

Population Services International
Statutory Audit for the year ended
31 March 2014

B S R & Company

Chartered Accountants

Building No.10, 8th Floor, Tower-B
DLF Cyber City, Phase - II
Gurgaon - 122 002 (India)

Telephone: +91-124-2549191
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Independent Auditor's Report

To the Governing Body of Population Services International

Report on Financial Statements

We have audited the accompanying financial statements of Population Services International, ('the Society') which comprise the Balance Sheet as at 31 March 2014 and the Income and Expenditure Account for the year then ended and a summary of significant accounting policies and other explanatory information.

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, financial performance of the Society in accordance with the Accounting Standards issued by 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.

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 misstatement.

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's 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 accounting policies used and the reasonableness of the accounting estimates made by 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

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 Society as at 31 March 2014; and
- (ii) in the case of the Income and Expenditure Account, of the excess of expenditure over income of the Society for the year ended on that date.

Emphasis of Matter

We draw attention to Note 22 wherein based on the legal opinion received, the Society is of the view that the activities of the Society are covered under "charitable purpose" as defined under section 2(15) of the Income Tax Act, 1961 and accordingly no provision for tax has been made in these financial statements. Our opinion is not qualified in respect of this matter.

Report on Other Matters

1. We further report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (ii) in our opinion, proper books of account as required by law have been kept by the Society so far as appears from our examination of those books; and
- (iii) the Balance Sheet and the Income and Expenditure Account dealt with by this Report are in agreement with the books of account.

For B S R & Company
Chartered Accountants
Firm Registration No. 128032W



Sandeep Batra
Partner
Membership No. 093320

Place: Gurgaon
Date: 23.9.14

Population Services International

(All amount are in Indian Rupees)

Balance Sheet as at 31 March 2014

	Note	As at 31 March 2014	As at 31 March 2013
SOURCES OF FUNDS			
Corpus fund	3	9,844,684	9,844,684
Reserves and surplus	4	220,290,994	320,498,113
		<u>230,135,678</u>	<u>330,342,797</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	122,894,202	108,140,399
Less: Accumulated depreciation and amortisation		91,750,212	80,445,039
Net block		<u>31,143,990</u>	<u>27,695,360</u>
Current assets, loans and advances			
Inventories	6	18,383,622	36,634,184
Cash and bank balances	7	163,774,891	195,021,795
Other current assets	8	60,077	-
Loans and advances	9	108,498,624	116,707,998
		<u>290,717,213</u>	<u>348,363,977</u>
Less: Current liabilities and provisions			
Current liabilities	10	70,552,035	24,728,670
Provisions	11	21,173,490	20,987,870
		<u>91,725,525</u>	<u>45,716,539</u>
Net Current Assets		198,991,688	302,647,437
		<u>230,135,678</u>	<u>330,342,797</u>

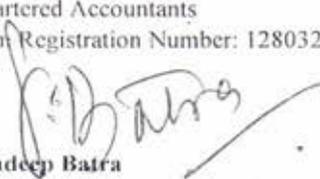
Significant accounting policies

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The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **BSR & Company**
Chartered Accountants
Firm Registration Number: 128032W

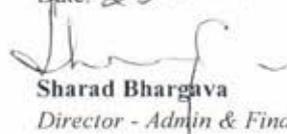

Sandeep Batra
Partner
Membership No. 093320

Place: Gurgaon
Date: 23.9.14

For and on behalf of the Governing Body
of **Population Services International**


Pritpal Marjara
Secretary

Place: New Delhi
Date: 23.09.14


Sharad Bhargava
Director - Admin & Finance

Place: New Delhi
Date: 23.9.14


Asha Das
President

Place: New Delhi
Date: 23.09.14

Population Services International

(All amount are in Indian Rupees)

Income and Expenditure Account for the year ended 31 March 2014

	Note	Year ended 31 March 2014	Year ended 31 March 2013
INCOME			
Distribution receipts		171,576,586	223,277,445
Donation and grants		531,726,159	629,126,467
Subsidy		17,551,398	26,228,051
Other income	12	14,998,405	9,952,946
		<u>735,852,548</u>	<u>888,584,909</u>
EXPENDITURE			
Cost of goods distributed	13	104,942,196	150,120,695
Employee cost	14	222,299,575	206,269,083
Administrative, marketing and other expenses	15	497,477,892	518,311,337
Depreciation		11,340,004	8,721,011
		<u>836,059,668</u>	<u>883,422,127</u>
Surplus of income over expenditure carried to the balance sheet		<u>(100,207,120)</u>	<u>5,162,782</u>

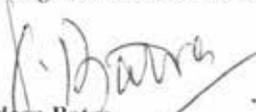
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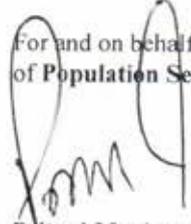
As per our report of even date attached

For **BSR & Company**
Chartered Accountants
Firm Registration Number: 128032W

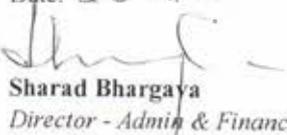

Sandeep Batra
Partner
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Prithpal Marjara
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Place: New Delhi
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Director - Admin & Finance

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Date: 23.9.14


Asha Das
President

Place: New Delhi
Date: 23.09.14

Population Services International

(All amount are in Indian Rupees)

Notes forming part of financial statements
as at 31 March 2014

	As at 31 March 2014	As at 31 March 2013
3 Corpus fund		
Opening Balance	9,844,684	9,844,684
Closing Balance	<u>9,844,684</u>	<u>9,844,684</u>
4 Reserves and surplus		
Reserve for investments for subsidising contraceptive social marketing	550,000	550,000
Surplus		
Balance brought forward	319,948,113	319,679,557
Add: Transfer from income and expenditure account	(100,207,120)	5,162,783
Less : Adjustment of overstatement of opening balance of inventory	-	4,894,227
	<u>219,740,994</u>	<u>319,948,113</u>
	<u>220,290,994</u>	<u>320,498,113</u>

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Population Services International

(All amount are in Indian Rupees)

Notes forming part of financial statements
as at 31 March 2014

5 Fixed assets

Particulars	Gross block			Depreciation			Net block	
	As at 1 April 2013	Additions	Sales/ Adjustments	As at 31 March 2014	For the year	on sales/ adjustments	As at 31 March 2014	As at 31 March 2013
Tangible assets								
Freehold land	8,370,500	-	-	8,370,500	-	-	8,370,500	8,370,500
Buildings	4,040,293	-	-	4,040,293	63,553	-	3,468,318	635,527
Furniture and fixtures	11,970,318	2,167,407	-	14,137,725	1,649,319	-	11,175,509	2,444,128
Vehicles	6,864,115	59,198	44,179	6,879,134	192,066	33,531	6,079,999	942,651
Computers	40,646,497	8,151,878	-	48,798,375	6,178,202	-	41,041,622	5,783,076
Office equipments	22,985,966	4,194,777	1,300	27,179,444	2,371,568	1,300	19,265,113	6,091,121
Electrical equipments	6,135,380	-	-	6,135,380	160,226	-	5,654,702	640,904
Airconditioners	2,573,217	-	-	2,573,217	251,451	-	1,818,864	1,005,804
Intangible assets								
Software	4,554,113	226,022	-	4,780,135	473,620	-	3,246,083	1,781,649
Current year	108,140,399	14,799,282	45,479	122,894,202	11,340,004	34,831	91,750,212	27,695,360
Previous year	104,105,270	10,963,660	6,928,531	108,140,399	8,721,011	6,469,370	80,445,039	25,911,870



Population Services International

(All amount are in Indian Rupees)

Notes forming part of financial statements

as at 31 March 2014

	As at 31 March 2014	As at 31 March 2013
6 Inventories (valued at lower of cost or net realisable value)		
Distributable goods	18,383,622	36,634,184
	<u>18,383,622</u>	<u>36,634,184</u>
7 Cash and bank balances		
Cash in hand	82,261	123,583
Balance with scheduled banks in:		
-saving accounts	161,909,024	192,957,019
-current accounts	-	1,757,588
-fixed deposits *	1,783,606	183,605
	<u>163,774,891</u>	<u>195,021,795</u>
* Pledged with government authorities for performance obligations		
8 Other current assets		
Interest accrued on fixed deposits	60,077	-
	<u>60,077</u>	<u>-</u>
9 Loans and advances (Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received		
- considered good	27,417,390	34,580,098
- considered doubtful	490,425	255,817
Donation and subsidy receivable	64,814,504	60,558,552
Security and other deposits		
- considered good	2,332,131	3,905,823
- considered doubtful	59,250	59,250
TDS receivable	13,934,599	17,663,525
	<u>109,048,299</u>	<u>117,023,065</u>
Less: Provision for doubtful advances	549,675	315,067
	<u>108,498,624</u>	<u>116,707,998</u>
10 Current liabilities		
Sundry creditors		
-due to micro, small and medium enterprises	-	-
-due to others	10,795,921	13,773,920
Advance from customers	911,795	748,696
Grants / donations received in advance	37,943,592	1,338,824
Expenses payable	14,395,321	2,485,085
Other liabilities	6,505,406	6,382,145
	<u>70,552,035</u>	<u>24,728,670</u>
11 Provisions		
Gratuity	3,748,957	2,462,424
Compensated absences	17,424,533	18,525,446
	<u>21,173,490</u>	<u>20,987,870</u>



Population Services International

(All amount are in Indian Rupees)

Notes forming part of financial statements
as at 31 March 2014

	For the Year ended 31st March 2014	For the Year ended 31st March 2013
12 Other income		
Interest on deposits*		
- on fixed deposits	64,959	3,248
- saving accounts	13,329,215	8,352,850
- tax refund	336,042	154,198
Profit on sale of fixed assets	1,300	570,842
Miscellaneous income	1,266,889	871,808
	<u>14,998,405</u>	<u>9,952,946</u>
* Income tax deducted at source Rs.4,882 (previous year Rs. 1,787)		
13 Cost of goods distributed		
Opening stock	36,634,184	65,628,408
Less: Prior period adjustment	-	4,894,227
	<u>36,634,184</u>	<u>60,734,181</u>
Add: Purchase and related expenses		
- purchase of commodities	60,010,003	92,356,721
- sampling and testing expenses	1,846,458	3,952,534
- shipping and handling expenses	15,364,056	7,391,349
- packaging expenses	9,471,117	22,320,094
Less: Closing stock	18,383,622	36,634,184
	<u>104,942,196</u>	<u>150,120,695</u>
14 Employee cost		
Salaries and wages	200,410,394	184,294,957
Contribution to provident and other funds	21,619,374	19,730,438
Staff welfare	269,808	2,243,688
	<u>222,299,575</u>	<u>206,269,083</u>



Population Services International

(All amount are in Indian Rupees)

Notes forming part of financial statements
as at 31 March 2014

	For the Year ended 31st March 2014	For the Year ended 31st March 2013
15 Administrative, marketing and other expenses		
Bank charges	34,109	53,868
Communication	9,756,266	8,028,888
Insurance	84,704	137,698
Legal and professional charges	31,716,461	26,295,166
Loss on sale of fixed assets	148	108,213
Market research expenses	9,873,514	19,518,977
Marketing and communications	271,756,678	315,775,851
Payments to auditors	786,520	786,520
Power, electricity and Security Charges	6,904,890	6,281,747
Printing and stationery	1,140,247	2,513,130
Provision for bad and doubtful advances	234,608	315,067
Rates and taxes	1,070,886	794,715
Rent	10,490,983	15,881,854
Repair and maintenance		
- plant and machinery	1,505,839	1,687,800
- others	5,297,676	4,885,757
Training, conference and meeting expenses	35,465,340	26,403,163
Travelling and conveyance	103,642,991	83,512,429
Miscellaneous expenses	7,716,032	5,330,494
	<u>497,477,892</u>	<u>512,980,844</u>

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Population Services International

(All amounts are in Indian Rupees)

Notes forming part of the financial statements for the year ended 31 March 2014

1. Background

The Population Services International ("PSI") ("the Society") is registered with the Income tax department under section 10(23C)(iv) of Income tax Act, 1961 vide tax exemption certificate received vide Notification No.18/2007 dated 31 January 2007.

Population Services International (PSI)/India is an Indian non-profit and non-governmental organization established in 1988 with a mandate to assist the Government of India in the fields of reproductive health, HIV/AIDS prevention, and maternal and child health.

PSI's mission is to empower low income people to lead healthy lives through the informed use of health products and services, made accessible and affordable to them through social marketing activities. PSI has long-term commitment to the people of India and to maximizing its impact through advocacy, networking and collaboration with other organizations. PSI's activities are consistent with and complementary to those of the Government of India.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Society have been prepared under the historical cost convention, on the accrual basis of accounting in accordance with applicable accounting standards issued by the Institute of Chartered Accountants of India and the generally accepted accounting principles ("GAAP").

2.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates are recognized prospectively in current and future years. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated.

2.3 Revenue recognition

(a) Distribution receipts

Revenue from distribution receipts is recognized when all significant risks and rewards of the ownership are transferred to the buyer as per the terms of distribution which coincide with the dispatch of the goods. Revenue is recorded net of tax and returns, if any.

(b) Donation / Grants

Donations / grants received are recorded as income when it is reasonably certain that the ultimate collection will be made, other than grants received for a specific purpose, which are recognized as income to the extent of expenditure incurred during the year. Donations received in kind are not valued or accounted for in the books of account.

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Population Services International

(All amounts are in Indian Rupees)

Notes forming part of the financial statements for the year ended 31 March 2014

(c) Subsidy

Subsidy towards promotional incentives and packaging cost is recognized as income on accrual basis. Subsidy towards promotional incentives is calculated at the prevailing subsidy rate per unit of product distributed or actual promotional expenditure, whichever is lower. Subsidy towards packaging cost is calculated at the prevailing per unit subsidy rate or actual packaging costs, whichever is lower.

(d) Others

- (i) Interest income is accounted for on time proportionate basis at the applicable rate of interest.
- (ii) Dividend income is recorded when the right to receive the dividend is established.

2.4 Inventories

Distributable goods are valued at Cost (inclusive of packaging cost) or net realizable value, whichever is lower. The cost of such products is determined on a First In First Out basis, and is taken at subsidized rates in case of purchases made from the Government of India.

Items such as testing kits and contraceptives purchased for the purpose of distribution to beneficiaries free of cost or at a nominal value, are valued at lower of cost or replacement cost.

2.5 Fixed assets

(a) Tangible

Fixed assets are stated at historical cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Capital expenditure incurred on rented properties is classified as leasehold improvements under fixed assets.

(b) Intangibles

Intangibles are stated at historical cost less accumulated amortization and represents computer software required for internal use and these are recognized as assets if it is probable that future economic benefits attributable to such assets will flow to the Society and the cost of the assets can be measured reliably.

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Population Services International

(All amounts are in Indian Rupees)

Notes forming part of the financial statements for the year ended 31 March 2014

2.6 Depreciation and amortization

Depreciation on tangible assets is provided on written down value method at the per annum rates specified below:

Assets	Rates
Building	10%
Furniture and fixtures	15%
Computers	60%
Office equipment	25%
Electrical equipment	25%
Air conditioner	25%
Vehicles	
- Cars	20%
- Scooters	25%
Leasehold Improvements	Over the period of lease or estimated useful life, if shorter.

Individual assets costing less than Rs. 5,000 - per unit are expensed off in the year of purchase.

Intangible assets are being amortized over their effective useful life of 5 years. Depreciation on additions is provided on pro-rata basis from the month of purchase when the asset has been in use for 20 days or more. Similarly, depreciation on assets sold/disposed off during the year is being provided up to the month of sale when the asset has been in use for 20 days or more.

2.7 Leases

Operating leases:

Lease rentals in respect of assets taken under operating lease are charged to the income and expenditure account on straight line basis over the period of lease.

2.8 Foreign currency transactions

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the respective transactions. Monetary foreign currency assets and liabilities remaining unsettled at the balance sheet date are translated at the rates of exchange prevailing on that date. Gains/(losses) arising on account of realization/settlement of foreign exchange transactions and on translation of foreign currency assets and liabilities are recognized in the Statement of Income and Expenditure.

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Population Services International

(All amounts are in Indian Rupees)

Notes forming part of the financial statements for the year ended 31 March 2014

2.9 Retirement benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 - Employee Benefits (Revised 2005) issued by the ICAI.

(a) Gratuity

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognized in the balance sheet in respect of gratuity is the present value of the defined benefit/obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated at or near the balance sheet date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged or credited to the income and expenditure account in the year to which such gains or losses relate.

(b) Provident Fund

The Society makes contribution to statutory provident fund in accordance with Employees' Provident Fund and Miscellaneous Provision Act, 1952. The plan is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

(c) Compensated absences

Liability in respect of compensated absences becoming due or expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

(d) Other short term benefits

Expense in respect of other short-term benefits is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

2.10 Provisions, contingent liabilities

A provision is created when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognized



Population Services International

(All amounts are in Indian Rupees)

Notes forming part of the financial statements for the year ended 31 March 2014

nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

2.11 Impairment of assets

The Society assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Society estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the income and expenditure account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and is accordingly reversed in the income and expenditure account.

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Population Services International

(All amounts are in Indian Rupees)

Notes forming part of the financial statements for the year ended 31 March 2014

16. The Society is classified as Small and Medium Sized Enterprise (SME) of Level – II entity for the purposes of applicability of Accounting Standards as defined by the Council of the Institute of Chartered Accountants of India. Accordingly, the Society has complied with the Accounting Standards as applicable to a Small and Medium Sized Enterprise. Pursuant to the exemptions/relaxations applicable to SME of Level – II, Accounting Standard (AS) 3 – Cash Flow Statements and AS 17 – Segment Reporting are not applicable to the Society for the current year. Further, certain exemptions/relaxation from recognition, measurement and disclosure requirements in terms of Accounting Standard 15- Employee Benefits, Accounting Standard 19 – Leases, Accounting Standard 28 –Impairment of Assets and Accounting Standard 29 – Provisions, Contingent Liabilities and Contingent Assets have been extended to the Society for the current year. Accordingly, the Society has disclosed information to the extent applicable in these financial statements pursuant to the above exemptions/relaxations.

17. Segment reporting

The Society is an active partner with the Government of India and various donors in carrying out various health related activities for the underprivileged, which in the opinion of the governing body is the only reportable segment as per Accounting Standard 17 on segment reporting issued by the ICAI. The Society is operating in India which is considered as single geographical segment.

18. Auditor's remuneration:

Particulars	For the year ended 31 March 2014 Rs.	For the year ended 31 March 2013 Rs.
Statutory audit	700,000	700,000
Service tax and cess	86,520	86,520
Total	786,520	786,520

19. There is no Micro, Small and Medium Enterprises as defined in the Micro, Small, and Medium Enterprises Development Act, 2006, to whom the Society owes dues on account of principal amount together with interest any time during the year and accordingly no additional disclosures have been made.

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Population Services International

(All amounts are in Indian Rupees)

Notes forming part of the financial statements for the year ended 31 March 2014

20. Related party disclosures

In accordance with Accounting Standard on "Related Party Disclosures" (AS 18), the disclosure in respect of transactions with the Society's related parties are as follows:

a) Names of related parties and description of relationships having transactions during the year:

Mr. Dana Ward (till October 2012) : Key Management Personnel
Mr. Pritpal Marjara : Key Management Personnel

b) The following transactions were carried out with related party(s) in the ordinary course of business.

Name of the related party	Relationship	Nature of transaction	For the year ended 31 March 2014 Rs.	For the year ended 31 March 2013 Rs.
Mr. Dana Ward	Key Management Personnel	Reimbursement of expenses	-	51,053
		Balance outstanding at the yearend: - Loan and advances - Salaries and wages	-	49,496
Mr. Pritpal Marjara	Key Management Personnel	Reimbursement of expenses	182,141	112,386
		Salaries and wages #	-	-

being paid by PSI Washington directly.

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Population Services International

(All amounts are in Indian Rupees)

Notes forming part of the financial statements for the year ended 31 March 2014

21. Employee Benefits:

A. Gratuity and Compensated Absences

a) Amount recognised as expense in the Income & Expenditure account:

Description	Gratuity		Compensated absences	
	For the year ended 31 March 2014 Rs.	For the year ended 31 March 2013 Rs.	For the year ended 31 March 2014 Rs.	For the year ended 31 March 2013 Rs.
Current service cost	2,830,861	2,630,294	3,210,950	3,393,986
Interest cost	14,68,697	1,607,869	1,482,036	1,567,651
Expected return on plan assets	(1,390,925)	(1,742,253)	-	-
Net actuarial (gain)/ loss	1,232,478	(1,296,682)	581,972	2,509,965
Past service cost	-	-	-	-
Curtailment and settlement cost/ (gain)	-	-	-	-
Total included in "Employee cost"	4,141,111	1,199,228	5,274,958	7,471,602

b) Amount recognized in the Balance Sheet:

Description	Gratuity		Compensated absences	
	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
Present value of defined benefit obligation ("DBO")	19,236,491	18,358,713	17,424,533	18,525,446
Fair value of plan assets	15,487,534	15,896,289	-	-
Status [surplus / (liability)]	(3,748,957)	(2,462,424)	(17,424,533)	(18,525,446)
Unrecognized Actuarial(gain)/loss	-	-	-	-
Net assets / (liability) recognized in the balance sheet	(3,748,957)	(2,462,424)	(17,424,533)	(18,525,446)

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Population Services International

(All amounts are in Indian Rupees)

Notes forming part of the financial statements for the year ended 31 March 2014

c) Reconciliation of opening and closing balances of defined benefit obligations:

Description	Gratuity		Compensated absences	
	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
Present value of defined benefit obligation as at beginning of the year	18,358,713	20,098,363	18,525,446	19,595,632
Current service cost	2,830,861	2,630,294	3,210,950	3,393,986
Interest cost	1,468,697	1,607,869	1,482,036	1,567,651
Actuarial (gain)/ loss recognized during the year	1,276,224	(2,162,047)	581,972	2,509,965
Benefits paid	(4,698,004)	(3,815,766)	(6,375,871)	(8,541,788)
Past service cost	-	-	-	-
Present value of defined benefit obligation as at the end of the year	19,236,491	18,358,713	17,424,533	18,525,446

d) Reconciliation of opening and closing balances of plan assets:

Description	Gratuity	
	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
Fair value of plan assets as at beginning of the year	15,896,289	18,835,167
Expected return on plan assets	1,434,671	876,888
Contribution by plan participants	2,854,578	-
Benefits paid	(4,698,004)	(3,815,766)
Settlement cost	-	-
Fair value of plan assets as at the end of the year	15,487,534	15,896,289

e) Actuarial valuation of compensated absences and gratuity has been done with the following assumptions:

Description	Gratuity		Compensated absences	
	2014	2013	2014	2013
Discount rate (p.a.)	8.00%	8.00%	8.00%	8.00%
Rate of increase in compensation levels	6.00%	6.00%	6.00%	6.00%
Expected rate of return on plan assets	8.75%	9.25%	NA	NA
Average remaining working lives of employees (years)	23.79	23.77	23.79	23.77



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Population Services International

(All amounts are in Indian Rupees)

Notes forming part of the financial statements for the year ended 31 March 2014

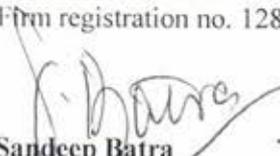
The Society made annual contribution to the Life Insurance Corporation of India (LIC) of an amount advised by the LIC. The Society was not informed by LIC of the investment made or the break-down of plan assets by investment type.

B. Provident fund

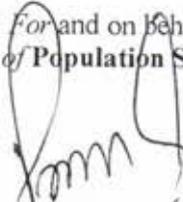
The society makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provision Act, 1952. This is post-employment benefit and is in the nature of defined contribution plan. Contribution made by the society during the year is Rs.12, 203,305 (previous year Rs.11, 059,608).

22. The society, based on the legal opinion obtained, is of the view that its activities falls under the definition of "charitable purpose" as defined in section 2(15) of the Income Tax Act, 1961 and accordingly, has not created any provision for income tax in its books of accounts.
23. Previous year figures have been regrouped / reclassified wherever considered necessary to make them comparable with those of the current year.

For BSR & Company
Chartered Accountants
Firm registration no. 128032W


Sandeep Batra
Partner
Membership No. 093320

For and on behalf of the Governing Body
of Population Services International


Pritpal Marjara
Secretary


Asha Das
President

Place: Gurgaon
Date: 23.9.14

Place: Delhi
Date: 23.09.14

Place: Delhi
Date: 23.09.14


Sharad Bhargava
Director - Admin & Finance

Place: Delhi
Date: 23.9.14