

Independent Auditor's Report

To the Trustees of Pratham Delhi Education Initiative

Report on the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Pratham Delhi Education Initiative ('the Trust'), which comprise the Balance Sheet as at 31 March 2020, the Income and Expenditure Account for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, including the Accounting Standards issued by the Institute of Chartered Accountants of India ('ICAI') to the extent applicable, of the state of affairs of the Trust as at 31 March 2020 and its deficit for the year ended on that date.

Basis of Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the ICAI. 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 Trust in accordance with the Code of Ethics issued by ICAI and we have fulfilled our ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Board of Trustees for the Financial Statements

4. The Management is responsible for preparation of these financial statements that give a true and fair view of the state of affairs and results of operations of the Trust in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by the ICAI, to the extent applicable. This responsibility includes maintenance of adequate accounting records for safeguarding the assets of the Trust and for preventing and detecting fraud and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal control, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
5. In preparing the financial statements, the management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.



Independent Auditor's Report to the Trustees of Pratham Delhi Education Initiative on the financial statements for the year ended 31 March 2020 (cont'd)

6. Auditor's Responsibilities for the Audit of the Financial Statements

7. 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.
8. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism 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 whether the Trust has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
 - Conclude on the appropriateness of management'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 Trust'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 Trust 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.
9. We communicate with the, 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.

Other Matter

10. The financial statements of the Trust for the year ended 31 March 2019 were audited by the predecessor auditor, Deloitte Haskins & Sells LLP, who have expressed an unmodified opinion on those financial statements vide their audit report dated 27 September 2019.

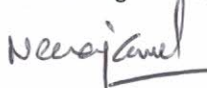


Independent Auditor's Report to the Trustees of Pratham Delhi Education Initiative on the financial statements for the year ended 31 March 2020 (cont'd)

Restriction on distribution or use

11. The accompanying financial statements have been prepared solely for information and use of management only in accordance with the Trust Deed and accordingly may not be suitable for any other purpose. This report is issued solely for the aforementioned purpose and accordingly, should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Further, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013



Neeraj Goel
Partner
Membership No.: 099514
UDIN: 20099514AAAAGC8763



Place: Gurugram
Date: 6 November 2020

Pratham Delhi Education Initiative
Balance Sheet as at 31 March, 2020
 (All amounts are in ₹, unless otherwise stated)

| Particulars | Schedule | As at 31 March 2020 | As at 31 March 2019 |
|---|----------|------------------------|------------------------|
| Sources of funds | | | |
| Funds | | | |
| Corpus fund | 1 | 1,714,300 | 1,714,300 |
| Specific fund | 2 | - | - |
| Restricted fund | 3 | 4,500,972 | 3,465,888 |
| Unrestricted fund | 4 | 5,886,709 | 7,719,626 |
| Total | | 12,101,981 | 12,899,814 |
| Current liabilities and provisions | | | |
| Payables | | | |
| Total outstanding dues of micro enterprises and small enterprises; and Total outstanding dues of creditors other than micro enterprises and small enterprises | 5 | 520,000 | 527,368 |
| Other current liabilities | 6 | 1,495,891 | 50,862 |
| Total | | 2,015,891 | 578,230 |
| Application of funds | | | |
| Property, plant and equipment | | | |
| Tangible assets | 7 | 538,268 | 500,843 |
| Total | | 538,268 | 500,843 |
| Current assets, loans and advances | | | |
| Cash and bank balances | 8 | 12,022,874 | 8,699,672 |
| Loans and advances | 9 | 1,556,730 | 4,277,529 |
| Total | | 13,579,604 | 12,977,201 |
| Total | | | |
| | | 14,117,872 | 13,478,044 |

Summary of significant accounting policies and other explanatory information 1 to 16
 The accompanying notes are an integral part of the financial statements

This is the Balance Sheet referred to in our report issued of even date

For Walker ChandioK & Co LLP
 Chartered Accountants
 Firm's Registration No.: 001076N/N500013

Neeraj Goel
 Neeraj Goel
 Partner

Membership No.: 099514

Place: Gurugram
 Date: 6 November 2020



For and on behalf of the Board of Trustees of Pratham Delhi Education Initiative

Neerja Sharma
 Neerja Sharma
 Managing Trustee

Divya Jalan
 Divya Jalan
 Trustee

Place: New Delhi
 Date: 6 November 2020

Place: New Delhi
 Date: 6 November 2020

Shailendra Kumar Sharma
 Shailendra Kumar Sharma
 Executive Director

Place: New Delhi
 Date: 6 November 2020

Vijay Kumar
 Vijay Kumar
 Chief Accountant

Place: New Delhi
 Date: 6 November 2020

Pratham Delhi Education Initiative
Income And Expenditure Account for the year ended 31 March 2020
 (All amounts are in ₹, unless otherwise stated)

| Particulars | Notes | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|-------------------------------------|-------|-------------------------------------|-------------------------------------|
| Income | | | |
| Donations | 10 | 26,234,363 | 29,744,770 |
| Other income | 11 | 489,494 | 512,101 |
| Total income | | 26,723,857 | 30,256,871 |
| Expenditure | | | |
| Expenses on programme initiatives | 12 | 15,683,113 | 21,812,604 |
| Employee benefit expense | 13 | 10,442,242 | 4,733,095 |
| Finance costs | 14 | 450 | 5,238 |
| Depreciation expense | 7 | 162,875 | 182,762 |
| Other expenses | 15 | 2,277,194 | 2,461,492 |
| Total expenditure | | 28,565,874 | 29,195,191 |
| Less: transferred to specific funds | | 9,100 | 24,900 |
| | | 28,556,774 | 29,170,291 |
| (Deficit)/ surplus | | (1,832,917) | 1,086,580 |

Schedules forming part of the financial statements 1 to 16

The Schedules referred to above form an integral part of the Financial Statements

In terms of our report attached

For Walker Chandio & Co LLP
 Chartered Accountants
 Firm's Registration No. 001076N/N500013

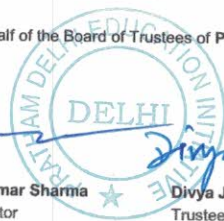
For and on behalf of the Board of Trustees of Pratham Delhi Education Initiative

Neeraj Goel
 Partner
 Membership No: 099514



Neeraj Sharma
 Neerja Sharma
 Managing Trustee

Shailendra Kumar Sharma
 Shailendra Kumar Sharma
 Executive Director



Divya Jalan
 Divya Jalan
 Trustee

Vijay Kumar
 Vijay Kumar
 Chief Accountant

Place: Gurugram
 Date: 6 November 2020

Place: New Delhi
 Date: 6 November 2020

Place: New Delhi
 Date: 6 November 2020

Place: New Delhi
 Date: 6 November 2020

Place: New Delhi
 Date: 6 November 2020

Pratham Delhi Education Initiative
Summary of significant accounting policies and other explanatory information as at 31 March 2020
 (All amounts are in ₹, unless otherwise stated)

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|-------------------------|-------------------------|
| Schedule 1 | | |
| Corpus fund | | |
| Balance at the beginning of the year | 1,714,300 | 1,704,300 |
| Add: additions during the year | - | 10,000 |
| Balance at the end of the year | <u>1,714,300</u> | <u>1,714,300</u> |
| Schedule 2 | | |
| Specific fund | | |
| Balance at the beginning of the year | - | - |
| Add: amounts received during the year | 9,100 | 24,900 |
| Less: amount utilised during the year | (9,100) | (24,900) |
| Balance at the end of the year | <u>-</u> | <u>-</u> |
| Schedule 3 | | |
| Restricted fund | | |
| a) Project fund | | |
| Balance at the beginning of the year | 3,185,452 | 5,485,997 |
| Add: amounts received during the year | 10,037,770 | 7,741,371 |
| Add: amounts receivable during the year | - | 1,053,677 |
| Less: Revenue grants recognised in the income and expenditure account | (8,937,251) | (11,095,593) |
| Balance at the end of the year | <u>4,285,971</u> | <u>3,185,452</u> |
| b) Capital assets fund | | |
| Balance at the beginning of the year | 280,436 | 365,631 |
| Add: additions to fixed assets | - | 9,600 |
| Less: depreciation met out of capital assets fund | (65,435) | (94,795) |
| Balance at the end of the year | <u>215,001</u> | <u>280,436</u> |
| Total (a+b) | <u><u>4,500,972</u></u> | <u><u>3,465,888</u></u> |
| Schedule 4 | | |
| Unrestricted fund | | |
| General Fund | | |
| Opening balance | 7,719,626 | 6,633,046 |
| Add: (deficit)/ surplus | (1,832,917) | 1,086,580 |
| Add: Transferred from specific fund | - | - |
| Closing balance | <u>5,886,709</u> | <u>7,719,626</u> |

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Pratham Delhi Education Initiative

Summary of significant accounting policies and other explanatory information as at 31 March 2020

(All amounts are in ₹, unless otherwise stated)

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Schedule 5 | | |
| Payables | | |
| Total outstanding dues of micro enterprises and small enterprises (refer note below) | 520,000 | 527,368 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | <u>520,000</u> | <u>527,368</u> |

The above information regarding Micro, small and medium enterprises has been determined to the extent such parties have been identified on the basis of information available with the Council. This has been relied upon by the auditors.

| Particulars | Amount (₹) | Amount (₹) |
|--|------------|------------|
| (i) 'the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year; | - | - |
| (ii) 'the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year; | - | - |
| (iii) 'the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act; | - | - |
| (iv) 'the amount of interest accrued and remaining unpaid at the end of each accounting year; and | - | - |
| (v) 'the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23. | - | - |

Schedule 6

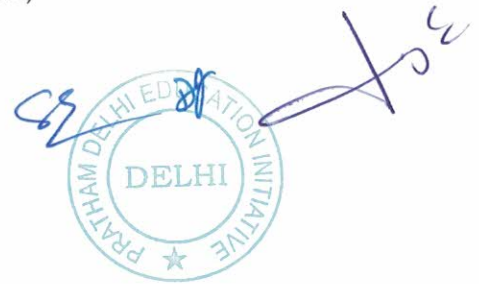
Other current liabilities

| | | |
|------------------------|------------------|---------------|
| Statutory dues | 83,279 | 39,532 |
| Provision for gratuity | 1,337,145 | - |
| Other liabilities | 75,467 | 11,330 |
| | <u>1,495,891</u> | <u>50,862</u> |

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Pratham Delhi Education Initiative
 Summary of significant accounting policies and other explanatory information as at 31 March 2020
 (All amounts are in ₹, unless otherwise stated)

Schedule 7
 Property, plant and equipment

| Particulars | Gross block | | | | Accumulated depreciation | | | Net block | | |
|-------------------------|----------------------------|----------------|---------------|-----------------------------|----------------------------|---------------------------|---------------|-----------------------------|---------------------|---------------------|
| | Balance as on 1 April 2019 | Additions | Disposals | Balance as on 31 March 2020 | Balance as on 1 April 2019 | Depreciation for the year | Disposals | Balance as on 31 March 2020 | As on 31 March 2020 | As on 31 March 2019 |
| Computers | 833,486 | 179,714 | 2,640 | 1,010,560 | 700,277 | 101,034 | 2,638 | 798,673 | 211,887 | 133,209 |
| Office equipments | 624,819 | 20,602 | 8,022 | 637,399 | 283,650 | 58,210 | 8,014 | 343,846 | 283,553 | 331,169 |
| Furnitures and fixtures | 321,385 | - | 2,800 | 318,585 | 284,920 | 3,631 | 2,795 | 285,757 | 32,828 | 36,465 |
| Total | 1,779,690 | 200,316 | 13,462 | 1,966,544 | 1,278,847 | 162,875 | 13,447 | 1,428,276 | 538,268 | 500,843 |

| Particulars | Gross block | | | | Accumulated depreciation | | | Net block | | |
|-------------------------|----------------------------|----------------|----------------|-----------------------------|----------------------------|---------------------------|----------------|-----------------------------|---------------------|---------------------|
| | Balance as on 1 April 2018 | Additions | Disposals | Balance as on 31 March 2019 | Balance as on 1 April 2018 | Depreciation for the year | Disposals | Balance as on 31 March 2019 | As on 31 March 2019 | As on 31 March 2018 |
| Computers | 994,501 | 17,538 | 178,553 | 833,486 | 791,333 | 87,491 | 178,547 | 700,277 | 133,209 | 203,168 |
| Office equipments | 594,464 | 79,286 | 48,931 | 624,819 | 245,348 | 87,431 | 39,129 | 283,650 | 331,169 | 349,116 |
| Furnitures and fixtures | 373,942 | 3,811 | 56,368 | 321,385 | 333,447 | 7,840 | 56,367 | 284,920 | 36,465 | 40,495 |
| Total | 1,962,907 | 100,635 | 283,852 | 1,779,690 | 1,370,128 | 182,762 | 274,043 | 1,278,847 | 500,843 | 592,779 |

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Pratham Delhi Education Initiative
Summary of significant accounting policies and other explanatory information as at 31 March 2020
(All amounts are in ₹, unless otherwise stated)

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Schedule 8 | | |
| Cash and bank balances | | |
| Balances with scheduled bank | | |
| - Savings accounts* | 2,374,970 | 4,750,897 |
| - Fixed deposit account | 9,647,904 | 3,948,775 |
| [Earmarked fixed deposit on account of Corpus funds ₹ 1,714,300 (previous year ₹ 1,714,300)] | | |
| | 12,022,874 | 8,699,672 |
| Note: | | |
| * ₹ 113,855 (previous year ₹ 150,081) lying in designated bank account for foreign contribution | | |
| Schedule 9 | | |
| Loans and advances | | |
| Unsecured, considered good | | |
| Advances recoverable in cash or in kind or for value to be received | 68,867 | 1,973,255 |
| Grants receivable - Restricted fund | - | 1,053,677 |
| Security deposits | 457,900 | 473,900 |
| Interest accrued on fixed deposits | 29,520 | 205,073 |
| Tax deducted at source recoverable | 1,000,443 | 168,773 |
| Advance gratuity fund | - | 402,851 |
| | 1,556,730 | 4,277,529 |

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Pratham Delhi Education Initiative

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020
(All amounts are in ₹, unless stated otherwise)

Schedule 10
Income

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| Donations | 17,240,777 | 18,588,882 |
| Revenue grants recognised in the Income and Expenditure account | 9,002,686 | 11,180,788 |
| Less: transferred to Specific funds | 9,100 | 24,900 |
| | 26,234,363 | 29,744,770 |

Schedule 11
Other income

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| Interest from banks on | | |
| Fixed deposits | 428,136 | 425,493 |
| Saving accounts | 32,351 | 51,838 |
| Interest on income tax refund | 15,558 | - |
| Profit on sale of property, plant and equipment | 13,449 | 2,786 |
| Other receipts | - | 31,984 |
| | 489,494 | 512,101 |

Schedule 12
Expenses on programme initiatives

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--------------------------------|-------------------------------------|-------------------------------------|
| Training expenses | 134,457 | 204,266 |
| Incidental expenses | 8,935,750 | 8,745,000 |
| Teaching learning material | 3,886,859 | 8,592,070 |
| Rent expense | 857,821 | 811,133 |
| Legal and professional fees | 1,647,341 | 3,242,246 |
| Travel and conveyance expenses | 73,465 | 36,307 |
| Electricity and water charges | 16,320 | 19,880 |
| Communication expense | 17,680 | 20,192 |
| Printing and stationery | 5,224 | 53,480 |
| Miscellaneous expenses | 108,196 | 88,030 |
| | 15,683,113 | 21,812,604 |

Schedule 13
Employee benefit expense

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| Salaries and wages | 8,423,267 | 4,569,983 |
| Contribution for provident and other funds | 78,795 | 51,699 |
| Gratuity expense (refer note 16) | 1,839,996 | - |
| Staff welfare expenses | 100,184 | 111,413 |
| | 10,442,242 | 4,733,095 |

Schedule 14
Finance cost

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| Interest on delayed payment of statutory dues | 450 | 5,238 |
| | 450 | 5,238 |

Schedule 15
Other expenses

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--------------------------------|-------------------------------------|-------------------------------------|
| Conveyance expenses | 19,275 | 25,936 |
| Printing and stationery | 75,211 | 72,841 |
| Communication expense | 75,335 | 100,923 |
| Rent expense | 1,108,125 | 1,217,758 |
| Audit fees | 472,000 | 351,593 |
| Repair and maintenance expense | 140,682 | 248,960 |
| Water and electricity expense | 215,954 | 301,290 |
| Miscellaneous expenses | 118,461 | 116,935 |
| Computer expenses | 52,152 | 25,256 |
| | 2,277,195 | 2,461,492 |



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Pratham Delhi Education Initiative
Summary of significant accounting policies and other explanatory information for the year ended
31 March 2020
(All amounts are in ₹, unless stated otherwise)

Schedule 16 – Significant accounting policies and notes to accounts

1. Background

PRATHAM DELHI EDUCATION INITIATIVE ('the Trust') was registered as a trust on 1 September, 2003. The Trust has been granted an exemption under Section 12A of the Income Tax Act, 1961, vide letter no. DIT(E)/2000-2001/P-633/2000/297 dated 28 August 2000. The exemption has been granted with effect from 22 April 2000. The Trust has been registered under the Foreign Contribution (Regulation) Act, 1976 for carrying out activities of educational nature with registration no. 231660141 vide letter no. II/21022/83(33)/2001 – FCRA, III dated 21 June 2001. Consequently, the aforesaid certificate was renewed w.e.f. 1 November 2016 vide letter No. 0300056512016 dated 5 August 2016 in accordance with Section 16 of The Foreign Contribution (Regulation) Act 2010 for the period of 5 years.

The main object of the Trust is to work towards the universalization of good education primarily in the National Capital Region and adjacent areas for all children at least up to the age of fourteen.

2. Significant accounting policies

a. Basis of preparation of financial statements

The financial statements of the Trust have been prepared under the historical cost convention on the accrual basis of accounting in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India and the Generally Accepted Accounting Principles ("GAAP") in India, as applicable.

b. Use of estimates

The preparation of financial statements in conformity with Indian 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. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated.

c. Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. The cost of property, plant and equipment includes taxes, duties, freight and other incidental expenditure related to acquisition and installation.

d. Depreciation

Depreciation on all property, plant and equipment is provided using the written down value method as per the estimated useful life of the assets which coincides with the rates prescribed by the Income Tax Act, 1961.

Assets costing less than Rs. 5,000 individually have been fully depreciated in the year of purchase.



Pratham Delhi Education Initiative
Summary of significant accounting policies and other explanatory information for the year ended
31 March 2020
(All amounts are in ₹, unless stated otherwise)

e. Recognition of grants and donations

Corpus fund

Corpus fund relates to funds contributed by the founder members at incorporation and donation received with the direction to be included as a part of the Corpus.

Specific funds

Specific purpose grants are received for projects funded by donors and are accounted for based on receipt as a separate fund. The expenses against such grants are charged to the fund and the unspent balance of the grant is carried forward.

Restricted funds

The Trust receives funds which are restricted in nature from foreign and domestic sources. Revenue from restricted funds is recognised during the year in the Income and Expenditure Account to match the related expenditure. The balance amount is carried forward in the restricted fund for use in future periods. Grant related to depreciable assets are transferred to the capital asset fund as and when the property, plant and equipment are purchased. Depreciation of these property, plant and equipment is debited to the capital asset fund through the Income and Expenditure Account.

Unrestricted funds

The Trust also receives general funds which are unrestricted in nature from foreign and domestic sources. The excess of income over expenditure during the year, being general purpose in nature is carried forward for use in future periods.

f. Interest income

Interest income is recognised on time proportionate basis.

g. Foreign currency transactions

Transactions in foreign exchange are recorded at the exchange rate prevailing on the date of the transaction.

h. Cash and bank balances

Cash and bank balances include cash in hand, balances and demand deposits with banks.

i. Employee benefits

Defined contribution plans

The Trust's contribution to provident fund is considered as defined contribution plan and is charged as an expense as and when it falls due based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans



Pratham Delhi Education Initiative
Summary of significant accounting policies and other explanatory information for the year ended
31 March 2020
(All amounts are in ₹, unless stated otherwise)

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Income and Expenditure Account in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

The liability with respect to the Gratuity Plan is determined based on actuarial valuation done by an independent actuary at the year end.

j. Expenditure

The Trust implements its programs for children's education through projects conducted by itself or by other local non-governmental organisations to which it disburses grants. The other organisations are also registered under the Foreign Contribution (Regulation) Act, 1976 in compliance with the said Act. Accordingly, expenditure incurred by the Trust includes grants disbursed to other local agencies.

Teaching and learning material purchased is charged to the Income and Expenditure Account in the year of purchase.

k. Leases

Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease charges are recognised as an expense in the Income and Expenditure Account on a straight-line basis over the lease term.

Finance Lease

Leases under which the Trust assumes substantially all the risks and rewards of ownership are classified as finance leases. The lower of fair value of asset and present value of minimum lease rentals is capitalised as property, plant and equipment with corresponding amount shown as lease liability. The principal component in the lease rentals is adjusted against the lease liability and interest component is charged to Income and Expenditure Account.

l. Provisions and contingencies

A provision is recognised when the Trust has a present obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. A contingent liability is recognised where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.



Pratham Delhi Education Initiative
Summary of significant accounting policies and other explanatory information for the year ended
31 March 2020
 (All amounts are in ₹, unless stated otherwise)

Employee Benefits

m. Defined contribution plan

The Trust makes contribution towards provident fund to a defined contribution retirement benefit plan for qualifying employees. The Trust contribution to the Employees Provident Fund is deposited with the Regional Provident Fund Commissioner. Under the Scheme, the Trust is required to contribute a specified percentage of payroll cost to the retirement benefit scheme to fund the benefits.

n. Defined benefit plan (Gratuity Plan)

The present value of the defined benefit obligation and the related current service cost are measured using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date.

Actuarial gains and losses arising from experience adjustments and effects of changes in actuarial assumptions are immediately recognised in the Income and Expenditure Account as income or expense.

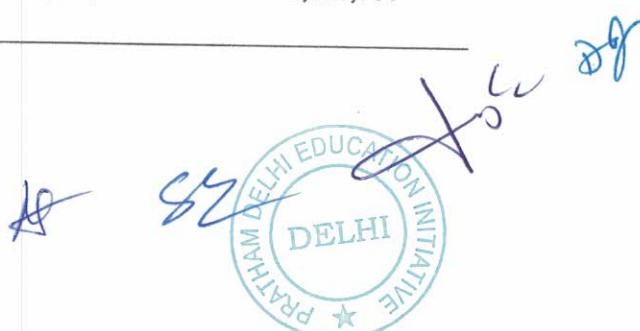
The following tables set out the funded status of the gratuity plan and amounts recognised in the trust's financial statements as at 31 March 2020.

i. Change in benefit obligations

| Particulars | (Amount in ₹) | |
|--|------------------------|------------------------|
| | As at 31 March 2020 | As at 31 March 2019 |
| Present value of obligation at the beginning of the period | 627,910 | 605,067 |
| Current service cost | 665,080 | 188,593 |
| Interest cost | 48,035 | 46,651 |
| Actuarial loss/ (gain) on obligation | 1,197,629 | (212,401) |
| Present value of obligation as at the end of the year | 2,538,654 | 627,910 |

ii. Change in fair value of plan assets

| Particulars | (Amount in ₹) | |
|--|------------------------|------------------------|
| | As at 31 March 2020 | As at 31 March 2019 |
| Fair value of plan assets at the beginning of the year | 1,030,761 | 874,463 |
| Employer contributions | 100,000 | 100,000 |
| Benefits paid | - | - |
| Expected return on plan assets | 78,235 | 66,022 |
| Actuarial loss on obligation | (7,487) | (9,724) |
| Fair value of plan assets as at the end of the year | 1,201,509 | 1,030,761 |



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 (All amounts are in ₹, unless stated otherwise)

iii. (Deficit)/ excess of plan assets over obligation (net)

| Particulars | (Amount in ₹) | |
|--|------------------------|------------------------|
| | As at 31 March 2020 | As at 31 March 2019 |
| Fair value of plan assets at the end of the year | 1,201,509 | 1,030,761 |
| Present value of obligation as at the end of the year | 2,538,654 | (627,910) |
| (Deficit) / excess of plan assets over obligation (net) | (1,337,145) | 402,851 |

iv. Expense/(income) recognised in the Income and Expenditure Account

| Particulars | (Amount in ₹) | |
|---|-----------------------------|-----------------------------|
| | Year ended 31 March 2020 | Year ended 31 March 2019 |
| Current service cost | 665,080 | 188,593 |
| Interest cost | 48,035 | 46,651 |
| Expected return on plan assets | (78,235) | (66,022) |
| Net actuarial loss/(gain) recognised in the year | 1,205,116 | (202,677) |
| Expenses/(income) recognised in the income and expenditure account | 1,839,996 | (33,455) |

v. Composition of the plan assets is as follows :

| Category of assets | (Amount in ₹) | |
|---|------------------------|------------------------|
| | As at 31 March 2020 | As at 31 March 2019 |
| Funds managed by insurer- Life Insurance Corporation of India (Amount in ₹) | 1,201,509 | 1,030,761 |
| In percentage | 100% | 100% |



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(All amounts are in ₹, unless stated otherwise)

vi. Principal actuarial assumptions

a) Economic assumptions

| Particulars | Year ended 31 March 2020 | Year ended 31 March 2019 |
|--|-----------------------------|-----------------------------|
| Discount rate (See note 1) | 6.92% | 7.65% |
| Future salary increase (See note 2) | 7.00% | 7.00% |
| Expected rate of return on plan assets | 7.43% | 7.59% |

b) Demographic assumptions

| | | |
|---------------------------|--------------------------------|--------------------------------|
| i) Retirement age (Years) | 60 | 60 |
| ii) Mortality table | IALM (2012- 14) | IALM(2006- 08) |
| iii) Ages | Withdrawal Rate (%) | Withdrawal Rate (%) |
| Up to 30 years | 5.00 | 5.00 |
| From 31 to 44 years | 3.00 | 3.00 |
| Above 44 years | 2.00 | 2.00 |

vii. Experience adjustments

(Amount in ₹)

| Particulars | Year ended 31 March 2020 | Year ended 31 March 2019 |
|--------------------------------|-----------------------------|-----------------------------|
| On plan liability (loss)/ gain | (975,300) | 217,618 |
| On plan asset loss | (7,487) | (9,724) |

Notes:

1. The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of obligations.
2. The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.
3. Services of volunteers in the Trust are voluntary and in the absence of an employer-employee relationship between the trust and the volunteers, the Trust is of the opinion that it does not have any obligation for payment of retirement benefits to the teachers. Therefore, no provisions for retirement benefit are made in its financial statements for them. The Trust accounts for gratuity benefit liability based on an independent actuarial valuation using the projected unit credit method carried out annually as at the Balance Sheet date, which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognised on a straight-line basis over the average period until the amended benefits become vested.



Pratham Delhi Education Initiative
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31 March 2020

(All amounts are in ₹, unless stated otherwise)

3. Payment to Auditor's*

| Particulars | Year ended 31 March 2020 (₹) | Year ended 31 March 2019 (₹) |
|---------------------------|------------------------------------|------------------------------------|
| Audit fee | 400,000 | 425,000 |
| Reimbursement of expenses | - | 18,084 |

* Exclusive of Goods and Services Tax

4. The Trust is complying with the Accounting Standards, applicable to a Level III Entity- Small and Medium Sized Enterprise (SME), as notified in the announcement made by ICAI which is effective for all accounting periods commencing on or after 1 April, 2004. Accordingly, the Trust is not required to present the Related Party Disclosures, Cash Flow Statement, Segment reporting and Discontinuing Operations disclosures as required under the relevant Accounting Standards. Further, the Trust is not required to disclose information required by Paragraph 22 (c), (e) and (f); 25 (a), (b) and (e); 37 (a), (f) and (g); 46 (b), (d) and (e) of Accounting Standard 19 on 'Leases', Paragraph 66 and 67 of Accounting Standard 29 on 'Provisions, Contingent Liabilities and Contingent Assets'.

5. The outbreak of Coronavirus (COVID-19) has severely impacted businesses globally including India. On 24 March 2020, Government of India (GOI) declared this pandemic a health emergency and ordered temporary closure of all non-essential businesses, though essential category businesses were allowed to operate adhering to the guidelines issued by GOI and respective state governments. However, there have been some operational difficulties due to lock down imposed, the management believes that the impact on overall operations have not been significant and material. The impact of the pandemic on the trust financial statement may differ from that estimated as at that date of approval of these financial statements and the management will continue to closely monitor any material changes arising of future economic conditions and impact on its business.

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Summary of significant accounting policies and other explanatory information for the year ended
31 March 2020
(All amounts are in ₹, unless stated otherwise)

6. Previous year's figures have been regrouped and reclassified, wherever necessary, to conform to the current year's classification.

For Walker Chandio & Co LLP

Chartered Accountants
Firm's Registration No.:
001076N/N500013

Neeraj Goel

Neeraj Goel
Partner

Membership No.: 099514

Place: Gurugram

Date: 6 November 2020



For and on behalf of the Board of Trustees of
Pratham Delhi Education Initiative

Neerja Sharma *Divya Jalan*

Neerja Sharma
Managing Trustee

Divya Jalan
Trustee

Place : New Delhi

Date: 6 November 2020

Place : New Delhi

Date: 6 November 2020

Shallendra Kumar Sharma

**Shallendra Kumar
Sharma**
Executive Director

Place : New Delhi

Date: 6 November 2020

Vijay Kumar

Vijay Kumar
Chief Accountant

Place : New Delhi

Date: 6 November 2020

