## The Akshaya Patra Foundation

## Schedules to the financial statements

### *Schedule A*

1 ***Organisation overview***

The Akshaya Patra Foundation ('the Trust or TAPF') is registered under Indian Trust Act 1882 as a Public Charitable trust. It was formed on 1 July 2000 and was registered on 16 October 2001. The principle activity of the Trust is to provide mid-day meals to the children studying in government and municipal schools (the 'Akshaya Patra Programme').

The Trust is also involved in various other charitable activities like providing intensive coaching for non meritorious students and food after school hours under "Vidya Akshaya Patra Programme", providing subsidized meals to daily wage earners under "Akshaya Kalewa Programme", providing premixed food for babies in Anganwadis under "Baby Mix Programme", providing water in water starved slum areas under the "Akshaya Jaldhara Programme" and providing meals to prisoners at Central prison and Senior Citizens.

2 ***Significant accounting policies***

***(i) Basis of preparation of financial statements***

The balance sheet and income and expenditure accounts are prepared under the historical cost convention and on the accrual basis of accounting. In the absence of any authoritatively established accounting principles for the specialised aspects related to charitable trusts which do not carry out any commercial activity, these statements have been prepared in accordance with the significant accounting policies as described below.

***(ii) Use of estimates***

The preparation of the financial statements in conformity with the significant accounting policies requires that the Trustees of the Trust ('Trustees') make estimates and assumptions that affect the reported amounts of income and expenditure of the year and reported balances of assets and liabilities. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods. All amounts are stated in Indian rupees, except as otherwise stated.

***(iii) Fixed assets***

Fixed assets are stated at cost of acquisition or construction, less accumulated depreciation. The cost of fixed assets includes the purchase cost of fixed assets and any other directly attributable costs of bringing the assets to their working condition for intended use. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised.

Advances paid towards the acquisition of fixed assets and the cost of assets not put to use as at the balance sheet date are disclosed under capital work-in-progress.

***(iv) Depreciation***

Depreciation on fixed assets has been provided on a straight-line method basis over the estimated useful life as follows:

| **Class of assets** | **Estimated useful life** |
|---|---|
| Buildings | 15 years |
| Kitchen and related equipments | 3 years |
| Office equipments | 3 years |
| Computer equipments | 3 years |
| Furniture and fixtures | 5 years |
| Vehicles | 3 years |
| Distribution vessels | 2 years |

Land is not depreciated. Depreciation on leasehold improvements is provided over the period of the lease or the useful lives of assets, whichever is lower.

Depreciation is charged on a proportionate basis for all assets purchased and sold during the year. [Also refer note no. T (iv)]

***(v) Inventory***

Inventory comprises food grains, provisions and vitamin supplements. Inventory is valued at lower of the cost or net realisable value, with cost determined under the first in first out method. Inventory cost, when received as government grants is determined at the lower of the market price or regulated price.

***(vi) Revenue recognition***

Donation received in cash or in kind is recognised as income when the donation is received, except where the terms and conditions require the donations to be utilised over a certain period. Such donations are recognised rateably over the period of usage.

Donations made with a specific direction that they shall form part of the corpus of the Trust are classified as corpus donations, and are directly reflected as trust fund receipts in the balance sheet.

Government grants related to revenue received in cash or in kind are recognised as income when the obligation associated with the grant is performed and right to receive money is established. The value of grants and donations received in kind is determined based on the lower of market price or regulated price of those goods at the time of receipt.

Income from cultural events is recognised over the period of the related event.

Interest on deployment of funds is recognised using the time-proportion method, based on underlying interest rates.

### *(vii) Income tax*

The Trust is registered under Section 12A of the Income tax Act, 1961 ('the Act'). Under the provisions of the Act, the income of the Trust is exempted from tax, subject to the compliance of specific terms and conditions specified in the Act.

Consequent to the insertion of tax liability on anonymous donations vide Finance Act 2006, the Trust provides for the liability in accordance with the provisions of Section 115 BBC of the Act.

### *(viii) Foreign exchange transactions*

Foreign exchange transactions are recorded at a rate that approximates the exchange rate prevailing at the date of the respective transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in Income and expenditure account of the year. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the exchange rates on that date; the resultant exchange differences are recognized in the income and expenditure account.

### *(ix) Provision and contingencies*

The provision is recognised when, as a result of obligating events, there is a present obligation that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation.

The disclosure of contingent liability is made when, as a result of obligating events, there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

No provision or disclosure is made when, as a result of obligating events, there is a possible obligation or a present obligation where the likelihood of an outflow of resources is remote.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

### *(x) Impairment of assets*

The Trust periodically assesses whether there is any indication that an asset or a group of asset comprising a cash generating unit may be impaired. If any such indication exists, the Trust estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the income and expenditure account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

***(xi) Retirement benefits***

*Provident fund*

All eligible employees receive benefit from provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contribution to the fund, which is equal to a specified percentage of the covered employee's basic salary. The Company has no further obligations under this plan beyond its monthly contributions. Monthly contributions made by the Company are charged to income and expenditure account.

*Gratuity*

Gratuity, which is a defined benefit, is accrued on full liability method based on current salaries.

***(xii) Leases***

Assets acquired under lease where the trust has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalised at the inception of lease at lower of the fair value and present value of minimum lease payments.

Assets acquired under lease where the significant portion of risks and rewards of ownership are retained by the lessor are classified as operating lease. Lease rentals are charged to profit and loss account on accrual basis.