



INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To,

The Members of
M/S. COMMUNITY RECONSTRUCTION OF SOCIAL SERVICE

Report on the Financial Statements:

We have audited the accompanying financial statements of **M/S. COMMUNITY RECONSTRUCTION OF SOCIAL SERVICE**, Velkur Village & Post, G.D. Nellore Mandal, Chittoor District – 517 125. A.P. ("the Society"), which comprise the Balance Sheet as at March 31, 2018 vide "Project: CROSS – FCS BIOGAS" and the Statement of Income and Expenditure for the year then ended and a summary of significant accounting policies.

Management's Responsibility for the Financial Statements:

Management 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 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 material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Society preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion:

"M/s. Community Reconstruction of Social Service has been helping the local rural community with setting up of Bio-gas plant under an agreement with M/s Fair climate Services Private Limited, No.10, 2nd Cross, Shanthivana Sahakarnagar Post, Bengaluru – 560 092 to sell the 'emission reduction' generated by the 5,000 households benefitted by the program. Some of the important clauses of the Emission Reduction Purchase Agreement (ERPA) dated 09.04.2014 that Community Reconstruction of Social Service has entered with M/s Fair Climate Services Private Limited are as follows.

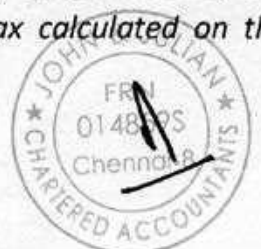
- D. "The SELLER wishes to sell, and the BUYER wishes to purchase, upon the terms and conditions of this Emission Reductions Purchase Agreement (this Agreement), GS CERs generated by The PROJECT.
- E. The SELLER is a not-for-profit charitable organization registered under the Societies Act XXI of 1860; as a charitable Society with the Commissioner of Income Tax, Tirupathi; and also with the Union Home Ministry, New Delhi, under the Foreign Contributions (Regulations) Act, 1976.
- F. Now, under the terms of this Agreement, the SELLER wishes to sell Gold Standard Certified Emission Reductions (GS CERs) that will be generated by 5,000 households, over the next 7 years, by Constructing Biogas plant near their homes,

Similarly, M/s. Community Reconstruction of Social Service has signed with each beneficiaries of the project **End User Agreement**. One of the important clauses that this Organization signed with the End User (beneficiary) is that,

- 5. The End User hereby authorises the PROJECT PROPONENT to sell the Emission Reductions (CERs) which accrue from the operation of the Biogas Unit to Fair Climate Services Pvt. Ltd., for the 7 years duration of the Emission Reduction Purchase Agreement (ERPA) that the PROJECT PROPONENT has entered into with Fair Climate Services Pvt. Ltd.,

Accordingly, we are of the Opinion that the of Rs.1,28,64,775 (Rupees One crore twenty-eight lakhs sixty-four thousand seven hundred and seventy-five only) being the amount received (adjusted against advances of earlier years) from M/s Fair Climate Services Private Limited is not a capital receipt as disclosed in the Statement of account, but is Income of the Organization.

Further, as per Section 115BBG(1)(a) any income by way of transfer of carbon credits, the income-tax payable shall be the aggregate of the amount of income-tax calculated on the income by way of transfer of carbon credits, at the rate of ten per cent"





INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To,

The Members of
M/S. COMMUNITY RECONSTRUCTION OF SOCIAL SERVICE

Report on the Financial Statements:

We have audited the accompanying financial statements of **M/S. COMMUNITY RECONSTRUCTION OF SOCIAL SERVICE**, Velkur Village & Post, G.D. Nellore Mandal, Chittoor District – 517 125. A.P. ("the Society"), which comprise the Balance Sheet as at March 31, 2018 vide "Project: CROSS – FCS BIOGAS" and the Statement of Income and Expenditure for the year then ended and a summary of significant accounting policies.

Management's Responsibility for the Financial Statements:

Management 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 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 material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Society preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



COMMUNITY RECONSTRUCTION OF SOCIAL SERVICE

Velkur Village, G.D Nellore Mandal 517125

Project: CROSS-FCS BIOGAS

Receipts and Payments account for the year ended 31st March 2018

Receipts	Amount	Payments	Amount
Opening Balance:		Bio Gas Project Expenses:	
Cash in Hand	132.00	Bricks for Bio Gas Plant	16,12,275.00
Cash at Bank	2,570.79	Sand for Bio Gas Plant	8,44,600.00
		Hardware for Bio Gas Plant	3,91,794.00
Advance received from Fair Climate Services Pvt. Ltd	81,50,000.00	Jelly for Bio Gas Plant	1,26,590.00
		Stones for Bio Gas Plant	77,750.00
Bank Interest	27,521.00	Gobar Filling for Bio Gas Plant	13,50,000.00
Loans and Advances:		Village Volunteers Stipends	1,90,500.00
TDS Deducted	69,000.00	Fuel and Maintenance of Truck	26,926.00
		Fuel and Maintenance of Motorcycles	1,93,361.00
		CDM Consultancy - Monitoring Report	5,52,000.00
		DoE Verification Fees	2,04,400.00
		UNFCCC Issuance Fee	66,000.00
		Office Running Costs & Administration	1,74,631.00
		Staff Salaries	16,96,648.00
		Staff Family Insurance	1,27,495.00
		Audit Fees	44,350.00
		TDS Late Filing Fees	16,400.00
		Interst on TDS	263.00
		Bank Charges	1,771.47
		Fixed Assets	
		Equipment	57,754.00
		Loans and Advances:	
		Excavation Advance	2,76,500.00
		TDS Paid	69,000.00
		Closing Balance:	
		Cash in Hand	2.00
		Cash at Bank	1,48,213.32
Total	82,49,223.79	Total	82,49,223.79

REFERRED TO IN MY REPORT OF EVEN DATE

For John & Julian

Chartered Accountants

(Firm Registration Number. 014859S)

M. John Ravindran

Partner

(Membership No. 028566)

Place: Chennai

Date: 06.10.2018



Community Reconstruction of Social Service

[Signature]
Secretary / Treasurer

COMMUNITY RECONSTRUCTION OF SOCIAL SERVICE

Velkur Village, G.D Nellore Mandal 517125

Project: CROSS-FCS BIOGAS

Income and Expenditure account for the year ended 31st March 2018


Expenditure	Amount	Income	Amount
Bio Gas Project Expenses:		Bank Interest	27,521.00
Bricks for Bio Gas Plant	16,12,275.00	Excess of Expenditure over Income	77,56,417.34
Sand for Bio Gas Plant	8,44,600.00		
Hardware for Bio Gas Plant	3,91,794.00		
Jelly for Bio Gas Plant	1,26,590.00		
Stones for Bio Gas Plant	77,750.00		
Gobar Filling for Bio Gas Plant	13,50,000.00		
Village Volunteers Stipends	1,90,500.00		
Fuel and Maintenance of Truck	26,926.00		
Fuel and Maintenance of Motorcycles	1,93,361.00		
CDM Consultancy - Monitoring Report	5,52,000.00		
DoE Verification Fees	2,04,400.00		
UNFCCC Issuance Fee	66,000.00		
Office Running Costs & Administration	1,74,631.00		
Staff Salaries	16,96,648.00		
Staff Family Insurance	1,27,495.00		
Audit Fees	44,350.00		
TDS Late Filing Fees	16,400.00		
Interst on TDS	263.00		
Bank Charges	1,771.47		
Depreciation	86,183.87		
Total	77,83,938.34	Total	77,83,938.34

REFERRED TO IN MY REPORT OF EVEN DATE

For John & Julian

Chartered Accountants

(Firm Registration Number. 014859S)



M. John Ravindran

Partner

(Membership No. 028566)



Community Reconstruction of Social Service


Secretary / Treasurer

Place: Chennai

Date: 06.10.2018

COMMUNITY RECONSTRUCTION OF SOCIAL SERVICE

Velkur Village, G.D Nellore Mandal 517125

Project: CROSS-FCS BIOGAS

Balance Sheet as at 31st March 2018

Value as at 31-Mar-17	Liabilities	Value as at 31-Mar-18	Value as at 31-Mar-17	Assets	Value as at 31-Mar-18
	GENERAL FUND	(351,89,955.66)	5,14,841.56	FIXED ASSETS	4,86,411.67
	Less : Excess of Expenses	77,56,417.34		(as per Schedule)	
		(429,46,373.00)		CURRENT ASSETS	15,54,000.00
	Retired Carbon offsets		12,77,500.00	Excavation advance	14,000.00
				Advance Paid to Staff	11,000.00
	LOANS AND LIABILITY			Rental Advance	2.00
370,10,000.00	Advance received from Fair	451,60,000.00	132.00	Cash in Hand	
	Climate Services Pvt. Ltd		2,570.79	Cash at Bank	1,48,213.32
	Less: Retired Carbon offsets	128,64,775.00	351,89,955.66	MISCELLANEOUS EXPENDITURE	
				Excess of Expenditure	429,46,373.00
370,10,000.00	TOTAL		370,10,000.00	TOTAL	451,59,999.99

REFERRED TO IN MY REPORT OF EVEN DATE

For John & Julian

Chartered Accountants

(Firm Registration Number. 014859S)



John Ravindran

M. John Ravindran

Partner

(Membership No. 028566)

Place: Chennai

Date: 06.10.2018

Community Reconstruction of Social Service

Arumudh
Secretary / Treasurer

COMMUNITY RECONSTRUCTION OF SOCIAL SERVICE

Velkur Village, G.D Nellore Mandal 517125

Project: CROSS-FCS BIOGAS

Schedule: Fixed Assets:

Sl. No.	Name of the Assets	Rate of Depn	Value as on 31.03.2017	Additions		Total	Depreciation	WDV as on 31.03.2018
				> 182 Days	< 182 Days			
1	Motor Cycles	15%	3,82,201.32			3,82,201.32	57,330.20	3,24,871.12
2	Camera	15%	20,052.16			20,052.16	3,007.82	17,044.34
3	Hard Disk	40%	384.00			384.00	153.60	230.40
4	Furniture	10%	24,829.20			24,829.20	2,482.92	22,346.28
5	UPS	40%	5,760.00			5,760.00	2,304.00	3,456.00
6	D Link Wifi Modem	15%	1,842.38			1,842.38	276.36	1,566.00
7	Stabilizer	15%	13,727.50			13,727.50	2,059.13	11,668.38
8	Tubular Batteries	15%	57,800.00			57,800.00	8,670.00	49,130.00
9	GPS Machine	15%	8,245.00			8,245.00	1,236.75	7,008.25
10	Equipment	15%	57,754.00	57,754.00		57,754.00	8,663.10	49,090.90
TOTAL			5,14,841.56	57,754.00	-	5,72,595.56	86,183.87	4,86,411.67



Community Reconstruction of Social Service

[Signature]
Secretary / Treasurer