

A case study on computation of income of a public charitable trust

Strictly for academic purposes - Please refer relevant statutory provisions

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Base data

Name of the Assessee	Kochi Medical foundation, Kakkanad, Kochi - 682 030	
Constitution	Public Charitable Trust vide trust deed dated 01.04.1980	
Objects	Medical relief Relief of the poor Education Object of general public utility	
PAN	AAATT 0123 K	
Registration u/s 12AB	AAATT0123KE12153 10.03.2023 Principal CIT WEF 01.04.2022	AAATT0123KF12160 (80G) FCRA Regn No.
Managing Trustee	Krishnan Subramani S/O Subramani Dob: 11.10.1970 AAAPK2140R 801423121507 (Aadhaar)	<i>Aadhaar OTP is sufficient for filing and approving forms</i>
Enclosed	1. Income and expenditure account 2. Balance Sheet 3. Comments and observations forming part of report	
Documentation from auditor side <i>(Illustrative)</i>	1. Appointment letter 2. Previous auditor communication 3. Audit engagement letter / letter regarding scope of work 4. Audit working papers 5. Tax Computation Statement 6. Udin / Digisign record 7. Letter of representation	

Kochi Medical foundation, Kakkanad, Kochi - 682 030

Balance Sheet as at 31.03.2025

Sources of funds			
		<u>31.03.2025</u>	<u>31.03.2024</u>
Own funds (including FC)	Sch 1	5,75,00,000	7,00,00,000
Bank Loan (taken after 01.04.21)	Sch 2	55,00,000	80,00,000
Payables		1,70,00,000	1,20,00,000
	Total Rs.	<u>8,00,00,000</u>	<u>9,00,00,000</u>
Application of funds			
		<u>31.03.2025</u>	<u>31.03.2024</u>
Fixed Assets			
Gross Block	Sch 3	5,00,00,000	4,80,00,000
Depreciation		25,00,000	30,00,000
	Rs.	<u>4,75,00,000</u>	<u>4,50,00,000</u>
Other assets			
Stock of medicines and stores		50,00,000	50,00,000
Receivables		20,00,000	20,00,000
Bank balances	Sch 4	2,50,00,000	3,75,00,000
Cash Balance		5,00,000	5,00,000
	Rs.	<u>3,25,00,000</u>	<u>4,50,00,000</u>
	Total Rs.	<u>8,00,00,000</u>	<u>9,00,00,000</u>

Kochi

14.08.2025

Krishnan Subramani

Managing Trustee

As per report of even date u/s 12A of the Income Tax Act

Kochi

15.08.2025

Auditor details and UDIN

Schedule 1 - Own Funds			
		31.03.2025	31.03.2024
Capital Fund	See	3,50,00,000	5,00,00,000
Funds Accumulated u/s 11(2)	workings	50,00,000	1,25,00,000
Corpus Fund	below	1,75,00,000	75,00,000
		<u>5,75,00,000</u>	<u>7,00,00,000</u>
		-	-

Workings vis a vis own funds				
	Opening	Addition	Deletion	Closing
Capital Fund	5,00,00,000	-1,00,00,000	50,00,000	3,50,00,000
Section 11(2) Funds	1,25,00,000	25,00,000	1,00,00,000	50,00,000
Corpus Funds	75,00,000	1,25,00,000	25,00,000	1,75,00,000
Rs.	<u>7,00,00,000</u>	<u>50,00,000</u>	<u>1,75,00,000</u>	<u>5,75,00,000</u>

Schedule 2 - Bank Loan	
Opening Balance	80,00,000
Addition	<u>30,00,000</u>
	1,10,00,000
Deletion	<u>55,00,000</u>
Rs.	<u>55,00,000</u>
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Schedule 3 - Fixed Assets	
Opening Balance	4,50,00,000
Addition	<u>50,00,000</u>
	5,00,00,000
Depreciation	<u>25,00,000</u>
Rs.	<u>4,75,00,000</u>

Schedule 4 - Bank Balances	
Earmarked for 11(2) Funds	50,00,000
Earmarked for Corpus Funds	1,75,00,000
Other bank balances (bal fig)	<u>25,00,000</u>
Rs.	<u>2,50,00,000</u>

Kochi Medical foundation, Kakkanad, Kochi - 682 030

Computation statement for IT Assessment Year 2025 - 26

Income

Voluntary Contributions			
10BD donations		8,00,000	
Cash greater than Rs. 2000		1,00,000	
Donations not included in Form 10BD		7,00,000	
		<u>16,00,000</u>	
Other donations	9,00,000		
Government grants	5,00,000	14,00,000	
Domestic donations		<u>30,00,000</u>	
Foreign contribution		15,00,000	45,00,000
Other receipts			
Income from main object		6,00,00,000	
Interest income		55,00,000	6,55,00,000
Corpus donation		<u>1,25,00,000</u>	
Less: Exempt u/s 11(1d)		1,25,00,000	-
		Total Income (Rs.)	<u>7,00,00,000</u>
		Amount to be applied @ 85% Rs.	<u>5,95,00,000</u>

Income Applied

Revenue expenses			
Medical relief			7,25,00,000
Relief of the poor			50,00,000
			<u>7,75,00,000</u>
Less:	Applied from 11(2) funds	1,00,00,000	
	Applied from corpus donation	25,00,000	
	Applied from capital fund (from early year surplus)	50,00,000	1,75,00,000
			<u>6,00,00,000</u>
Less:	Adjustments as per Expl 3 to Sec 11		
	Section 40(a)(ia) - 30% of 5,00,000	1,50,000	
	Section 40A(3)	1,00,000	2,50,000
			<u>5,97,50,000</u>
Less:	Increase in payables		50,00,000
		Revenue (Rs.)	<u>5,47,50,000</u>
Capital expenses			
Addition to Fixed Assets			50,00,000
Less: applied from loan			30,00,000
		Capital (rs.)	<u>20,00,000</u>
Loan repaid		Rs.	<u>55,00,000</u>
Total Application (out of which Rs. 50 lakhs is relief of poor)		Rs.	<u>6,22,50,000</u>

Statement of Income and tax

Income			7,00,00,000
Applied	88.93%	6,22,50,000	
Accumulation u/s 11(2)	File Form 10	3.57%	25,00,000
Surplus not exceeding 15%		7.50%	52,50,000
			<u>7,00,00,000</u>
		Income (Rs.)	<u>-</u>
Tax due		Rs.	Nil
TDS (Refund due)			
Section 194A			5,50,000
Section 194J	(Health Insurance receipts - Disclose in 10B)		1,00,000
		Rs.	<u>6,50,000</u>

**CAUTION WHEN THE FINANCIAL STATEMENTS ARE NOT
NOT PREPARED AS PER THE FORMAT GIVEN IN
THE ICAI TECHNICAL GUIDE FOR ACCOUNTING FOR NPO'S**

1. Guidance Note of Financial Statements for Non Corporate Entities is not applicable for NPOs because ICAI has issued a separate technical guide for them (Q 6 of ICAI FAQ)
2. Technical guides are by and large non-mandatory.
3. Course of action if the client has not complied with the TG
 - a. Through the audit engagement letter inform the client that there is such a TG.
 - b. Reiterate that preparation and presentation of financial statements is their responsibility. Also tell them to prepare the FS in the format given in the TG.
 - c. If the client has not prepared the FS in accordance with the TG, tell them to give an appropriate note to that effect in the notes on accounts with monetary impact, if any. Also tell them to state the reason for not following that format.
 - d. Make suitable reference to the note in audit report. Since this is only a TG, many people are of the opinion that it is sufficient that the fact is mentioned in the audit report and a qualification is not warranted. It's a matter of professional judgment.
 - e. While taking UDIN, note whether it is a qualification or emphasis of matter.
 - f. Get appropriate audit representation on this matter.