



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, 2011 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 as 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, 2011 and;
 - ii. In the case of Income and Expenditure account, the excess of expenditure over income for the year ended on that date.

*for V. Nagarajan & Co.,
Chartered Accountants
ICAI Firm Reg. No.: 04879N*

Place: Pochampally

Date: 18/04/2011


V. Nagarajan
Partner
M. No.: 019959



THE LIVELIHOOD SCHOOL

		Rs.	
BALANCE SHEET AS AT		31-Mar-11	31-Mar-10
Schedules			
SOURCES OF FUNDS			
Committed project based grant			
Livelihood education programs	1	64,77,932	28,14,212
Reserves and surplus	2		
General reserve		-	14,11,778
Assets acquisition fund		8,57,189	7,16,839
Total		73,35,121	49,42,829

APPLICATION OF FUNDS

Fixed Assets (at cost)	3	8,57,189	7,16,839
Current assets, loans and advances			
Cash and bank balances	4	50,85,763	22,06,172
Advances and other recoverables	5	36,06,607	42,97,305
		86,92,370	65,03,477
Less: Current liabilities and provisions	6	34,44,022	22,77,487
Net current assets		52,48,348	42,25,990
Miscellaneous expenditure			
Debit balance in Income and Expenditure account		12,29,584	-
Total		73,35,121	49,42,829

Project based receipts and payments account	13
Significant accounting policies and Notes on accounts	14

As per our report of even date

for **V. NAGARAJAN & CO.,**

Chartered Accountants

ICAI Firm Reg. No.: 04879N


V. Nagarajan
 Partner
 M. No.: 019959



for **THE LIVELIHOOD SCHOOL**


 Chairman


 Dean

Place: Pochampally

Date: 18/04/2011

THE LIVELIHOOD SCHOOL

		Rs.	
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED ON		31-Mar-11	31-Mar-10
<i>Schedules</i>			
INCOME			
Fee on livelihood education programs/course	7	14,98,819	19,22,452
Consultancy fees	8	76,30,844	45,52,202
Other collections from seminar/conference	9	3,54,824	7,83,447
Interest on savings bank accounts		53,781	13,086
Total		95,38,268	72,71,187
EXPENDITURE			
Personnel cost	10	69,63,826	36,46,377
Professional and consultancy charges		18,74,984	4,21,839
Travelling, conveyance and other incidental expenses	11	18,41,413	12,27,828
Other administrative & program overheads	12	17,29,557	15,03,772
Total		1,24,09,780	67,99,816
Surplus/(deficit) for the year		(28,71,512)	4,71,371
Add: transferred from general reserve		16,41,928	9,40,406
Transferred to Balance sheet		(12,29,584)	14,11,778
Project based receipts and payments account	13		
Significant accounting policies and Notes on accounts	14		

As per our report of even date

for **V. NAGARAJAN & CO.,**

Chartered Accountants

ICAI Firm Reg. No.: 04879N



V. Nagarajan

Partner

M. No.: 019959



for THE LIVELIHOOD SCHOOL


Chairman


Dean

Place: Pochampally

Date: 18/04/2011

THE LIVELIHOOD SCHOOL

	Rs.	
SCHEDULES TO BALANCE SHEET AS AT	31-Mar-11	31-Mar-10
SCHEDULE 1: COMMITTED PROJECT BASED GRANT		
<i>Livelihood education programs:</i>		
Opening balance	28,14,212	80,39,807
<i>Add: Receipts during the year (Refer Schedule:13)</i>		
(i) Grant	1,50,69,033	1,10,90,000
(ii) Interest	37,666	1,47,975
<i>Less: Utilisation during the year (Refer Schedule:13)</i>		
(i) Utilization during the year (other than scholarship offered)	1,10,72,479	1,57,52,442
(ii) Scholarship offered on course (transferred to uncommitted fund)	3,70,500	6,69,500
(iii) Transfer to assets acquisition fund (purchase of fixed assets)	-	41,628
TOTAL	64,77,932	28,14,212

SCHEDULE 2: RESERVE AND SURPLUS

A: GENERAL RESERVE (Uncommitted fund)

Opening balance	14,11,778	4,56,709
Transferred from/(to) Income and Expenditure Account	(16,41,928)	4,71,372
Less: Transfer to assets acquisition fund (purchase of fixed assets)	1,40,350	1,85,803
Add: Scholarship offered on course (transferred from committed fund)	3,70,500	6,69,500
Sub-Total	-	14,11,778

B: ASSETS ACQUISITION FUND (Uncommitted)

Opening balance	7,16,839	4,89,408
<i>Transferred from:</i>		
Project fund (committed)	-	41,628
General reserve (uncommitted)	1,40,350	1,85,803
Sub-Total	8,57,189	7,16,839


TOTAL	8,57,189	21,28,617
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As per our report of even date
for **V. NAGARAJAN & CO.,**
Chartered Accountants
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V. Nagarajan
Partner
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for THE LIVELIHOOD SCHOOL


Chairman


Dean

Place: Pochampally
Date: 18/04/2011

THE LIVELIHOOD SCHOOL

	Rs.	
SCHEDULES TO BALANCE SHEET AS AT	31-Mar-11	31-Mar-10
SCHEDULE 3: FIXED ASSETS		
Furniture and fixtures	2,14,786	1,77,906
Professional equipment (computers)	5,04,560	4,57,060
Professional equipment -Others (<i>assets written off completely, ref: note para 4(ii)-schedule14</i>)	1,08,463	59,993
Office equipment	29,380	21,880
TOTAL	8,57,189	7,16,839
SCHEDULE 4: CASH AND BANK BALANCES		
Balance with scheduled banks		
- in saving bank accounts	10,68,360	12,06,172
- in current accounts	5,17,403	
- in term deposits [unencumbered]	35,00,000	10,00,000
TOTAL	50,85,763	22,06,172
SCHEDULE 5: ADVANCES AND OTHER RECOVERABLES		
<i>Fees receivable</i>		
- Less than six months	9,89,410	27,97,538
- More than six months	95,250	90,250
TDS recoverable	16,01,537	7,48,308
Stock in hand (training material)	1,51,690	1,78,959
Security deposits/earnest money	1,11,750	2,16,800
Advance to staff and ticket booking	4,08,788	1,73,970
Prepaid expenses	60,304	56,435
Cenvat credit - service tax	-	10,763
Interest accrued but not due on term deposits	12,788	14,282
Other recoverables in cash or in kind for value to be received	1,75,090	10,000
TOTAL	36,06,607	42,97,305
SCHEDULE 6: CURRENT LIABILITIES AND PROVISIONS		
Statutory dues	4,66,370	5,25,498
Expenses payable for utilities	14,39,816	14,07,053
Course & consultancy fee received in advance	-	30,000
Audit fee payable	39,156	39,708
Salary payable	9,40,818	1,37,470
Other liabilities	5,57,862	1,37,758
TOTAL	34,44,022	22,77,487

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for **THE LIVELIHOOD SCHOOL**


Chairman


Dean

Place: Pochampally
Date: 18/04/2011

THE LIVELIHOOD SCHOOL

	Rs.	
SCHEDULES TO INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED ON	31-Mar-11	31-Mar-10

SCHEDULE 7: FEE ON LIVELIHOOD EDUCATION PROGRAMS/COURSE

Course fee (gross)	18,69,319	25,91,952
Less: Scholarship offered for educational program	3,70,500	6,69,500
TOTAL	14,98,819	19,22,452

SCHEDULE 8: CONSULTANCY FEE

Consultancy Fee (Gross)	77,06,124	45,64,220
Less:- Service tax Not collected on fee	75,280	12,018
TOTAL	76,30,844	45,52,202

SCHEDULE 9: OTHER COLLECTION FROM SEMINAR/CONFERENCE

Other collections from seminar/conference	2,20,834	1,02,473
Contribution from Indian agencies	50,000	6,13,144
Contribution/sale of resource material	67,990	62,830
Membership fee	16,000	5,000
TOTAL	3,54,824	7,83,447

SCHEDULE 10: PERSONNEL COST

Salary & other benefits	56,88,320	31,11,745
Dean remuneration & other benefits	9,29,460	3,49,743
Employer contribution to provident fund	3,46,046	1,84,889
TOTAL	69,63,826	36,46,377

SCHEDULE 11: TRAVELLING, CONVEYANCE AND OTHER INCIDENTAL EXPENSES

Directors	75,767	4,762
Dean	30,942	40,084
Staff	8,67,024	5,52,696
Auditors	2,000	510
Others (extended faculty group)	5,96,257	4,78,811
Vehicle hiring charges	2,69,423	1,50,965
TOTAL	18,41,413	12,27,828

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Partner



M. No.: 019959

Place: Pochampally
Date: 18/04/2011

for THE LIVELIHOOD SCHOOL


Chairman


Dean

THE LIVELIHOOD SCHOOL

	Rs.	
SCHEDULES TO INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED ON	31-Mar-11	31-Mar-10

SCHEDULE 12: OTHER ADMINISTRATIVE/PROGRAM OVERHEADS

Office rent	5,34,768	5,22,800
Printing & stationery	2,40,528	2,65,776
Telephone, telex and fax expenses	2,97,657	2,13,350
Course expenses	65,150	96,705
Office maintenance	1,00,964	1,09,747
Repairs and maintenance - assets	79,396	69,362
Sundries written-off	-	47,352
Directors sitting fees	60,000	40,000
Meeting expenses	1,10,929	34,653
Insurance expenses- assets	6,162	-
Postage, courier and telegrams	42,887	26,630
Electricity & water charges	50,596	26,578
Reprography charges	17,501	25,573
Books & periodicals	26,428	20,255
Rates & taxes	3,959	3,187
Service tax	83,027	-
Fees for certification and auditors fee	5,773	-
Bank charges	3,832	1,804
TOTAL	17,29,557	15,03,772

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Chairman


Dean

Place: Pochampally
Date: 18/04/2011

THE LIVELIHOOD SCHOOL

SCHEDULE 13: PROJECT BASED RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

Rs.


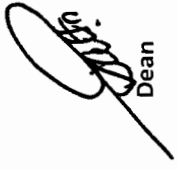
PARTICULARS	Source	Opening Balance as on April 01, 2010	Receipts during the year			Recurring Expenditure		Non Recurring Expenditure	Closing Balance as at March 31, 2011
			Receipts (other than Interest)	Transfer from Fund (*)	Interest	Recurring Expenditure	Transfer to Fund (*)		
(A) COMMITTED PROJECT BASED GRANT:									
Grant for Contemporising Education by Ford Foundation	Foreign	20,950	61,21,033	-	30,140	95,154	-	60,76,969	
Grant for Institutional Development by Sir Dorabji ToTa Trust	Indian	29,41,363	76,00,000	-	7,526	95,59,941	-	6,18,448	
North East Study for Livelihood opportunity by CESS	Indian	(1,27,292)	-	-	-	1,66,877	-	(2,94,169)	
Grant for Training Program by Govt. of India	Indian	(20,809)	-	-	-	-	-	(20,809)	
Grant for Managing Scale by Indian Grameen Services	Indian	-	13,00,000	-	-	12,50,507	-	49,493	
Grant for Case write shop by Women Development Corporation	Indian	-	48,000	-	-	-	-	48,000	
Total (A)		28,14,212	1,50,69,033	-	37,666	1,10,72,479	-	64,77,932	
(B) UNCOMMITTED FUND:									
TLS General Fund	Indian	14,11,778	94,84,487	3,70,500	53,781	1,24,09,780	1,40,350	(12,29,584)	
Assets Acquisition Fund	Indian	7,16,839	1,40,350	-	-	-	-	8,57,189	
Total (B)		21,28,617	96,24,837	3,70,500	53,781	1,24,09,780	-	(3,72,395)	
TOTAL (A+B)		49,42,829	2,46,93,870	3,70,500	91,447	2,34,82,259	3,70,500	61,05,537	
As on 31st March-2010 (Previous year)	Total	89,85,924	1,85,88,618	6,69,500	1,47,975	2,25,52,257	2,27,431	49,42,829	

* The Scholarship offered on different educational programme is netted off from receipt of course fee (refer Schedule no.7) in Income and Expenditure account. As this is offered from 'Institutional Development' (under committed fund), hence total Scholarship of Rs. 370,500/- has been transferred from Committed fund to Uncommitted fund. (refer Schedule no.1)

As per our report of even date
for **V. NAGARAJAN & CO.,**
Chartered Accountants
ICAI Firm Reg. No.: 04879N


V. Nagarajan
Partner
M. No.: 019959



for **THE LIVELIHOOD SCHOOL**

Chairman

Dean

Place: Pochampally
Date: 18/04/2011

THE LIVELIHOOD SCHOOL

SCHEDULE 14: ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A) ACCOUNTING POLICIES:

1) BASIS OF ACCOUNTING:

The Financial statements are drawn up based on historical costs and mercantile basis of accounting has been followed, except grant and contribution, 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 PROJECT BASED GRANT:** In respect of grants received from funding institutions/agencies towards specific project is accounted under '**COMMITTED PROJECT BASED GRANT**' in Balance Sheet. All expenditure (recurring and non recurring) incurred from grant is accounted under same in head Balance Sheet.
- ii) **UNCOMMITTED FUND:** In respect of course fee, consultancy income and associated expenses are accounted in income and expenditure account. The resultant 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) Individual assets acquired for Rs. 5,000/- or less are completely written off in the year of acquisitions. To maintain control on fixed assets, which were written off, has been retained/ captured in fixed asset register on their nominal value of Rs.1/- for each individual asset.
- iii) The rate assumed for calculating the notional depreciation is as follows, except the assets, which have been completely written off during the year:

<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



THE LIVELIHOOD SCHOOL

5) INVESTMENTS:

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

6) RETIREMENT BENEFITS:

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. Gratuity is being paid by the Society as per statutory norms.

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.76.00 lacs has been received during the year. Besides this Society also collects the fee from participants through different livelihood education programmes.
- During The year Society has also received the Grant from Ford Foundation of Rs.61.21 lacs for Contemporizing Education and feasibility study in South Africa and Kenya for setting up institutions like The Livelihood School.

(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'.

2) COMMITTED PROJECT BASED GRANT:

- i) During the year , total utilization of committed project based grant is of Rs.11,442,979/-
- ii) During the year, the total Interest earned from committed fund is Rs.37, 666/-



THE LIVELIHOOD SCHOOL

3) NOTIONAL DEPRECIATION:

The value of Fixed Assets Rs. 857,189/- (cumulative as on March 31, 2011) shown in Balance sheet is at actual cost of acquisition. The notional depreciation as per the rates specified in note 4(iii) is Rs.452,201/- as at March 31, 2011 which is not accounted in the books.

4) SCHOLARSHIP OFFERED:

During the year, the Society has offered total scholarship of Rs.370,500/- to different participants for education program for Livelihood Promotion 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 has complied the necessary provision of the section 2(15) of the Act related to the charitable organization. Hence, no provision for income tax is considered necessary.

6) GOVERNANCE EXPENSES:

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

Particulars	March 31, 2011	March 31, 2010
Sitting fees to Board members	80,000	95,000
Traveling Expenses reimbursed to Board members	172,454	208,505
Total	*252,454	303,505

*Out of Rs.252,454/-an amount of Rs.116,687/- have been met out of committed project based grant.

7) DETAILS OF UTILISATION OF GRANTS DURING THE YEAR ON COMMITTED PROJECTS: (Ref: Schedule 13) are as under:

Particulars	March 31, 2011	March 31, 2010
Curriculum Development	508,736	634,217
Faculty development	844,199	710,717
Knowledge building	543,103	1,675,707
Human resource cost	6,154,213	9,384,242
Travelling expenses	1,414,843	2,440,390
Other overheads	1,157,360	907,169
Program expenses	450,025	
Total	11,072,479	15,752,442

8) REMUNERATION TO DEAN:

Particulars	March 31, 2011	March 31, 2010
Salaries and Other benefits	1,996,474	2,089,202
Contribution to Provident Fund Account	100,800	93,600
Total	*2,097,274	2,182,802

*Out of Rs. 2,097,274/- an amount of Rs. 1,067,014/-has been met out of committed project based grant.

THE LIVELIHOOD SCHOOL

9) DETAILS OF AUDITOR'S REMUNERATION:

Particulars	March 31, 2011	March 31, 2010
Audit Fee	40,000	40,000
Fee for Certification	8273	
Service Tax on above fee	4,120	4,120
Traveling Expenses reimbursed	14,028	37,091
Total	*66,421	81,211

* Out of Rs. 66,421/- an amount of Rs. 58,648/- has been met out from committed project based grant.

10) 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.

V. NAGARAJAN & CO.

Partner

Place: Pochampally
Date: 18/04/2011



for, THE LIVELIHOOD SCHOOL

Chairman
Dean