

Independent Auditor's Report

To
The Trustees of Pratham Mumbai Education Initiative

Report on the Audit of Foreign Contribution Financial Statements

Opinion

1. We have audited the accompanying special purpose financial statements of **Pratham Mumbai Education Initiative** ('the Trust'), which comprise the Balance Sheet as at 31 March 2023, Statement of Income and Expenditure, Statement of Receipts and Payments for the year then ended, and a summary of significant accounting policies and other explanatory information (together hereinafter referred to as 'Foreign Contribution Financial Statements'), which have been prepared by the Trust's management in accordance with the basis of accounting specified in Note 1 of Annexure F to the Foreign Contribution Financial Statements, pursuant to the requirement of section 19 of the Foreign Contribution (Regulation) Act, 2010 (as amended) ('Act') read with Rule 17 of the Foreign Contribution (Regulation) Rules, 2011 (as amended) ('Rules').
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Foreign Contribution Financial Statements are prepared, in all material respects, in accordance with the basis of accounting as described in Note 1 of Annexure F to these Foreign Contribution Financial Statements.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('the ICAI'). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Foreign Contribution Financial Statements' section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India ('the ICAI') and we have fulfilled our other 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.

Emphasis of Matter- Basis of accounting and Restriction on distribution or use

4. Without modifying our opinion, we draw attention to note 1 of Annexure F to these Foreign Contribution Financial Statements, which describes the basis of accounting used by the Trust's management for the preparation these financial statements. The accompanying Foreign Contribution Financial Statements has been prepared by the management solely for the purpose of enabling the management to comply with the requirements of Rule 17(5) of the Rules, which requires them to submit this report with the accompanying Foreign Contribution Financial Statements to the Ministry of Home Affairs and therefore, these Foreign Contribution Financial Statements may not be suitable for any other purpose.



Walker Chandio & Co LLP

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 for which or Chartered Accountants to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

5. Our work was performed solely to assist you in meeting your responsibilities in relation to submission of accompanying Foreign Contribution Financial Statements with the Ministry of Home Affairs. The management has also prepared complete set of financial statements for Trust for the purpose of submission with Form 10B of the Income Tax Rules, 1962 and for the purpose of compliance with applicable provisions of The Bombay Public Trust Act, 1950. Our opinion is not modified in respect of this matter.

Responsibilities of Management for the Foreign Contribution Financial Statements

6. The Trust's Management is responsible for the preparation of these Foreign Contribution Financial Statements in accordance with the basis of accounting specified in note 1 of Annexure F to the Foreign Contribution Financial Statements. This responsibility also includes design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation of the Foreign Contribution Financial Statements that are, in all material respects, in accordance with the basis of accounting specified in aforementioned note 1 of Annexure F and are free from material misstatement, whether due to fraud or error.
7. In preparing the Foreign Contribution Financial Statements, 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 management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Foreign Contribution Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the Foreign Contribution 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 Standards on Auditing 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 Foreign Contribution Financial Statements.
9. As part of an audit in accordance with Standards on Auditing, 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 adequate internal financial controls with reference to financial statements 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 management; and



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- 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.
10. We communicate with 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.

Report on Other Legal and Regulatory Requirements

11. As required under Rule 17(5) of the Rules and basis the Foreign Contribution Financial Statements for the year ended 31 March 2022, we report that:
- (i) The brought forward foreign contribution at the beginning of the year ended 31 March 2023 was Rs. 4,35,22,545;
 - (ii) Foreign contribution of Rs. 10,21,94,195 was received by the Trust during the year ended 31 March 2023;
 - (iii) Interest accrued on foreign contribution and other income derived from foreign contribution or interest thereon of Rs. 18,18,101 was received by the Trust during the year ended 31 March 2023;
 - (iv) The balance of unutilised foreign contribution with the Trust as at 31 March 2023 is Rs. 7,35,04,121;
 - (v) The Trust has maintained the accounts of foreign contribution and records relating thereto in the manner specified in Section 19 of the Act read with Rule 17 of the Rules;
 - (vi) The information in the enclosed Balance Sheet and Statement of Receipts and Payments is correct as checked by us; and
 - (vii) The Trust has utilised the foreign contribution received for the purpose it is registered/granted prior permission under the Act.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013


Jyoti Vaish

Partner

Membership No.: 096521

UDIN: 23096521BGYZT5288



Place: Mumbai

Date: 22 September 2023

Name of the Public Trust: Pratham Mumbai Education Initiative
Receipt and Payment Account for the year ended March 31, 2023 (Foreign Contribution)

(All amounts are in ₹, unless otherwise stated)

Registration No.E15454

Receipts	For the year ended 31 March 2023	For the year ended 31 March 2022	Payments	For the year ended 31 March 2023	For the year ended 31 March 2022
<u>Opening balance as on 1 April 2022</u>			Expenditure on objects of the trust and other expenses	7,31,87,825	6,66,53,119
Savings bank	53,03,374	88,58,623	Purchase of assets (Addition)	7,16,435	21,94,714
Fixed deposit with bank	3,82,19,171	2,41,26,457	Security deposit (Additions)	1,26,460	-
	4,35,22,545	3,29,85,080	<u>Closing balance as on 31 March 2023</u>		
Interest received	18,18,101	12,81,804	Cash	28,21,568	53,03,374
Donation received	10,21,94,195	7,79,93,544	Savings bank	7,06,82,553	3,82,19,171
Refund of security deposits / Other advances	-	1,09,950	Fixed deposit with bank	7,35,04,121	4,35,22,545
Total (₹)	14,75,34,841	11,23,70,378	Total (₹)	14,75,34,841	11,23,70,378

Significant Accounting Policies

Annexure F

This is the Receipt and Payment Account referred to in our report of even date.

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

Jyoti

Jyoti Vaish
Partner
Membership No.: 096521

Place: Mumbai
Date: 22 September 2023



For and on behalf of Board of Trustees of
Pratham Mumbai Education Initiative

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Mrs. Farida Lambay
Trustee
Executive Secretary

Place: Mumbai
Date: 22 September 2023

H. Joshi

Mr. Hasit Joshipura
Chairman

Place: Mumbai
Date: 22 September 2023

THE BOMBAY PUBLIC TRUSTS ACT, 1950
SCHEDULE VIII [Vide Rule 17 (1)]

Name of the Public Trust: Pratham Mumbai Education Initiative
Balance Sheet as at 31 March 2023 (Foreign Contribution)

(All amounts are in ₹, unless otherwise stated)

Funds & Liabilities	As at 31 March 2023	As at 31 March 2022	Property and Assets	As at 31 March 2023	As at 31 March 2022
Trust Funds or Corpus			Immovable Properties		
Balance as per last Balance Sheet	2,760	2,760	Balance as per last Balance Sheet	17,09,26,936	18,83,11,563
	2,760	2,760	Additions during the year	-	-
Liabilities :-			Sales/Deletion during the year	-	-
For expenses	27,42,710	18,90,018	Depreciation for the year	(1,77,16,011)	(1,73,84,627)
For sundry credit balances	91,33,169	95,42,028		15,32,10,925	17,09,26,936
	1,18,75,879	1,14,32,046	Furniture and Fixtures :		
Income and Expenditure Account			Balance as per last Balance Sheet	47,33,564	52,67,460
Balance as per last Balance Sheet	25,10,45,366	25,63,28,174	Additions during the year	2,19,837	61,230
Surplus/(Deficit) as per Income & Expenditure account	1,21,75,872	(52,82,808)	Sales/Deletion during the year	(76,255)	(60,484)
Net balance	26,32,21,238	25,10,45,366	Depreciation for the year	(4,76,946)	(5,34,642)
				44,00,200	47,33,564
			Other Fixed Assets (Refer Annexure A)		
			Balance as per last Balance Sheet	95,00,441	96,12,819
			Additions during the year	4,96,598	21,33,484
			Sales/Deletion during the year	(5,367)	(84,990)
			Depreciation for the year	(20,27,039)	(21,60,872)
				79,64,633	95,00,441
			Advances :-		
			To Employees	3,33,597	3,46,129
			To Contractors	-	-
			To Others	3,42,44,741	3,18,74,066
			Tax deducted at source	11,26,400	9,93,980
				3,57,04,738	3,32,14,175
			Income Outstanding		
			Interest	3,15,260	5,82,511
				3,15,260	5,82,511
			Cash and Bank Balances (Refer Annexure B)		
			(a) In Saving account with banks	28,21,568	53,03,374
			(b) In Fixed deposit account with banks	7,06,82,553	3,82,19,171
				7,35,04,121	4,35,22,545
Total (₹)	27,50,99,877	26,24,80,172	Total (₹)	27,50,99,877	26,24,80,172

Significant Accounting Policies

Annexure F

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

For Walker Chandio & Co LLP
Chartered Accountants
Firm's Registration No.: 001076/N/500013

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Jyoti Vaish
Partner
Membership No.: 096521

Place: Mumbai
Date: 22 September 2023



For and on behalf of Board of Trustees of
Pratham Mumbai Education Initiative

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Mrs. Farida Lambay
Trustee
Executive Secretary

Place: Mumbai
Date: 22 September 2023

H. J. Joshi

Mr. H. J. Joshi
Chairman

Place: Mumbai
Date: 22 September 2023

**THE BOMBAY PUBLIC TRUSTS ACT, 1950
SCHEDULE IX [Vide Rule 17 (1)]**

**Name of the Public Trust: Pratham Mumbai Education Initiative
Income and Expenditure Account for the year ending 31 March 2023 (Foreign Contribution)**

(All amounts are in ₹, unless otherwise stated)

		Registration No.E15454			
Expenditure	For the year ended 31 March 2023	For the year ended 31 March 2022	Income	For the year ended 31 March 2023	For the year ended 31 March 2022
To Expenditure in respect of properties :-			By Interest		
Rates, taxes, cesses	4,64,730	5,44,491	On Bank Accounts		
Repairs and maintenance	11,86,902	32,17,322	Fixed deposit with banks	12,95,440	10,84,206
Depreciation (by way of provision or adjustment)	1,77,16,011	1,73,84,627	Bank accounts	2,55,410	4,12,113
Other expenses	1,24,492	-			
	1,94,92,135	2,11,46,440		15,50,850	14,96,319
To Establishment expenses (Refer Annexure C)	93,22,245	65,06,872	By Donation in cash or kind	10,33,67,203	7,93,13,700
To Legal and Professional expenses	7,89,700	12,22,100	By Income from other sources		
To Amount written off	81,622	1,45,474	Liabilities / provisions no longer required	-	1,55,739
To Audit fees (including goods and services tax)	13,45,200	10,62,000	By (Surplus)/Deficit carried over to	(1,21,75,872)	52,82,808
To Depreciation	25,03,985	26,95,514			
To Expenditure on objects of the trust Educational (Refer Annexure D)	5,92,07,294	5,34,70,166			
Total (₹)	9,27,42,181	8,62,48,566	Total (₹)	9,27,42,181	8,62,48,566

Significant Accounting Policies

Annexure F

This is the Income and Expenditure referred to in our report of even date.

For Walker Chandio & Co LLP
Chartered Accountants

Firm's Registration No.: 001076N/N500043

Jyoti

Jyoti Vaish
Partner
Membership No.: 096521

Place: Mumbai
Date: 22 September 2023



For and on behalf of Board of Trustees of
Pratham Mumbai Education Initiative

Farida Lambay

Mrs. Farida Lambay
Trustee
Executive Secretary

Place: Mumbai
Date: 22 September 2023

Hasit Joshipura

Mr. Hasit Joshipura
Chairman

Place: Mumbai
Date: 22 September 2023

Pratham Mumbai Education Initiative

Summary of significant accounting policies and notes to the accounts for the year ended 31 March 2023

(All amounts are in ₹, unless otherwise stated)

Annexure A - Other Fixed Assets (Foreign Contribution)

Particulars	Rate of Depreciation	Opening WDV as on 1 April 2022*	Sales/Deletion during the year	Additions during the year	Total	Depreciation for the year	Closing WDV as on 31 March 2023*
Computers	40%	19,12,191	1,606	4,01,782	23,12,367	8,76,909	14,35,458
Office equipment	15%	67,72,945	3,761	94,816	68,64,000	10,27,834	58,36,166
Vehicle	15%	8,15,305	-	-	8,15,305	1,22,296	6,93,009
Grand Total		95,00,441	5,367	4,96,598	99,91,672	20,27,039	79,64,633

Particulars	Rate of Depreciation	Opening WDV as on 1 April 2021*	Sales/Deletion during the year	Additions during the year	Total	Depreciation for the year	Closing WDV as on 31 March 2022*
Computers	40%	9,13,895	151	18,31,548	27,45,292	8,33,101	19,12,191
Office equipment	15%	77,35,923	81,021	3,01,936	79,56,838	11,83,893	67,72,945
Vehicle	15%	9,63,001	3,818	-	9,59,183	1,43,878	8,15,305
Grand Total		96,12,819	84,990	21,33,484	1,16,61,313	21,60,872	95,00,441

*WDV - Written Down Value

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Pratham Mumbai Education Initiative**Summary of significant accounting policies and notes to the accounts for the year ended 31 March 2023***(All amounts are in ₹, unless otherwise stated)***Annexure B - Cash and bank balances (Foreign Contribution)**

Particulars	As at 31 March 2023	As at 31 March 2022
A. In Saving account with banks		
Savings account balances with ICICI	23,88,619	23,10,092
Savings account balances with SBI	4,32,949	29,93,282
Savings account balances with PNB	-	-
Sub-Total (Savings Accounts)	28,21,568	53,03,374
B. In Fixed deposits with banks		
Fixed deposit with ICICI	2,25,00,000	
Fixed deposit with SBI	4,81,82,553	3,82,19,171
Sub-Total (Fixed deposits)	7,06,82,553	3,82,19,171
Total (₹) (A+B)	7,35,04,121	4,35,22,545

Annexure C - Establishment expenses (administration expenses) (Foreign Contribution)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Salaries and wages	26,40,866	18,73,966
Honorarium and consultancy fees	-	-
Insurance expense	2,15,745	1,38,702
Communication expense	1,58,139	12,446
Training expense	57,676	-
Travel and conveyance expense	85,879	51,686
Printing and stationery expense	34,215	19,585
Software and computer consumables	9,267	11,325
Repair and maintenance	45,75,266	36,58,446
Office expenses	15,45,192	7,40,716
Total (₹)	93,22,245	65,06,872

Annexure D - Expenditure on the objects of the Trust (Educational) (Foreign Contribution)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Salary and wages	3,38,87,156	3,76,20,923
Honorarium and consultancy fees	22,85,637	11,41,800
Insurance expense	6,14,251	5,01,426
Rent expense	18,20,956	16,95,254
Communication expense	2,06,353	1,51,279
Teaching and learning material	24,65,062	24,09,818
Training expense	8,57,509	4,81,776
Travel and conveyance expense	28,29,008	19,86,316
Printing and stationery expense	4,13,758	4,02,111
Software and computer consumables	1,72,416	1,01,453
Repair and maintenance	2,84,713	1,24,236
Office expenses	1,04,04,546	41,13,104
School/Tuition Fees	29,65,929	27,40,670
Total (₹)	5,92,07,294	5,34,70,166



Annexure E - Background of Company

Pratham Mumbai Education Initiative ('the Trust') started its operation on 15 April 1994 and got its registration as a trust under Bombay Trust Act, 1950 on 11 January 1995 vide file number E-15454. The Trust has been granted an exemption under Section 12A of the Income Tax Act, 1961, vide application no. TR/32368. The exemption has been granted with effect from 15.04.1994. Consequently, the aforesaid certificate was renewed w.e.f. 23 September 2021 vide application No. 246649220060821 dated 06.08.2021. The Trust has been registered under the Foreign Contribution (Regulation) Act, 1976 for carrying out activities of educational nature with registration no. 083780624 vide letter no. II/21022/68(15)/98. – FCRA, III dated 20.01.1998. Consequently, the aforesaid certificate was renewed w.e.f. 01 November 2016 vide letter No 0300062652016 for a period of 5 years. It was further renewed w.e.f 1 April 2022 vide letter No. 0300020572021 dated 16 March 2022 in accordance with Section 16 of The Foreign Contribution (Regulation) Act 2010 for the period of another 5 years.

The main object of the Trust is to work towards the universalization of good education primarily in the slums of Mumbai and adjacent areas for all children at least upto the age of fourteen.

Annexure F - Significant Accounting Policies

1. Basis of accounting

The accompanying Foreign Contribution Financial Statements has been prepared by the management solely for the purpose of enabling the management to comply with the requirements of Rule 17(5) of the Rules, which requires them to submit this report with the accompanying Foreign Contribution Financial Statements to the Ministry of Home Affairs and therefore, these Foreign Contribution Financial Statements may not be suitable for any other purpose.

The Foreign Contribution 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 and Technical Guide on Accounting for Not-for-Profit Organisations (NPOs) issued by the Institute of Chartered Accountants of India and the Generally Accepted Accounting Principles ("GAAP") in India. The Trust is complying with the Accounting Standards (AS), applicable to a Level IV 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, 2020. Pursuant to the Exemption/relaxation applicable to a SME, AS 3 - Cash Flow Statement, AS 17 - Segment Reporting, AS 18 - Related Party Disclosures and As-20 Earning Per Share is not applicable to the Trust. Further, certain disclosure requirement in AS 15 (R) - Employee Benefits, AS 19 - Leases and AS 29 - Provisions, Contingent Liabilities and Contingent Assets are also not applicable to the Trust. These are not the statutory financial statements of the Company and therefore, contains disclosures to the extent considered appropriate by the management for the intended use.

2. 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 recognized 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.

3. Fixed assets and depreciation

Tangible fixed assets are stated at written down values i.e. cost of acquisition less accumulated depreciation. Cost of acquisition of fixed assets includes all direct expenses relating to acquisition and installation/erection of the assets. Depreciation is calculated using written down value method, at base rates specified in New Appendix 1 to the Income Tax Rules, 1962. Depreciation are charged for the whole of the accounting year if the asset is put to use for a period of 180 days or more and at half the rates prescribed if the asset is put to use for a period less than 180 days. However, if in the assessment of the Trust an accelerated depreciation is justified, having regard to the nature of the assets and its estimated balance useful life, an appropriate higher rate is applied. No depreciation is charged in the year of

4. Recognition of grants and donations

Corpus fund

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

Restricted funds

The Trust receives funds which are restricted/specific 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 and further in the Balance Sheet. The income earned on the unutilized amount out of such funds is credited to the respective fund or the income and Expenditure Account as per the terms of agreement executed with respective donors.



Pratham Mumbai Education Initiative

Summary of significant accounting policy and notes to the financial statements for the year ended 31 March 2023

Unrestricted funds

The Trust also receives donations from foreign and domestic sources. These are recognised as income at the time of receipt. The excess of income over expenditure during the year, being general purpose in nature is carried forward for use in future periods and is presented as General Fund in the Balance Sheet.

5. Employee Benefits

Defined Contribution Plans

Provident fund benefit is a defined contribution plan under which the Trust pays fixed contribution into funds established under Employees Provident Fund and Miscellaneous Provisions Act, 1952. The Trust has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognised in respect of defined contribution plans are expensed as they accrue. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets, respectively, as they are normally of a short term nature. The Trust's contributions paid/payable under the scheme is recognized as an expense in the Income and Expenditure Account during the year in which the employee renders the related

Post-retirement contribution plans such as Employees' Pension Scheme, Labour Welfare Fund, Employee State Insurance Corporation (ESIC) are charged to the profit or loss for the year when the contributions to the respective funds accrue. The Trust does not have any obligation other than the contribution made.

Short term benefits

All employee benefits payable / available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognized in the Income and Expenditure Account in the period in which the employee renders the related service.

Defined Benefit Plan - Gratuity (Funded) :

The Trust provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The vesting period is 5 years from an eligible employee's date of joining. The Trust's liability is actuarially determined (using the Projected Unit Credit method) at the end of each period. Actuarial losses/ gains are recognised in the Income and Expenditure Account in the period in which they arise. The Trust funds its gratuity with the insurer and difference between plan assets and present value of obligations as at balance sheet date is recognized in financial statements.

Compensated absences (Unfunded)

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the period end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the period are treated as other long term employee benefits. The Trust's liability is actuarially determined (using the Projected Unit Credit method) at the end of each period. Actuarial losses/ gains are recognised in the Income and Expenditure Account in the period in which they arise.

6. Foreign currency transactions and translations

Foreign currency receipts on account of donations and grants are translated at spot rates prevailing at the time of receipt into the designated accounts of the Trust. Foreign currency expenditure is recorded using the spot rates prevailing on the date of transaction as per Foreign Inward Remittance Certificate (FIRC) document.

Foreign currency monetary items of the Trust, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Trust are carried at historical cost.

Exchange differences arising on settlement/restatement of short-term foreign currency monetary assets and liabilities of the Trust are recognised as income or expense in the Statement of Income and Expenditure.

7. Income Tax

The Trust is registered as a charitable trust under section 12AA of the Income Tax Act, 1961, which entitles it to full exemption from income tax provided certain conditions laid down in that Act are complied with. Provision for income tax would be made only in the year in which the Trust is uncertain of being able to fulfil these conditions.

8. Other Receipts

Other receipts include the reimbursement of expenses incurred by the Trust on various programmes which are recognised on receipt on grounds of prudence.

Interest income is recognised on a time proportion basis taking into account the outstanding amount and applicable rate.



Pratham Mumbai Education Initiative

Summary of significant accounting policy and notes to the financial statements for the year ended 31 March 2023

9. Cash and bank balances

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

10. 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.

11. 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.

Financial 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.

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Jyoti

Jyoti Vaish

Partner

Membership No.: 096521



Place: Mumbai

Date: 22 September 2023

For and on behalf of **Board of Trustees of**

Pratham Mumbai Education Initiative

Farida Lambay

Mrs. Farida Lambay

Trustee

Executive Secretary

Place: Mumbai

Date: 22 September 2023

Hasit Joshipura

Mr. Hasit Joshipura

Chairman

Place: Mumbai

Date: 22 September 2023

