

**PHALTAN EDUCATION SOCIETY's
College of Engineering Polytechnic**

**Financial statements for the year
ended 31 March 2025 together with
the Independent Auditors' Report**

Independent Auditors' Report

To the Management of

Phaltan Education Society's College of Engineering Polytechnic

Opinion

We have audited the accompanying financial statements of the College of Engineering Polytechnic (Unit) which is a Unit of the Phaltan Education Society ("the Trust") which comprise the Balance Sheet as at 31 March 2025, the Income and Expenditure Account and a summary of significant accounting policies and other explanatory information which are in agreement with the books of accounts maintained by the unit.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. in the case of the Balance Sheet, of the state of affairs of the unit as at 31 March 2025;
- ii. in the case of the Income and Expenditure Account of the deficit for the year ended on that date

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs"). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the unit and the trust in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the Financial Statements

The Management of the Unit is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Unit in accordance with the Accounting Standards as prescribed by the Institute of Chartered Accountants of India. This responsibility includes the design, implementation and maintenance of internal control 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.



Phaltan Education Society's College of Engineering Polytechnic
Independent Auditors' Report (continued)

Auditor's responsibilities for the audit of Financial Statements

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 auditors' 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.

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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Unit'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 auditors' report. However, future events or conditions may cause the Unit 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.



**Phaltan Education Society's College of Engineering Polytechnic
Independent Auditors' Report (continued)**

Auditor's responsibilities for the audit of Financial Statements (continued)

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**For ANRK & Associates LLP
Chartered Accountants
Firm Registration Number: W-100001**

**Atul Bhate
Partner
Place: Pune
Membership Number: 046333
Date: 21 August 2025
UDIN: 25046333BMIPUT7827**



Phaltan Education Society's College of Engineering Polytechnic
Phaltan, District- Satara
Balance Sheet as at 31 March 2025

Particulars	Note	31 March 2025	31 March 2024
FUNDS AND LIABILITIES			
Trust and corpus fund		-	-
Earmarked funds	3	1,09,10,799	92,68,022
		<u>1,09,10,799</u>	<u>92,68,022</u>
Non-current liabilities			
Other non-current liabilities	4	9,92,44,926	8,52,66,397
		<u>9,92,44,926</u>	<u>8,52,66,397</u>
Current liabilities			
Payables	5	32,98,598	34,21,388
Short-term provisions	6	-	8,06,345
Other current liabilities	7	4,66,907	3,51,884
		<u>37,65,505</u>	<u>45,79,617</u>
Total		<u><u>11,39,21,230</u></u>	<u><u>9,91,14,036</u></u>
ASSETS			
Non-current assets			
Property, plant and equipment and intangible assets			
Property, plant and equipment	8(a)	2,46,70,597	1,69,75,081
Intangible assets	8(b)	10,25,200	-
Non-current investments	9	38,90,812	27,93,576
Long term loans and advances	10	9,63,549	-
Income and expenditure account	11	6,77,47,862	4,88,20,706
		<u>9,82,98,020</u>	<u>6,85,89,363</u>
Current assets			
Short term loans and advances	12	2,52,207	4,64,540
Receivables	13	1,12,44,232	2,67,08,546
Cash and bank balances	14	41,26,771	33,51,587
		<u>1,56,23,210</u>	<u>3,05,24,673</u>
Total		<u><u>11,39,21,230</u></u>	<u><u>9,91,14,036</u></u>

Summary of significant accounting policies 1-2
Notes to the financial statements 3-19

The accompanying notes are an integral part of the financial statements
Subject to our separate report of even date

For ANRK & Associates LLP
Chartered Accountants
Firm Registration Number : W-100001

For Phaltan Education Society's
College of Engineering Polytechnic

Atul Bhate
Partner
Membership Number: 046333
Date: 21 August 2025
Place: Pune
UDIN: 25046333BMIPUT7827



Principal

Date: 21 August 2025
Place: Phaltan

Phaltan Education Society's College of Engineering Polytechnic
Phaltan, District- Satara
Notes to the financial statements for the year ended 31 March 2025

Particulars	Note	31 March 2025	31 March 2024
Revenue from operations	15	1,92,48,124	2,79,62,257
Other income	16	2,42,694	2,18,684
Total income		1,94,90,818	2,81,80,941
Expenses			
Employee benefits expense	17	3,08,69,229	2,26,12,461
Depreciation and amortisation	18	16,42,777	8,56,339
Other expenses	19	59,05,968	55,68,002
Total expenses		3,84,17,974	2,90,36,802
Deficit for the year		(1,89,27,156)	(8,55,861)

Summary of significant accounting policies	1-2
Notes to the financial statements	3-19

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Subject to our separate report of even date

For ANRK & Associates LLP
Chartered Accountants
Firm Registration Number : W-100001

For Phaltan Education Society's
College of Engineering Polytechnic

Atul Bhate
Partner
Membership Number: 046333
Date: 21 August 2025
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Principal

Date: 21 August 2025
Place: Phaltan

Phaltan Education Society's College of Engineering Polytechnic
Phaltan, District- Satara
Notes to the financial statements for the year ended 31 March 2025

31 March 2025 31 March 2024

3 Earmarked funds

Depreciation fund

Balance as at beginning of the year	92,68,022	84,11,683
Add: Depreciation for the year	15,40,257	8,56,339
Balance as at end of the year	1,08,08,279	92,68,022

Amortisation Fund

Balance as at beginning of the year	-	-
Add: Amortisation for the year	1,02,520	-
Balance as at end of the year	1,02,520	-
	1,09,10,799	92,68,022

4 Other non-current liabilities

Inter unit advances accepted

Phaltan Education Society (Head office)	9,92,28,771	8,36,41,221
College of Engineering	-	16,09,021
PES Production Unit	16,155	16,155
	9,92,44,926	8,52,66,397

5 Payables

Total outstanding dues of micro, small and medium enterprises	-	-
Total outstanding dues of creditors other than micro, small and medium enterprises	32,98,598	34,21,388
	32,98,598	34,21,388

Disclosure relating to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 based on the information available with the trust :

Particulars	31 March 2025	31 March 2024
(a) The Principal amount and the interest due thereon remaining unpaid to any supplier as below		
- Principal amount due to micro and small enterprises	-	-
- Interest due on above balance	-	-
(b) The amount of interest paid by the buyer in terms of section 16 of the Micro and Small Enterprises Development Act, 2006, along with the amounts of the payments made to supplier beyond the appointed day during the period.	-	-
(c) 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 Micro and Small Enterprise Development Act, 2006.	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
(e) 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 of Micro and Small Enterprises Developments Act, 2006.	-	-

6 Short-term provisions

Provision for employee benefits	-	8,06,345
Provision for gratuity	-	8,06,345

7 Other current liabilities

Statutory dues		
Income tax payable	24,736	20,487
Profession tax payable	10,000	8,387
Provident fund payable	2,14,950	2,01,150
Other current liabilities		
MSBTE	2,17,221	1,21,860



Phaltan Education Society's College of Engineering Polytechnic
Phaltan, District- Satara
Notes to the financial statements for the year ended 31 March 2025

8 Property, plant and equipment and intangible assets

(a) Property, plant and equipment

Particulars	Office equipments	Furniture and fixtures	Computer	Library books	Sport equipments	Laboratory equipments	Total
Balance as at 1 April 2023	18,43,000	11,56,059	49,08,390	18,30,084	-	53,31,094	1,50,68,627
Additions	-	1,67,500	14,38,400	3,00,554	-	-	19,06,454
Deletions	-	-	-	-	-	-	-
Balance as at 31 March 2024	18,43,000	13,23,559	63,46,790	21,30,638	-	53,31,094	1,69,75,081
Balance as at 1 April 2024	18,43,000	13,23,559	63,46,790	21,30,638	-	53,31,094	1,69,75,081
Additions	-	6,30,815	17,63,945	3,11,065	1,09,961	48,79,730	76,95,516
Deletions	-	-	-	-	-	-	-
Balance as at 31 March 2025	18,43,000	19,54,374	81,10,735	24,41,703	1,09,961	1,02,10,824	2,46,70,597

(b) Intangible assets

Particulars	Computer softwares	Total
Balance as at 1 April 2023	-	-
Additions	-	-
Disposals	-	-
Balance as at 31 March 2024	-	-
Balance as at 1 April 2024	-	-
Additions	10,25,200	10,25,200
Disposals	-	-
Balance as at 31 March 2025	10,25,200	10,25,200



Phaltan Education Society's College of Engineering Polytechnic
Phaltan, District- Satara
Notes to the financial statements for the year ended 31 March 2025

	31 March 2025	31 March 2024
9 Non-current investments		
Investments in fixed deposits		
Fixed deposit with State Bank of India : 33026587992	6,56,120	6,56,120
Fixed deposit with State Bank of India : 42097154310	3,00,000	3,00,000
Fixed deposit with State Bank of India : 42097166857	3,00,000	3,00,000
Fixed deposit with State Bank of India : 42148439210	1,50,000	1,50,000
Fixed deposit with State Bank of India : 43404155141	3,00,000	-
Fixed deposit with State Bank of India : 43404153915	3,00,000	-
Fixed deposit with State Bank of India : 43404152457	3,00,000	-
Fixed deposit with State Bank of India : 33020765881	6,00,000	6,00,000
Interest accrued on fixed deposit	9,84,692	7,87,456
	38,90,812	27,93,576
10 Long term loans and advances (unsecured and considered good, unless otherwise stated)		
Inter unit advances granted		
College of Engineering	9,63,549	-
	9,63,549	-
11 Income and expenditure account		
Balance as at beginning of the year	4,88,20,706	4,79,64,845
Add: Deficit for the year	1,89,27,156	8,55,861
Balance as at end of the year	6,77,47,862	4,88,20,706
12 Short term loans and advances		
Advance to employees	2,51,707	4,64,040
Professional tax recoverable	500	500
	2,52,207	4,64,540
13 Receivables		
Trade receivables	1,12,44,232	2,67,08,546
	1,12,44,232	2,67,08,546
14 Cash and bank balances		
Cash in hand	45	22,060
Bank balances		
On current accounts		
Shrimant Malojiraje Sahakari Bank : 816001021000532	7,00,554	17,82,598
ICICI Bank : 645201050652	34,26,172	15,46,929
	41,26,771	33,51,587



Phaltan Education Society's College of Engineering Polytechnic
Phaltan, District- Satara
Notes to the financial statements for the year ended 31 March 2025

	31 March 2025	31 March 2024
15 Revenue from operations		
Fees from rendering of services		
Tuition fees	71,72,073	82,72,264
Development Fee	33,18,491	-
Exam fee	92,860	9,00,520
Other fee	9,255	13,200
Scholarship		
EBC grant	86,55,445	1,87,76,273
	1,92,48,124	2,79,62,257
16 Other income		
Interest income	2,42,694	1,77,539
Miscellaneous income	-	41,145
	2,42,694	2,18,684
17 Employee benefits expense		
Teaching staff :		
Salaries, wages, bonus and other allowances		
Basic salary	2,32,03,784	1,59,84,649
Contribution to provident and other funds	7,29,900	5,38,650
Non-Teaching staff :		
Salaries, wages, bonus and other allowances		
Basic salary	64,99,945	56,16,508
Contribution to provident and other funds	4,35,600	3,79,800
Staff welfare expenses	-	92,854
	3,08,69,229	2,26,12,461
18 Depreciation and amortisation		
Depreciation on property, plant and equipment	15,40,257	8,56,339
Amortisation expense	1,02,520	-
	16,42,777	8,56,339
19 Other expenses		
Student welfare expenses	22,78,038	18,91,079
Office and administration expenses	9,90,999	12,00,112
Printing and stationery	7,00,948	5,72,948
Repairs and maintenance	9,05,750	9,42,612
Rates and taxes	2,05,465	4,18,900
Travel and conveyance	2,51,471	1,45,931
Advertisement	2,08,425	38,131
Audit fee	60,000	50,200
Legal and professional fees	23,190	13,320
Electricity expenses	62,291	-
Land and building rent	-	61,850
Honorarium expenses	2,15,161	51,033
Miscellaneous expenses	4,230	1,81,886
	59,05,968	55,68,002



**Phaltan Education Society's
College of Engineering Polytechnic
Phaltan, District- Satara**

**Receipt and Payment Account
For the year ended 31 March 2025**

Receipts	Sch	Amount Rs	Payments	Sch	Amount Rs
Opening balance	A	33,51,587	Employee benefits expense	F	3,08,69,229
Fees from rendering of services	B	1,05,92,679	Advertisement expenses	-	2,08,425
Scholarship	-	86,55,445	Honorarium expenses	-	2,15,161
Bank interest	C	2,42,694	Audit fee	-	60,000
Inter-unit advance accepted	D	3,49,76,261	Travel and conveyance	-	2,51,471
Indirect receipts	E	8,57,40,365	Electricity expenses	-	62,291
			Office and administration expenses	G	9,90,999
			Printing and stationery expenses	H	7,00,948
			Repairs and maintenance	I	9,05,750
			Student welfare expenses	J	22,78,038
			Legal and professional fees	K	23,190
			Miscellaneous expenses	-	4,230
			Rates and taxes	L	2,05,465
			Purchase of fixed assets	M	87,20,716
			Inter unit advance granted/repaid	N	2,19,61,281
			Indirect payments	O	7,19,75,066
			Closing balance	P	41,26,771
Total		14,35,59,031	Total		14,35,59,031

Subject to our separate report of even date
Summary of significant accounting policies

For ANRK & Associates LLP
Chartered Accountants
Firm Registration Number : W-100001

Atul Bhate
Partner
Membership Number: 046333
Date: 21 August 2025
Place: Pune



For Phaltan Education Society's
College of Engineering Polytechnic

Principal
Date: 21 August 2025

**Phaltan Education Society's
College of Engineering Polytechnic**

Schedules to the Receipt and Payment Account for the year ended on 31 March 2025

Schedule A : Cash and bank balances

	Opening Amount Rs.	Closing Amount Rs.
Cash in hand	22,060	45
Shrimant Malojiraje Co-operative Bank : 816001021000532	17,82,598	7,00,554
ICICI Bank : 645201050652	15,46,929	34,26,172
Total	33,51,587	41,26,771

Schedule B : Fees from rendering of services

	Amount Rs.
Tuition fees	1,04,90,564
Examination fee	92,860
Leaving certificate fee	9,200
Other fee	55
Total	1,05,92,679

Schedule C : Bank interest

Bank interest on saving account	23,540
Interest on fixed deposits	2,19,154
Total	2,42,694

Schedule D: Inter unit advance accepted

Phaltan Education Society (Head office)	1,56,09,468
College of Engineering	1,92,02,493
Shrimant Shivajiraje English Medium School	1,64,300
Total	3,49,76,261

Schedule E: Indirect receipts and payments

	Indirect receipts	Indirect payments
MSBTE exam remuneration	95,361	-
Statutory dues payable	17,51,766	17,32,104
Trade payable	92,17,599	93,39,389
Trade receivables	7,46,75,639	5,89,99,992
Investment	-	10,97,236
Gratuity		8,06,345
Total	8,57,40,365	7,19,75,066

Schedule F : Employee benefits expense

	Amount Rs.
Teaching Staff	
Salary expenses	2,32,03,784
Provident fund employer contribution	6,39,000
Provident fund admin charges	90,900
	2,39,33,684
Non teaching Staff	
Salary expenses	64,99,945
Provident fund	4,35,600
	69,35,545
Total	3,08,69,229



**Phaltan Education Society's
College of Engineering Polytechnic**

Schedules to the Receipt and Payment Account for the year ended on 31 March 2025

Schedule G : Office and administration expenses

Cheque Book Charges	1,062
Conference Exp	41,000
Faculty Development Program	3,73,176
Guest Expenses	5,886
Internet expenses	98,999
Meeting Expenses	8,539
NBA Expenses	2,32,524
News Paper and Periodicals	8,534
Office Expenses	1,24,227
Postage Expenses	687
Research Activity Faculty	1,825
Sanitation Expenses	1,700
Staff Insurance	92,840
Total	9,90,999

Schedule H : Printing and stationery expenses

Stationary Expenses	4,52,586
Printing Expenses	2,48,362
Total	7,00,948

Schedule I : Repairs and maintenance

Building Repairing & Maintaince	3,53,803
Gardening Expenses	1,85,964
Repairing & Maintaince	3,65,983
Total	9,05,750

Schedule J : Student welfare expenses

Enrollment Fee	90,780
Exam Expenses	1,00,880
I Cards	15,300
Incubation Centre	35,400
Industrial Visit Expense	15,000
Kurushetra Expenses	1,362
NSS	500
Research Activity Student	31,875
Software expenses	40,000
Student Development Program	4,91,954
Student Hostel Fee	1,51,000
Students Transportation	3,45,016
Student Training Program	3,37,754
Training & Placement	3,420
Uniform Expenses	8,400
Visiting Faculty	2,91,961
Workshop Consumable	1,67,593
Youth Festival	1,49,843
Total	22,78,038



**Phaltan Education Society's
College of Engineering Polytechnic**

Schedules to the Receipt and Payment Account for the year ended on 31 March 2025

Amount Rs.

Schedule K : Legal and professional fee

EPF Consultancy	10,940
Profession Fee	12,250
Total	23,190

Schedule L : Rates and taxes

Affiliation and Extention Fee	1,17,380
Fee Fixation Committee Fee	70,055
Pro - Reta Fee	18,030
Total	2,05,465

Schedule M: Purchase of fixed assets

Office equipment	-
Furniture and Fixtures	6,30,815
Computer	17,63,945
Library books	3,11,065
Sport equipments	1,09,961
Laboratory equipments	48,79,730
Intangible Asset	10,25,200
Total	87,20,716

Schedule N: Inter unit advance granted repaid

College Of engineering degree	2,17,75,063
Phaltan education society	21,918
Shreemant Shivajiraje English Medium School	1,64,300
	2,19,61,281



Overview

Phaltan Education Society ("PES or Trust") is a public trust incorporated under the Bombay Public Trust Act, 1950. The trust formed in the year 1953 and its registered office is situated in Phaltan- District Satara in the State of Maharashtra.

The trust primarily is formed for providing basic education and operates around 75 schools and colleges in and nearby Phaltan. The individual schools, colleges and institutions are referred as 'Units'. College of Engineering Polytechnic is a unit formed under the Trust for providing education in the field of educational services.

1. Significant accounting policies

Basis for preparation of financial statements

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ('GAAP') under the historical cost convention on accrual basis. GAAP comprises mandatory accounting standards notified and issued by the Institute of Chartered Accountants of India (ICAI) and other authoritative pronouncements. The financial statements are presented in Indian rupees and rounded off to the nearest rupee

The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year.

Use of estimates

The preparation of financial statements requires the management of the Trust and the Unit to make judgments, estimates and assumptions that affects the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenditure during the year. Actual results could differ from estimates. Differences between actual results and estimates are recognized in the year in which the results are known / materialized.

1.1 Revenue recognition

Grants- The trust and the respective units receive various grants from the Government for salaries and specific projects.

Revenue grants are credited to the Income and Expenditure Account as and when the right to receive grant is established.

Capital grants to the extent utilized are classified as Corpus. Unutilized capital grants are classified as other liabilities. Capital grants received for specific purposes are classified under Other Earmarked Funds.

Interest income is recognized on time proportion basis.



1.2 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of that asset. All other borrowing costs are charged to the Income and Expenditure Account.

1.3 Fixed assets

Fixed assets are carried at cost of acquisition or construction less accumulated impairment loss, if any. The cost of an item of fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. Fixed assets under construction are disclosed as capital work-in-progress.

1.4 Depreciation

Depreciation on fixed assets is provided for on the written down value method at the rates mentioned below:

Type of asset	Rate
Buildings	10%
Furniture and fixtures, Equipment's and other assets	10%
Computers and books	10%

1.5 Impairment of fixed assets

The management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. Impairment loss is recognized when the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use.

Intangible assets which are not yet available for use are tested for impairment annually. Other fixed assets are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exists and for intangible assets mandatorily tested annually for impairment, the asset's recoverable amount is estimated.



1.6 Investments

All investments of the Unit are long term in nature. Long term investments are stated at cost less provision for diminution, other than temporary, in the value of such investments.

Profit or loss on sale of investments is determined on the basis of weighted average carrying amount of investments disposed.

1.7 Employee benefits

i) Post-employment benefit plans

Defined benefit plan

In the case of other employees, the management has estimated the gratuity provision required and classified it as a defined benefit plan and necessary provisions are made in the financial statements.

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Unit makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The contribution is recognized as an expense in the Income and Expenditure Account during the period in which the employee renders the related service.

1.8 Accounting for taxes on income

The trust is exempt from paying Income Tax under section 11 of the Indian Income Tax Act, 1961 resulting in the unit also being exempt from paying tax. Accordingly no provisions for income tax and deferred tax are considered necessary.

1.9 Provisions, Contingent liabilities and Contingent assets

The Unit recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

No provision is recognized for –

- (a) Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- (b) Present obligations that arise from past events but are not recognized because-
 - 1) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - 2) A reliable estimate of the amount of obligation cannot be made.



Such obligations are recorded as Contingent liabilities. These are assessed continually and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

2. Other notes to the financial statements

Certain balance confirmations of inter unit balances were not available till the date of this report. The management is of the opinion that there would not be any material differences in the balances.

