

# MRIDUL KRISHNA & CO. CHARTERED ACCOUNTANTS



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## ACCOUNTING POLICIES & NOTES TO ACCOUNTS:

### A. Significant Accounting Policies

- 1. Historical Cost Basis:** The books of accounts for LOKMITRA have been prepared on a historical cost basis, following the accrual basis of accounting.
- 2. Books of Account:** The books of account are computerized using the 'Tally ERP 9' Accounting Software. The accounts of all the project form part of the organization's overall books of account but separate ledger accounts have been maintained exclusively for all the project.
- 3. Grants:** The grant received from donor agencies are for revenue as well as capital expenditure. The actual money spent on purchase of assets has been treated as utilized and reduced from grants and transferred to Reserve Fund as reduced by the depreciation charged on the assets for the year.
- 4. Interest:** The interest credited to the programme has been computed on the basis of savings bank interest rate of 4% on the lowest balance in the programme fund account for each month during the reporting period.
- 5. Income tax Deducted at Source:** Any income tax deducted at source has been included as part of the expense on which the income tax has been deducted and deposited with the government.
- 6. Fixed Assets** have been stated at cost less depreciation. These assets at the end of respective projects may be required back by the respective Donor Agencies.
7. There is no liability contingent or otherwise, other than what has been stated in the accounts or notes.
8. General Fund Reserve has been created out of Income generated from hiring of organization own assets and services of manpower resources as well as interest earned on surplus generated in the organization. This is used to meet contingent expenses for purchase of unbudgeted assets or expenditure for the Society in general.
9. The society receives and utilizes grants from various donor agencies as per the terms of contracts with the donor agencies. This is money held and kept as funds in trust and to be administered and utilized in accordance with the plans and budgets agreed upon by the donor agencies within specified period. Any unutilized portion after the project period is liable to be refunded back to the respective donor agencies. The grants to the extent not expended as per donors mandate till end of the year is accounted as liability and the money utilized is accounted as expense.



**B. Notes to Accounts:**

**1. Legal Compliances:** Lokmitra is registered:

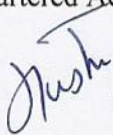
i. as a Society under the Societies Registration Act 1860 vide registration no.2457/1997-98 dated 09-01-1998 issued by the Registrar of Societies, Uttar Pradesh, Lucknow and this registration continues to be valid.

ii. u/s 12A of the Income tax Act 1961 vide registration no.117/98-99 dated 11.01.1999 and this registration continues to be valid as at the close of the reporting period.

iii. Under the Foreign Contribution (Regulation) Act 1976 vide registration No.136670019 **dated 30-7-2001** and having approved designated bank account no. 00520100005626 S.B. with Bank of Baroda, Katchery Road, Raebareli – 229 001 and both these approvals continue to be valid as at the close of the reporting period. The bank account is in the name of the organization.

**2. Internal Check and Internal Control:** The organization has a system of internal check and internal control in place, whereby it is ensured by it that expenditures relating to the projects are properly identified for the purposes, duly approved and within the local context the expenditure is reasonable and the said expenditure is not accounted for under any other programme/project by the organization.

For Mridul Krishna & Co.  
Chartered Accountants

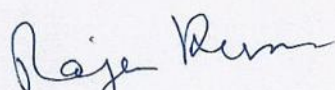
  
(CA. Mridul Krishna)  
Partner

Date: 14-09-2013

Place: Lucknow



For Lokmitra

  
(Rajesh Kumar)  
(Secretary)