



# SHARP & TANNAN

Chartered Accountants

Firm's Registration No. 003792S

## INDEPENDENT AUDITOR'S REPORT

To the members of  
Centre for Internet and Society

### Report on the audit of the financial statements

#### Qualified Opinion

We have audited the accompanying financial statements of Centre for Internet and Society ("the Society"), which comprise the Balance Sheet as at 31 March 2020, the Receipts & Payments account and Income & Expenditure account for the year ended 31 March 2020 and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effect of the matters described in Basis for Qualified Opinion section of our report*, the aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

1. In the case of Balance Sheet, of the state of affairs of the Society as at 31 March 2020;
2. In the case of Receipts & Payments account, of the receipts and payments for the year ended 31 March 2020; and
3. In the case of Income and Expenditure account, of the excess of expenditure over income for the year ended 31 March 2020.

#### Basis for Qualified Opinion

1. *We draw reference to Note 9(a) accompanying the financial statements, wherein the Society has explained about the misappropriation of funds in the earlier years and the consequent judiciary proceedings initiated against the ex-employee alleged of the misappropriation. In view of the ongoing judicial proceedings, we are unable to comment on the adjustments required, if any, which could be determined only on completion of the judicial proceedings.*
2. *'Other advances' grouped under Note 5 'Loans and Advances' includes Rs. 114,498/- advances recoverable from M/s. Discover Your World, which is outstanding for more than 3 years and not confirmed by the party. In our opinion, the advance is doubtful of recovery and needs to be written off in the books of account.*

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

**Emphasis of matter**

1. We draw reference to Note 2(c), which states that the balance of undisbursed funds as at 31 March 2020 amounting to Rs. 3,14,77,084/- (net of excess applied amounting to Rs. 28,16,805/-) is subject to confirmation by the donors. We also draw reference to Note 2(d) which states that the excess applied amounting to Rs. 28,16,805/- represents cases wherein the expenditure incurred by the Society towards specific projects have exceeded the grant received upto 31 March 2020 against the respective projects.
2. We draw reference to Note 2(e), which states that the Society has recognized expenditure spent in excess of the specific grant amount aggregating to Rs. 10,07,913/- (1 projects) as expenditure in 'Income and Expenditure account'.
3. We draw reference to Note 2(f), which states that the funds received from Facebook India Online Services Pvt Ltd and Google India Pvt Ltd are accounted based on 'fund accounting system' even though a formal document describing the substance of the understanding with the donor is not available for the reasons mentioned in the Note.
4. We draw reference to Note 6 (a), which states that 'advance recoverable suspense' of Rs. 14,63,998/- represents the amounts suspected to have been misappropriated by one of its employees who was in charge of finance and accounting function during the FYs 2013-14 and 2014-15. The Society is confident of recovering the entire amount in view of the legal proceedings initiated against the party.

Our Opinion on the financial statements is not modified in respect of the above matters.

**Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair representation of these financial statements that give a true and fair view of the state of affairs, the receipts & payments and the income and expenditure account of the Society in accordance with the accounting principles generally accepted in 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 financial misstatements, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

**Auditor's responsibility for the audit of the financial statements**

Our objective is 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 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 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.
- 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.
- 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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 report. However, future events or conditions may cause the Society to cease to continue as a going concern.



# SHARP & TANNAN

LETTER No. : \_\_\_\_\_

SHEET No. : \_\_\_\_\_

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

**Restriction on use:**

This report has been prepared solely for the members of the Society for the purpose of adoption of the financial statements of the Society and for submission to the Registrar of Societies in terms of Section 13 of Karnataka Societies Registration Act, 1960 and therefore should not be relied upon for any other purpose or by any other party. Accordingly, Sharp & Tannan, Chennai will not accept responsibility or liability to any third parties. Prior written consent form Sharp & Tannan, Chennai should be obtained for making this report or part thereof available to third parties.

for **SHARP & TANNAN**  
Chartered Accountants  
Firm's Registration No.003792S



D. Vinod Kumar  
Partner

Date: 15 December 2020  
Place: Chennai

Membership No.224549  
UDIN: 20224549AAAAHH3759

**The Centre for Internet & Society**  
**Balance Sheet**

Particulars	Note	As at March 31, 2020 Amount (Rs.)	As at March 31, 2019 Amount (Rs.)
<b>FUNDS AND LIABILITIES</b>			
<b>I. Capital and Other Funds</b>			
i) General Fund	1(A)	65,18,802	65,62,338
ii) Balance in Undisbursed Funds	2	3,14,77,084	1,79,81,888
iii) Capital Funds used for purchase of Fixed Assets	1(B)	66,98,941	55,12,265
		4,46,94,827	3,00,56,491
<b>II. Liabilities</b>			
Other Current Liabilities	3	4,92,316	1,18,946
		4,51,87,143	3,01,75,437
<b>ASSETS</b>			
i) Fixed Assets	1(B)	66,98,941	55,12,265
		66,98,941	55,12,265
ii) Cash and Bank Balances	4	3,39,37,480	1,91,75,121
iii) Loans and Advances	5	30,86,724	40,24,053
iv) Advance Recoverable Suspense	6	14,63,998	14,63,998
		3,84,88,202	2,46,63,172
		4,51,87,143	3,01,75,437

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

**for Sharp & Tannan**  
Chartered Accountants  
(Firm's Registration No. 003792S)



**D. Vinod Kumar**  
Partner  
Membership No. 224549

Place: Chennai  
Date: 15 Dec 2020

for and on behalf of the Board of Trustees



**Amber Sinha**  
Executive Director

Place: New Delhi  
Date: 09.12.2020



**Vibodh Parthasarathi**  
Board Member  
and Nominee

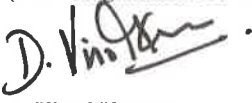
Place: New Delhi  
Date: 09.12.2020

**The Centre for Internet & Society**  
**Income and Expenditure Account**

Particulars	Note	2019-20 Amount (Rs.)	2018-19 Amount (Rs.)
<b>Income</b>			
i) General Donations		10,500	43,500
ii) Other Income		1,00,000	-
iv) Interest Income		22,609	23,200
v) Unspent specific grant	2(e)	-	48,472
vi) Membership Fees/Registration Fees		700	900
viii) Untied Project receipts	7	18,79,094	3,21,938
viii) Interest on Income Tax Refund		-	4,991
ix) Reversal of excess provision for income tax		-	2,51,409
		20,12,903	6,94,410
		20,12,903	6,94,410
<b>Expenditure</b>			
i) Untied Project Expenses	8	9,85,702	6,12,406
iii) Bank Charges		1,575	5,989
iv) General Administration		61,249	2,66,013
v) Excess expenditure over specific funds	2(e)	10,07,913	13,15,084
vi) Advances written off		-	267
vii) Income tax expense		-	3,35,207
ix) ROS Renewal Charges		-	39,100
		20,56,439	25,74,066
		20,56,439	25,74,066
<b>Excess of Income over expenditure / (Expenditure over Income)</b>		(43,536)	(18,79,656)


As per our report of even date attached

**for Sharp & Tannan**  
Chartered Accountants  
(Firm's Registration No. 003792S)


  
**D. Vinod Kumar**  
Partner  
Membership No. 224549

Place: *Chennai*  
Date: *15 Dec 2020*

for and on behalf of the Board

  
**Amber Sinha**  
Executive Director

Place: New Delhi  
Date: 09.12.2020

  
**Vibodh Parthasarathi**  
Board Member and  
Nominee  
Place: New Delhi  
Date: 09.12.2020



The Centre for Internet & Society  
Notes accompanying the financial statements

**Note -1(A): General Fund**

Particulars	As at 31 March 2020 Amount (Rs.)	As at 31 March 2019 Amount (Rs.)
<b>To Opening Balance</b>	65,62,338	84,41,994
Excess/ (Deficit) as per Income and Expenditure	(43,536)	(18,79,656)
Account transferred to General Fund	65,18,802	65,62,338
<b>Closing Balance in General Fund Account</b>		
<b>Balance carried to Balance Sheet</b>	65,18,802	65,62,338

**Note -1(B): Capital Fund/ Fixed Assets**

Particulars	As at 31 March 2020 Amount (Rs.)	As at 31 March 2019 Amount (Rs.)
<b>Capital Fund</b>		
Opening Balance	55,12,265	45,78,841
Additions during the year	11,86,676	66,98,941
	9,33,424	55,12,265
<b>Closing Balance</b>	66,98,941	55,12,265

**Note:**

Fixed assets held in the books were purchased against specific projects and were accounted based on fund accounting system i.e. recorded as payment in the respective specific project. For the purpose of control, the fixed assets were notionally recorded in the Balance Sheet with a corresponding credit to 'Capital Fund'.

*gpk*

*Ambar Singh*

*Parth Sarthi*



**The Centre for Internet & Society**  
**Notes accompanying the financial statements**

**Note - 2: Balance in undischursed funds**

(a) Foreign

Projects	Donor	Opening Balance (Rs.)	Receipts during the year (Rs.)	Total Funds Available for Utilisation (Rs.)	Expenses during the year (Rs.)	Closed Projects Transferred to Income & Expenditure (Rs.)	Balance as at March 31, 2020		
							Total (Rs.)	Excess applied (Rs.)	Undischursed Funds (Rs.)
		[A]	[B]	[C]=[A+B]	[D]	[E]	[F]=[C-D-E]	[G]	[H]
Protecting Privacy in the Global South [Phase 2]-Year 1	Privacy International [PI]	93,188	-	93,188	-	-	93,188	-	93,188
Protecting Privacy in the Global South [Phase 2]-Year 2 & 3	Privacy International [PI]	720	-	720	-	-	720	-	720
Cyber Policy Research agenda for India - Year 2	Hewlett Foundation	1,649	-	1,649	-	-	1,649	-	1,649
Towards a Networked Economy in Myanmar	LJRNEAsia	87,141	-	87,141	-	-	87,141	-	87,141
Develop educational content under a free license	Wikimedia Foundation - Chandigarh Edition	2,10,772	-	2,10,772	57,628	-	1,53,144	-	1,53,144
Research on study of Journalism	University of Oxford	(1,79,842)	-	(1,79,842)	-	-	(1,79,842)	(1,79,842)	-
Harnessing Big Data to meet the Sustainable Development Goals Building Capacity in the Global South	LJRNEAsia	(28,48,114)	47,88,362	19,20,248	33,91,570	-	(14,71,322)	(14,71,322)	-
Studying Internet Governance, Freedom of Expression, Privacy, and Security	John D and Catherine T MacArthur Foundation	5,83,983	1,02,63,474	1,08,47,457	1,10,28,623	-	(1,81,166)	(1,81,166)	-
Privacy research and outreach as well as continue to strengthen the financial, institutional & research capacity - Sustainability	Privacy International [PI]	14,037	-	14,037	7,621	-	6,416	-	6,416
Build knowledge and capacity with respect to connectivity and spectrum issues	Facebook India Online Services Private Limited	287	-	287	287	-	-	-	-
Build knowledge and capacity with respect to Information Technology	FACEBOOK INDIA ONLINE SERVICES PRIVATE	984	-	984	984	-	-	-	-
Research on Internet Shutdown in India	FACEBOOK INDIA ONLINE SERVICES PRIVATE	(10,07,913)	-	(10,07,913)	-	(10,07,913)	-	-	-
Supporting Wikipedia in Indian languages through access & technology - Pilot Program	Wikimedia Foundation	2,17,682	-	2,17,682	3,294	-	2,14,388	-	2,14,388
Linking Policy & Advocacy with Practical Action at the International & National Levels to Protect Internet Freedom	ARTICLE 19	(4,07,031)	24,20,863	20,13,832	11,77,717	-	8,36,115	-	8,36,115
Cyber Policy Research agenda for India, Year 3	Hewlett Foundation	11,63,533	1,29,72,976	1,41,36,509	61,82,178	-	79,54,331	-	79,54,331
Grant for AILE Co-Chair Position & Case Studies	Partnership on AI	12,99,324	-	12,99,324	12,99,324	-	-	-	-
Develop educational content under a free license	Wikimedia Foundation	76,20,460	1,44,88,448	2,20,88,908	1,62,77,760	-	58,11,148	-	58,11,148
State of Map Asia	Refer Note 2(E)	11,47,856	-	11,47,856	1,86,285	-	9,61,571	-	9,61,571
APC 2019 - 20	Digital mediation of reproductive and care work in India: A feminist exploration	-	27,00,390	27,00,390	17,77,458	-	9,22,932	-	9,22,932
East West Management Institute ICN	Open Data for Asia	-	9,41,379	9,41,379	13,42,020	-	(4,00,641)	(4,00,641)	-
International Centre for Non-profit Law ICN	ICNL	-	3,64,160	3,64,160	2,66,289	-	95,871	-	95,871
Mozilla Research Grant (Making voice Heard) 2019	Mozilla Voice	-	17,59,541	17,59,541	3,18,953	-	14,40,588	-	14,40,588
Omidyar Fund	Digital identity	-	1,36,85,316	1,36,85,316	83,90,909	-	52,94,407	-	52,94,407
PI - Privacy Welfare Gender	PI	-	11,09,700	11,09,700	2,12,033	-	8,97,667	-	8,97,667
The Asia Foundation	The Asia Foundation	-	3,32,000	3,32,000	3,32,000	-	-	-	-
University of oxford	University of oxford	-	4,93,658	4,93,658	-	-	4,93,658	-	4,93,658
Tiger Project 2.0	Wikimedia Foundation	-	50,91,344	50,91,344	21,85,033	-	29,06,311	-	29,06,311
<b>Total</b>		<b>79,98,916</b>	<b>7,13,71,611</b>	<b>7,93,70,527</b>	<b>5,44,39,966</b>	<b>(10,07,913)</b>	<b>2,59,38,474</b>	<b>(22,32,771)</b>	<b>2,81,71,245</b>

GMC

Total  
Parthiv Sankha

**The Centre for Internet & Society**  
**Notes accompanying the financial statements**

**Note - 2: Balance in undisbursed funds**

(b) Local

Projects	Donor	Opening Balance (Rs.)	Receipts during the year (Rs.)	Total Funds Available for Utilisation (Rs.)	Expenses during the year (Rs.)	Closed Projects Transferred to Income & Expenditure (Rs.) [Refer note (e)]	Balance as at March 31, 2020		
							Total (Rs.)	Excess applied (Rs.)	Undisbursed Funds (Rs.)
		[A]	[B]	[C]=[A + B]	[D]	[E]	[F] = [C - D - E]	[G]	[H]
NRC, Assam	Azim Premji University	(3,61,544)	3,10,848	(50,696)	5,33,338	-	(5,84,034)	(5,84,034)	-
Mapping Digital Labour in India	Azim Premji University	2,38,817	6,40,000	8,78,817	8,25,982	-	52,835	-	52,835
Regulatory Practices Lab	Facebook India Online Services Pvt Ltd	76,62,903	-	76,62,903	47,04,101	-	29,58,802	-	29,58,802
IPR Guidelines for National Cultural Audio Visual Archives	Indira Gandhi Centre for Arts [IGNCA]	2,43,442	-	2,43,442	-	-	2,43,442	-	2,43,442
State of Map Asia	Refer Note 2(g)	1,00,000	-	1,00,000	-	-	1,00,000	-	1,00,000
Research on Artificial Intelligence and Privacy/RPL	Google India Pvt Ltd	20,99,354	31,50,000	52,49,354	24,81,789	-	27,67,565	-	27,67,565
<b>Total</b>		<b>99,82,972</b>	<b>41,00,848</b>	<b>1,40,83,820</b>	<b>85,45,210</b>	<b>-</b>	<b>55,38,610</b>	<b>(5,84,034)</b>	<b>61,22,644</b>
<b>Grand Total</b>		<b>1,79,81,888</b>	<b>7,54,72,459</b>	<b>9,34,54,347</b>	<b>6,29,85,176</b>	<b>(10,07,913)</b>	<b>3,14,77,084</b>	<b>(28,16,805)</b>	<b>3,42,93,889</b>

(c) The undisbursed funds of Rs. 3,14,77,084/- as at 31 March 2020 (net of excess applied amounting to Rs. 28,16,805/-) is subject to confirmation by the respective donors.

(d) The excess applied of Rs. 28,16,805/- represents cases wherein the expenditure incurred by the Society towards specific projects have exceeded the grant received against the respective projects. The Society expects to receive further grant or reimbursement of the excess expenditure.

(e) During the year the Board of the Society has approved to recognized excess expenditure over specific grant amounting to Rs. 10,07,913/- (1 project) as expenditure in income and expenditure account. Accordingly Rs. 10,07,913/- is recognized in income and expenditure of support' for the disbursement of funds. Though structured as a 'gift letter' or 'letter of support', the work has defined outputs and deliverables, timelines, and a budget just like a grant letter. The gifts or support are not given in exchange of services or products but to support research and/or educational endeavours similar to Grants from foundations. The Society uses the funds towards salaries and research costs as well as administrative costs of furthering the research and academic goals as per the specific requirements of the project. Any funds from the gift/support remaining beyond the timeframe in the letter of gift/support is used towards furthering project and organisational requirements in similar areas of research, as per the understanding with the corporates. Accordingly, these funds are considered as earmarked grants and are accounted under the fund accounting system as per Note 10 (c).

(f) During the FY 2018-19 the Society has received grant from various parties as sponsorship of the State of Map - Asia event. The donor wise break up is as follows

(i) Facebook India Online Services	Rs. 690,000/-
(ii) Grabtaxi Holdings PTE LTD	Rs. 363,070/-
(iii) Mapbox Inc	Rs. 337,833/-
(iv) Mapillary AB	Rs. 206,863/-
(v) Openpage Data Ltd	Rs. 65,640/-
(vi) CE. Info Systems Pvt Ltd	Rs. 1,00,000/-
<b>TOTAL</b>	<b>Rs. 1,763,406/-</b>

The grant is received towards sponsorship of a specific event and as such no specific agreement / contract was entered into with the individual sponsors considering the nature and value of the sponsorship. The management considered these to be in the same nature as earmarked grants and accordingly these have been accounted under the fund accounting system as per Note 10 (c).

*AMM*

*Manish Singh*  
*Farhat Siddiqui*

**The Centre for Internet & Society**  
**Notes accompanying the financial statements**

Particulars	As at March 31, 2020 Amount (Rs.)	As at March 31, 2019 Amount (Rs.)
<b>Note -3</b>		
<b>Other Current Liabilities</b>		
i) Advance from Creative Commons	45,379	45,379
ii) Other Current Liabilities	-	51,566
iii) Statutory Liabilities	4,46,937	22,000
	<u>4,92,316</u>	<u>1,18,945</u>
<b>Note -4</b>		
<b>Cash and Bank Balances</b>		
i) Cash in hand	13,112	13,118
ii) Cash at bank	3,35,56,596	1,88,16,839
iii) Term Deposits	3,67,772	3,45,164
	<u>3,39,37,480</u>	<u>1,91,75,121</u>
<b>Note:</b>		
Term deposit has been maintained with M/s. Kotak Mahindra Bank towards Corporate Credit Cards issued to select		
<b>Note -5</b>		
<b>Loans and Advances</b>		
i) TDS Recoverable	14,62,695	13,78,024
ii) Rent Deposits	6,50,000	8,00,000
iii) Other Deposits	5,00,000	5,00,000
iv) Staff Advances	2,23,485	4,66,863
v) Other Advances	2,50,544	8,78,266
vi) Membership Fees Receivable	-	900
	<u>30,86,724</u>	<u>40,24,053</u>
<b>Note -6</b>		
<b>Advance Recoverable Suspense</b>		
i) Funds recoverable (refer note a below)	14,63,998	14,63,998
	<u>14,63,998</u>	<u>14,63,998</u>

(a) Advance recoverable suspense represent amounts suspected to have been misappropriated by one of its employees who was in charge of finance and accounting function during the FYs 2013-14 and 2014-15. The Society is confident of recovering the entire amount in view of the legal proceedings initiated against the party (Refer note 9(a)) Accordingly, the entire advance is considered as good and recoverable.







**The Centre for Internet & Society**  
**Notes accompanying the financial statements**

Particulars	2019-20 Amount (Rs.)	2018-19 Amount (Rs.)
<b>Note -7</b>		
<b>Project Receipts (Foreign)</b>		
1 Hewlett	93,184	-
2 Business and Strategies	-	6,27,948
3 City University of London	86,617	
4 University of Munich	5,85,543	
	<b>7,65,344</b>	<b>6,27,948</b>
<b>Untied project receipts (Local)</b>		
1 CSCS	-	(3,06,010)
2 Facebook	11,00,000	-
3 CMS Technologies	13,750	-
	<b>11,13,750</b>	<b>(3,06,010)</b>
	<b>18,79,094</b>	<b>3,21,938</b>
<b>Note -8</b>		
<b>Project Expenses (Foreign)</b>		
1 Sigrid Rausing	-	15,668
2 Hewlett	94,900	-
3 Facebook	1,32,132	
4 Business and Strategies	-	5,96,739
5 City University of London	86,344	-
6 University of Munich	4,26,326	-
	<b>7,39,702</b>	<b>6,12,407</b>
<b>Untied project expense (Local)</b>		
1 Lepuana	10,000	-
2 Facebook	2,36,000	-
	<b>2,46,000</b>	-
	<b>9,85,702</b>	<b>6,12,407</b>

*SM*

*Ambarish Sankar*

*Parthasarathi*

**The Centre for Internet & Society**  
**Notes accompanying the financial statements**

**Note-9**

**Other explanatory notes**

- (a) During the financial year 2014-15, the Society had identified misappropriation of funds alleged to have been committed by an employee in charge of finance and accounts function at the Society. The employment contract with this individual has been terminated in 2015. Further the Board had also conducted a forensic investigation of the financial irregularities with the assistance of external consultants M/s. Deloitte Touche Tohmatsu India LLP.

The Society had, during the year 2014-15, initiated criminal proceedings against the ex-employee alleged of the misappropriation and the proceedings are in progress. Meanwhile, the Society had initiated civil recovery procedures during the financial year 2018-19 in connection with the alleged misappropriation. The proceeding is in progress and the next hearing is scheduled in November 2020. The Society is confident of recovering the entire amount of alleged misappropriation and accordingly 'Advance Recoverable Suspense' of Rs. 14,63,998/- is considered good and recoverable.

The management of the Society believes that identified / required adjustments and disclosures arising from the financial irregularities pertaining to the above, to the extent of the information available with the management, had been made in financial statements of financial year 2014-15. Based on the information available with the society, no adjustment is required to be made in the financial statements for the year ended 31 March 2020.

- (b) Contingent liability

The Society had, on 20 March 2020 received a demand notice from the Income Tax Department amounting to Rs. 2,75,44,630 for AY 2018-19. The Society has disagreed with the demand raised and has appealed to the Income Tax Department on 1 June 2020. The Society is confident of winning the appeal and accordingly no provision is required.

**Note -10**

**Significant Accounting Policies**

- (a) Basis for preparation of financial statements

The Financial Statements of the Society, consisting of Balance Sheet, Receipts & Payments Account and Income & Expenditure Account, are prepared by the Society under historical cost convention, on cash basis of accounting. In the absence of any authoritatively established accounting principles for the specialised aspects related to Societies which do not carry out any commercial activity, the statements have been prepared in accordance with the significant accounting policies as described below.







The Centre for Internet & Society  
Notes accompanying the financial statements

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**Note -10 (Continued)**

**Significant Accounting Policies**

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**(b) Fixed assets**

Fixed assets are stated at cost. Fixed assets purchased towards specific projects are accounted based on fund accounting system. The purchase of fixed assets are recorded as utilisation in the respective fund.

No depreciation is charged on fixed assets since the entire fixed assets relates to specific projects and are accounted on fund accounting system.

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**(c) Donations and grants**

Donations and grants received are recognised as income on receipt of such donation. 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 accounted as society fund receipts in the Balance Sheet.

Grants received from donors which are earmarked with specific budget (specific grants) are accounted based on fund accounting system. The receipts and payments pertaining to the specific fund is accounted in the fund account and the unutilized amount is shown as a liability. Salary cost is allocated to the specific project based on the time spent on specific project estimated on reasonable basis in line with the budget agreed with the donors. Administration and other common expenses are apportioned to the projects to the extent allowable as per the MOU's agreed with the donors.

Unspent amount, if any, at the end of the project period will be returned to the donors if so required by the MOU agreed with the donors, or adjusted against Reserves in the absence of instructions from the donors to the contrary.

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**(d) Reimbursement of expenses**

Expenses incurred by the Society which are reimbursed by the donors, are recognized as expenses on actual payment. The reimbursement received from the donors is recognized as income on actual receipt of the amount. Any amount reimbursed in excess of the actual expenses incurred is considered as income and recognized accordingly in the Income & Expenditure account.

*gm*

*Ambarish J. ...*

*Partha ...*