS:

- (i) The Society has kept all the unutilized balance of fund in the form of bank balances and term deposits with scheduled banks, which are in conformity with section 11(5) of the Income Tax Act, 1961.
 - (ii) Previous year's figures have been regrouped, wherever necessary. In this reference a major regrouping has been made for presentation of Scholarship offered for Rs. 709,500/-, which has been transferred from Committed fund (under balance sheet) to Uncommitted fund (in schedule no. :6 under Income and Expenditure account), by this change, the surplus of society Rs. 52,170/- related to previous year has resultant a loss of Rs. 657,330/-.
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As per our report of even date
for, V.Nagarajan & Co,
Chartered Accountants

for, **THE LIVELIHOOD SCHOOL**

(V. NAGARAJAN)
Partner
M.N.019959

Chairman

Dean

Hyderabad,
May 15, 2010