

Institute for Financial
Management and
Research

Financial Statements
31st MARCH 2018

Fraser & Ross

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INSTITUTE FOR FINANCIAL MANAGEMENT AND RESEARCH

Chartered Accountants
ASV N Ramana Tower,
52, Venkatnarayana Road,
T. Nagar,
Chennai - 600 017,
Tamil Nadu, India

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Report on the Financial Statements

We have audited the accompanying financial statements of **INSTITUTE FOR FINANCIAL MANAGEMENT AND RESEARCH** ("the Institute"), a society registered under the Societies Registration Act XXI of 1860, which comprise the Balance Sheet as at March 31, 2018, the Income and Expenditure account and Cash Flow Statement of the Institute for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Institute's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Institute in accordance with accounting principles generally accepted in India, including Accounting Standards issued by the Institute of Chartered Accountants of India.

This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Institute and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 the 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 the 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 the internal financial controls relevant to the Institute's preparation of financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the adequacy and operating effectiveness of the Institute's internal control. 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.



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

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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Institute as at March 31, 2018;
- (b) in the case of the Income and Expenditure Account, the excess of income over expenditure for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

We report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Institute so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Income and Expenditure Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, the Income and Expenditure Account and Cash Flow Statement comply with the Accounting Standards applicable to non-corporate entities issued by the Institute of Chartered Accountants of India.

For **Fraser & Ross**
Chartered Accountants
(Firm Registration No. 000829S)

Bhavani Balasubramanian

Bhavani Balasubramanian
Partner
Membership No. 22156

Chennai, August 30, 2018



Institute for Financial Management and Research
(Registered under the Societies Registration Act XXI of 1860)

Balance Sheet as at March 31, 2018

SOURCES OF FUNDS	Schedules	As at March 31, 2018 Rs.	As at March 31, 2017 Rs.
Unrestricted funds	1	1,20,44,84,499	1,10,47,17,925
Restricted funds	2	1,12,76,09,015	94,81,96,574
Deferred Income (Specific Contribution)	4(a)	2,69,38,123	2,84,53,123
Current liabilities and provisions	3	44,21,94,821	47,02,70,120
TOTAL		2,80,12,26,458	2,55,16,37,742
APPLICATION OF FUNDS			
Property, Plant, and Equipment			
Tangible assets	4	90,65,88,003	97,62,87,978
Capital work in progress		-	13,19,786
Current assets	5	1,73,25,17,425	1,47,22,32,911
Loans, advances and deposits	6	16,21,21,030	10,17,97,067
TOTAL		2,80,12,26,458	2,55,16,37,742

In terms of our report attached
For Fraser & Ross
Chartered Accountants

Chennai
Date: 30-08-2018

N Vaghul
N Vaghul
Governor

Kapil Viswanathan
Kapil Viswanathan
President

Lalitha J
Lalitha J
Chief Financial Officer

Bhavani Balasubramanian
Bhavani Balasubramanian
Partner



**Institute for Financial Management and Research
(Registered under the Societies Registration Act XXI of 1860)**

Income and Expenditure Account for the year ended March 31, 2018

Particulars	Schedules	For the Year Ended March 31, 2018			For the Year Ended March 31, 2017		
		General Fund	Research Project Funds	Total	General Fund	Research Project Funds	Total
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
INCOME							
Course and Seminar fees		28,72,97,941	-	28,72,97,941	24,38,17,688	24,38,17,688	
Project Grants transferred from Research Project Fund		35,44,273	41,53,57,201	41,53,57,201	-	29,76,09,053	
Project reimbursements		6,38,33,129	80,27,17,456	80,62,61,729	61,46,99,240	61,58,72,391	
Other income	7		5,40,27,427	11,78,60,556	5,24,50,614	10,96,30,213	
TOTAL (A)		35,46,75,343	1,27,21,02,084	1,62,67,77,427	29,74,41,453	1,26,69,29,345	
EXPENDITURE							
Course and Seminar expenses		4,87,70,310	-	4,87,70,310	5,07,10,799	5,07,10,799	
Research project expenses		43,35,542	1,20,91,49,045	1,21,34,84,587	28,33,385	90,89,80,293	
Employee benefit expenses		11,56,71,669	4,34,00,045	15,90,71,714	8,94,71,989	13,01,06,164	
Administrative and general expenses	8	7,37,76,600	2,27,98,203	9,65,74,803	6,27,50,671	8,52,79,001	
Depreciation and amortisation expenses	9	6,82,58,972	1,18,61,445	8,01,20,417	6,64,79,090	7,68,22,018	
Loss: Share of expenses absorbed under project expenses		(5,35,89,019)	(5,91,82,324)	(11,27,71,343)	(4,23,56,723)	(9,32,32,582)	
TOTAL (B)		25,72,24,074	1,22,80,26,414	1,48,52,50,488	22,98,89,211	1,15,86,65,692	
Excess of income over expenditure		9,74,51,269	4,40,75,670	14,15,26,939	6,75,52,242	10,82,63,653	
Excess of Income over Expenditure transferred to :-							
General fund		9,74,51,269	4,40,75,670	14,15,26,939	6,75,52,242	10,82,63,653	
Research project fund		-	4,40,75,670	9,74,51,269	6,75,52,242	6,75,52,242	
				4,40,75,670	-	4,07,11,411	

In terms of our report attached
For Fraser & Ross
Chartered Accountants

Bho Balasub
Bhavani Balasubramanian
Partner

Harish
Lalitha J
Chief Financial Officer

Kapil Viswanathan
Kapil Viswanathan
President

N Vaghul
N Vaghul
Governor

Place: Chennai
Date: 30-08-2018



Schedule 4 - Property, Plant, and Equipment

Particulars	Gross Block			Accumulated Depreciation/Amortisation			Net Block		
	Balance as at April 1, 2017 Rs.	Additions Rs.	Deletions Rs.	Balance as at March 31, 2018 Rs.	Balance as at April 1, 2017 Rs.	For the year Rs.	Elimination on disposal of assets Rs.	Balance as at March 31, 2018 Rs.	Balance as at March 31, 2017 Rs.
Freehold land	76,88,217	-	-	76,88,217	-	-	-	76,88,217	76,88,217
Leasehold land	8,42,71,987	-	-	8,42,71,987	43,31,842	10,95,632	-	7,88,44,513	7,99,40,145
Buildings	73,26,10,811	6,60,961	-	73,32,71,772	8,98,83,187	3,67,58,311	-	60,66,30,274	64,27,27,624
Plant (solar)	3,13,00,000	15,03,572	-	3,28,03,572	1,37,720	16,31,539	-	3,10,34,313	3,11,62,280
Loads	2,32,67,464	-	-	2,32,67,464	51,02,802	23,26,746	-	1,58,37,916	1,81,64,662
Electrical fittings	11,17,85,624	2,02,663	3,41,470	11,16,46,817	2,55,78,267	1,13,52,290	1,77,814	7,48,94,074	8,62,07,357
Furniture and office equipment	6,38,52,071	21,01,873	38,025	6,59,15,919	3,48,25,410	32,89,167	(5,649)	2,77,95,693	2,90,26,661
Computers	9,85,30,165	1,51,38,121	1,82,04,816	9,54,63,470	5,83,19,136	1,13,61,340	75,50,169	3,33,33,163	4,02,11,029
Air-conditioners	2,92,65,868	4,68,817	-	2,97,34,685	1,43,61,784	43,77,840	-	1,09,95,061	1,49,04,084
Miscellaneous and other equipment	3,68,41,699	23,94,019	1,80,981	3,90,54,737	1,97,34,294	82,32,105	1,57,080	1,12,45,418	1,71,07,405
Vehicle	51,35,627	-	9,15,000	42,20,627	27,98,185	7,40,722	4,42,250	11,23,970	23,37,442
Library books	1,04,31,451	15,743	1,121	1,04,46,073	1,02,40,544	42,386	1,121	1,64,264	1,90,907
Software	5,45,107	8,08,300	8,125	13,45,282	5,31,258	65,648	8,125	7,56,501	13,849
Assets Held for Sale	1,80,945	-	-	1,80,945	8,08,458	-	-	1,80,945	1,80,945
Buildings	72,33,830	-	-	72,33,830	-	3,61,691	-	60,63,681	64,25,372
TOTAL	1,24,29,40,866	2,32,94,069	1,96,89,538	1,24,65,45,397	26,66,52,887	8,16,35,417	83,30,910	90,65,85,003	97,62,87,979

* Note : Depreciation on land represents amortisation of leasehold land over the lease period

Schedule 4a - Deferred income

Particulars	Balance as at April 1, 2017	Received during the year	Depreciation/amortization charged	Balance as at March 31, 2018
Deferred Income (Specific Contribution)	2,84,53,123	-	(15,15,000)	2,69,38,123



Institute for Financial Management and Research
Schedules forming part of the financial statements

Particulars	As at March 31, 2018 Rs.		As at March 31, 2017 Rs.	
	Unrestricted Funds	Restricted Funds	Unrestricted Funds	Restricted Funds
Schedule 1 - Unrestricted Funds				
General Fund				
Opening balance	1,06,61,29,509		99,85,77,267	
Add: Excess of income over expenditure	9,74,51,269		6,75,52,242	
Closing Balance	1,16,35,80,778	-	1,06,61,29,509	-
Designated Fund				
Opening Balance	3,85,88,416		3,64,04,166	
Add: Interest on Designated Fund	23,15,305		21,84,250	
Closing Balance	4,09,03,721		3,85,88,416	
Total Unrestricted Funds	1,20,44,84,499	-	1,10,47,17,925	-
Schedule 2 - Restricted Funds				
Opening balance - Research Project Funds		81,69,00,115		78,74,67,290
Less: Transfer to Specific Project fund		(97,77,294)		-
Add: Research Grants received during the year		50,04,04,527		26,93,15,873
Add: Scholarship Grants received during the year as sponsoring body for the proposed University		3,00,00,000		
Add: Interest on Specific Project fund		2,21,88,952		1,70,14,594
Less: Transferred to Income and Expenditure account in respect of current year utilisation		(41,53,57,201)		(29,76,09,053)
Add: Excess of income over expenditure		4,40,75,670		4,07,11,411
Closing Balance Research Project funds		98,84,34,769		81,69,00,115
Designated Fund				
Opening Balance		13,12,96,459		12,38,64,583
Add: Transfer from Research Project Fund		-		-
Add: Interest on Designated Fund		78,77,787		74,31,876
Closing Balance Designated Funds		13,91,74,246		13,12,96,459
Total Restricted Funds	-	1,12,76,09,015	-	94,81,96,574
Schedule 3 - Current liabilities and provisions				
Current liabilities				
Sundry creditors	90,16,739	2,46,60,657	85,07,691	84,87,329
Payables on purchase/ construction of fixed assets	28,73,268	-	89,92,873	-
Students Caution Deposits	1,99,01,832	-	79,75,832	-
Funds received in advance for projects	49,06,430	25,18,73,278	-	34,25,15,187
Fees received in advance	5,43,70,386	-	5,49,28,600	-
Other liabilities	1,94,93,835	3,05,24,076	1,08,66,446	1,38,34,504
Provision for compensated absences	22,10,913	1,14,67,542	20,35,882	85,38,621
Provision for Gratuity	1,08,55,865	-	8,79,592	27,07,563
	12,36,69,268	31,85,25,553	9,41,86,916	37,60,83,204
Schedule 5 - Current assets				
Interest accrued on deposits	1,48,33,985	4,02,26,408	1,02,66,881	4,01,00,665
Accounts receivable				
Fees/ program income receivable	62,76,845	-	49,60,643	-
Amounts receivable from donors against reimbursement of project expenses (Refer Note No 11.8)	-	4,06,79,765	-	2,62,99,543
Cash and bank balances				
Cash in Hand	-	-	-	-
Balances with banks				
- in current account	21,97,318	-	1,54,90,372	-
- in savings account	3,25,62,040	1,53,30,327	11,77,468	2,83,38,233
- in deposit accounts	41,29,31,038	1,15,49,79,699	26,60,47,896	1,07,95,51,210
- in deposit accounts (security deposit held jointly with AP Govt) , (Refer Note No 11.6)	1,25,00,000	-	-	-
TOTAL	48,13,01,226	1,25,12,16,199	29,79,43,260	1,17,42,89,651
Schedule 6 - Loans and advances				
Advances recoverable in cash or in kind (Refer Note No 11.5)	1,33,40,998	2,95,68,695	25,82,557	1,79,51,022
Capital advances (Refer Note No 11.7)	26,36,706	-	-	-
Amounts to be billed to donors against reimbursement of project expenses (Refer Note no 11.8)	11,96,858	5,11,52,630	-	2,69,45,459
Income tax deducted at source	78,66,379	2,18,75,028	69,69,660	1,79,10,120
Prepaid expenses	1,62,32,950	5,38,199	1,66,24,348	17,45,851
Sundry deposits	41,17,368	1,35,95,219	37,10,198	73,57,852
TOTAL	4,53,91,259	11,67,29,771	2,98,86,763	7,19,10,304

Institute for Financial Management and Research
Schedules forming part of the financial statements

Particulars	For the year ended March 31, 2018 Rs.			For the year ended March 31, 2017 Rs.		
	General fund	Research project funds	Total	General fund	Research project funds	Total
Schedule 7 - Other income						
Interest on						
- Deposits	3,91,96,538	3,60,93,921	7,52,90,459	3,05,67,227	4,32,01,476	7,37,68,704
- Savings bank account	4,38,287	17,08,352	21,46,639	8,11,158	14,25,152	22,36,310
- Staff advances	42,249	3,730	45,979	59,518	-	59,518
Miscellaneous receipts	2,41,44,968	1,62,21,424	4,03,66,392	2,10,12,711	1,25,52,971	3,35,65,682
Profit on sale of Misc. Assets	11,087	-	11,087	-	-	-
TOTAL	6,38,33,129	5,40,27,427	11,78,60,556	5,24,50,614	5,71,79,599	10,96,30,213
Schedule 8 - Employee benefit expenses						
Establishment expenses	10,86,81,669	4,34,00,045	15,20,81,714	8,39,20,024	4,05,45,197	12,44,65,221
Contribution to Provident and other funds	61,05,664	-	61,05,664	48,51,475	-	48,51,475
Staff welfare expenses	8,84,336	-	8,84,336	7,00,489	88,978	7,89,467
TOTAL	11,56,71,669	4,34,00,045	15,90,71,714	8,94,71,989	4,06,34,175	13,01,06,164
Schedule 9 - Administrative expenses						
Auditors remuneration	14,30,500	-	14,30,500	17,23,780	-	17,23,780
Advertisement expenses	61,62,584	1,67,954	63,30,538	8,10,204	4,025	8,14,229
Books and periodicals	83,96,073	-	83,96,073	70,12,315	-	70,12,315
Postage and telegrams	10,12,891	6,77,009	16,89,900	2,05,954	6,53,265	8,59,219
Printing and stationery	6,35,668	-	6,35,668	4,38,683	5,12,347	9,51,030
Legal & Professional Fees	30,49,744	15,54,158	46,03,902	22,59,225	-	22,59,225
Travelling expenses	53,93,877	59,87,890	1,13,81,767	13,77,132	51,16,067	64,93,199
Miscellaneous expenses	11,12,965	63,654	11,76,619	1,39,462	4,81,150	6,20,612
Security charges	51,01,109	-	51,01,109	47,02,997	-	47,02,997
Foreign Exchange loss	-	-	-	-	15,00,488	15,00,488
Loss on sale of assets	1,77,743	5,88,508	7,66,251	-	4,88,370	4,88,370
Rent	14,19,148	44,98,488	59,17,636	17,22,054	88,61,936	1,05,83,990
Electricity and water charges	85,84,935	1,13,014	86,97,949	1,16,06,892	64,666	1,16,71,558
Rates and taxes	16,30,335	13,197	16,43,532	30,17,917	1,28,527	31,46,444
Insurance	8,59,379	11,44,473	20,03,852	6,73,342	11,44,777	18,18,119
Repairs and maintenance						
- Repairs and AMC	76,87,438	20,46,242	97,33,680	81,23,108	4,19,397	85,42,505
- Office Maintenance	1,62,58,987	-	1,62,58,987	1,35,03,976	-	1,35,03,976
- Computers/ website/ software	29,36,931	16,54,306	45,91,237	38,35,470	5,48,159	43,83,629
- Vehicles	15,33,821	-	15,33,821	12,64,260	-	12,64,260
Meeting expenses	3,92,472	42,89,311	46,81,783	3,33,899	26,05,156	29,39,055
TOTAL	7,37,76,600	2,27,98,203	9,65,74,804	6,27,50,671	2,25,28,330	8,52,79,001



INSTITUTE FOR FINANCIAL MANAGEMENT & RESEARCH
(Registered under the Societies Registration Act XXI of 1860)

Cash Flow Statement for the Year ended March 31, 2018

Particulars	For the Year Ended March 31, 2018 Rs.	For the Year Ended March 31, 2017 Rs.
Cashflow from operating activities		
Surplus for the Period	14,15,26,939	10,82,63,653
Adjustments for		
Depreciation	8,01,20,417	7,68,22,018
Loss on sale of asset (net)	7,66,252	4,88,370
Surplus on sale of land and building		
Provision for Employee Benefits	1,04,12,662	49,07,576
Interest income	(7,74,83,077)	(7,60,05,014)
Surplus before changes in Current Assets / Current Liabilities:	15,53,43,192	11,44,76,604
Decrease/ (Increase) in Current Assets	(6,85,22,055)	1,93,28,935
Increase/(Decrease) in Current Liabilities	(3,23,68,356)	4,27,54,605
Cash generated from Operations	5,44,52,781	17,65,60,144
Net Income tax paid	(48,61,627)	(74,77,515)
Net Cash Flow from Operating Activities	4,95,91,155	16,90,82,630
Cash Flow From Investing Activities		
Interest on Deposits	10,51,72,274	9,45,52,035
Proceeds from sale of fixed assets	4,22,378	1,67,170
Capital Expenditure on Fixed Assets including Capital Advances	(2,05,60,594)	(8,58,50,250)
Investment in Fixed Deposits	(3,92,55,372)	(55,21,69,414)
Net Cash Flow used in Investing Activities	4,57,78,686	(54,33,00,458)
Cash Flow From Financing Activities		
Contribution to Project Fund	(97,77,294)	
Grants received in advance	11,50,47,326	(2,82,93,177)
Net Cash Flow from Financing Activities	10,52,70,032	(2,82,93,177)
Net Increase/ (Decrease) in Cash and Cash Equivalents	20,06,39,871	(40,25,11,006)
Cash & Cash Equivalents at the beginning of the year	6,00,06,073	46,25,17,056
Cash & Cash Equivalents at the end of the year	26,06,45,944	6,00,06,073
Reconciliation of Cash & Cash equivalents:		
Cash & bank balances as per Balance Sheet (Refer Schedule 5)	1,63,05,00,422	1,39,06,05,179
Less: Deposits - original maturity more than 3 months	1,36,98,54,478	1,33,05,99,106
Net Cash & Cash equivalents (as defined in AS 3 Cash Flow Statement) included in Schedule 5	26,06,45,944	6,00,06,073
Cash and cash equivalents at the end of the year comprises of		
(a) Cheques in Hand		
(a) Balances with banks		
- in current account	21,97,318	1,54,90,372
- in savings account	4,78,92,367	2,95,15,701
- in deposit accounts -original maturity 3 months or less	21,05,56,259	1,50,00,000
	26,06,45,944	6,00,06,073



INSTITUTE FOR FINANCIAL MANAGEMENT AND RESEARCH
(Registered under the Societies Registration Act XXI of 1860)

Notes to the Financial Statements for the year ended March 31, 2018

Back Ground:

The Institute is a not for profit Society established in 1970 and registered under Societies Registration Act XXI of 1860. The Institute runs a Business School at its campus at Sri City, Tada, Andhra Pradesh. It has also established research centers to undertake research in the areas of finance, insurance, social science and environment etc.

The Government of Andhra Pradesh has vide G.O.Ms.No 23 dated May 23, 2017 included IFMR University in the Schedule of the Andhra Pradesh Private Universities (Establishment and Regulation) Act, 2016, with IFMR as the sponsoring body.

IFMR decided to rename the University as Krea University and applied to the Andhra Pradesh Government for a change of name in December 2017. The A.P. government granted the name change and notified the Krea University vide a publication in the Andhra Pradesh Gazette on April 30, 2018 (reference Act No. 18 of 2018)

IFMR as the sponsoring body is setting up Krea University as per guidelines of the AP Act. The Governing Council, the apex body of the University has been formed in March, 2018. The Chancellor and Vice Chancellor have been appointed in March 2018 as per the Act.

IFMR is in the process of transferring its Business school operations to Krea University. As per the agreement between IFMR and Krea, while Krea's organizational framework is being set up, the Academic activities and operations of Krea University would be conducted by IFMR, and all revenues and expenses for the year 2017-18 will be absorbed by IFMR.

10 Significant Accounting Policies:

10.1 Basis of Accounting:

The financial statements of the Institute have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) and the recognized accounting policies and practices, to comply with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

10.2 Income:

- a) All course and seminar fees are accounted on accrual & time proportion basis
- b) All Donations, Grants, Endowments and monies received towards project funds are accounted on receipt basis.
- c) General donations and grants are treated as capital receipts and taken to General Fund.
- d) Grants whose primary condition is that the Institute should purchase, construct or otherwise acquire capital assets are treated as deferred income which is recognized in the Income and Expenditure account on a systematic and rational basis over the useful life of the asset.
- e) Fellowships, endowments and grants received for specific purposes are kept in the respective funds.
- f) Monies received towards joint research project are taken to project fund.
- g) Reimbursements receivable for project expenses are treated as income on accrual basis.



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h) Interest income is accounted on a time proportion basis

10.3 Property, Plant, and Equipment and Depreciation:

Assets are recorded at cost of acquisition and any directly attributable expenditure on making the asset ready for its intended use. Depreciation on fixed assets is charged on the straight-line method at the following rates:

Asset Category	Rate %
Leasehold land	Over the lease period
Buildings	5
Solar Power Plant	5
Electrical fittings and furniture	10
Roads	10
Air-conditioners	15
Fire Protection Equipments	15
Other miscellaneous equipment	25
Computer including software, vehicles and library books	20

10.4 Capital work-in-progress

Fixed assets that are not yet ready for their intended use are carried at cost, comprising of direct cost and related incidental expenses.

10.5 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

10.6 Cash flow statement

Cash flows are reported using the indirect method, whereby Income / (expenditure) is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Institute are segregated based on the available information.

10.7 Employee Benefits:

Defined contribution plans:

- Provident Fund: Contributions are made to the recognized Provident Fund Trust (PF Trust) and are expensed to the Income and Expenditure account. The interest rate payable by the PF Trust is notified by the Government. The Institute has an obligation to make good the shortfall, if any, between the return from investments and the notified interest rate and recognizes such obligation as an expense.
- Super Annuation Fund: The Institute makes contribution to a scheme administered by the Life Insurance Corporation of India (LIC) to discharge its liabilities towards super annuation to the employees. The Institute has no other liability other than its contribution.



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Defined benefit plans (Long term employee benefits):

Gratuity: The Institute makes its contribution to a Gratuity fund administered by the Life Insurance Corporation of India (LIC) to discharge gratuity liability to the employees. The Institute accounts for its liability for future gratuity benefits based on actuarial valuation, as at the balance sheet date, determined by actuary consultant using the projected unit credit method. Effects of changes in actuarial valuation are immediately recognized in the income and expenditure account.

Compensated absences: The Institute records its liability for compensated absences based on actuarial valuation as at the balance sheet date using the projected unit credit method. Effects of changes in actuarial valuation are immediately recognized in the income and expenditure account.

Short term employee benefits are recognized as an expense as per the Institute's scheme based on expected obligations on an undiscounted basis.

10.8 Foreign Currency Transaction:

- a. All foreign contributions received as grants are recorded at the rates prevailing on the date when the credit is given by the bank, to the Institute's account. Transactions in foreign currencies are accounted at the exchange rates prevailing on the date of the transactions and the realized exchange loss/ gain are dealt with in the Income and Expenditure account.
- b. Monetary assets and liabilities denominated in foreign currency are restated at the rates of exchange as on the Balance Sheet date and the exchange gain/loss is suitably dealt with in the Income and Expenditure account.

10.9 Segment Reporting:

The Institute identifies primary segments based on the dominant source, nature of operations and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating surplus / deficit amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance. The accounting policies adopted for segment reporting are in line with the accounting policies of the Institute. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue, specific costs and allocated / apportioned common costs are accounted on the basis of transactions which are pre-approved by the management. Revenue, expenses, assets and liabilities which relate to the Institute as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

10.10 Designated Funds

The Board in its meeting on October 23, 2015 decided to earmark certain funds in General and in Research project Funds as Designated funds for future use as may be determined by the Board. Interest earned on these funds are accumulated along with the principal funds.



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11. Notes on Accounts:

11.1 Segment reporting

The Institute operates in two segments namely Business School & Research Centers. The segments are identified based on the nature of activities and the internal organization and management structure. The operating segments are the segments for which separate financial information is available. The Segment reporting is given on this classification.



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Amount Rs.

Particulars	B-School			Research Centers			Total		
	Current Year	Previous Year		Current Year	Previous Year		Current Year	Previous Year	
	Segment Revenue	29,08,42,214	24,49,90,839		1,21,80,74,657	91,23,08,293		1,50,89,16,871	1,15,72,99,132
Intersegment Revenue	5,35,89,019	4,23,56,723		5,91,82,324	5,08,75,859		11,27,71,343	9,32,32,582	
Total	34,44,31,233	28,73,47,562		1,27,72,56,981	96,31,84,152		1,62,16,88,214	1,25,05,31,714	
Segment Expense	31,08,13,092	27,22,45,934		1,28,72,08,739	97,96,52,340		1,59,80,21,831	1,25,18,98,274	
Segment Result	3,36,18,141	1,51,01,628		(99,51,758)	(1,64,68,188)		2,36,66,383	(13,66,560)	
Other Income	6,38,33,129	5,24,50,614		5,40,27,427	5,71,79,599		11,78,60,556	10,96,30,213	
Surplus for the year	9,74,51,270	6,75,52,242		4,40,75,669	4,07,11,411		14,15,26,939	10,82,63,653	

Particulars	B-School			Research Centers			Total		
	Current Year	Previous Year		Current Year	Previous Year		Current Year	Previous Year	
	Segment Assets	1,39,67,49,800	1,26,06,69,306		1,40,44,76,658	1,29,09,68,435		2,80,12,26,458	2,55,16,37,741
Segment Liabilities	12,36,69,268	9,41,86,916		31,85,25,553	37,60,83,204		44,21,94,821	47,02,70,120	
Other Information									
Capital Expenditure	88,07,815	5,99,74,272		1,44,86,254	2,82,72,547		2,32,94,069	8,82,46,819	
Depreciation & Amortization	6,82,58,972	6,64,79,090		1,18,61,445	1,03,42,928		8,01,20,417	7,68,22,018	



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11.2 Employee Benefits:

The Institute makes Superannuation Fund contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Institute is required to contribute a specified percentage of the payroll costs to fund the benefits. In the case of Provident Fund, the Institute has an obligation to make good the shortfall, if any, between the return from investments and the notified interest rate on the Provident Fund Trust (PF Trust). The Institute recognized Rs.32,26,772 (Year ended March 31, 2017 Rs. 2,141,694) for Provident Fund contributions Rs.1,147,029 (Year ended March 31, 2017 Rs. 1,237,044) for Superannuation Fund contributions. The contributions payable to these plans by the Institute are at rates specified in the rules of the schemes.

The details of actuarial valuation in respect of Gratuity liability are given below:

Rs.

i.	Particulars	31.3.2018	31.3.2017
	Projected benefit obligation as at the beginning of the year	20,392,114	16,136,247
	Service cost	8,606,677	4,518,380
	Interest cost	1,478,428	1,250,559
	Actuarial Loss/(gains)	1,756,118	(1,513,073)
	Benefits Paid	(3,509,567)	-
	Projected benefit obligation at the end of the year	28,723,770	20,392,114

ii.	Particulars	31.3.2018	31.3.2017
	Fair value of plan assets as at the beginning of the year	16,804,958	12,165,427
	Expected return on plan assets	1,355,732	1,237,952
	Contributions	3,582,441	3,965,189
	Benefits paid	(3,509,567)	-
	Actuarial gain/(losses) on plan assets	(405,658)	(563,609)
	Fair value of plan assets	17,827,906	16,804,958

iii.	Amount recognized in the Balance Sheet	31.3.2018	31.3.2017
	Projected benefit obligation at the end of the year	28,723,770	20,392,114
	Fair value of plan assets at the end of the year	17,827,906	16,804,958
	Liability recognized in the balance Sheet	10,895,864	3,587,155

iv.	Cost of the defined plan for the Year	31.3.2018	31.3.2017
	Total Service cost	8,606,677	4,518,380
	Interest on obligation	1,478,428	1,250,559
	Expected return on planned assets	(1,355,732)	(1,237,952)
	Net actuarial (gains)/losses recognized in the year	2,161,777	(949,463)
	Net cost recognized in the Income and expenditure account	10,891,150	3,581,524

v.	Assumptions	31.3.2018	31.3.2017
	Discount Rate	7.64%	7.25%
	Expected rate of return	8.05%	8.05%
	Salary escalation	8%	8%



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Actuarial Calculations (Gratuity Plan) as per AS 15:

		Rs.	
	Experience History	31.3.2018	31.3.2017
1	Defined Benefit Obligation at end of the period	28,723,770	20,392,114
2	Plan Assets at end of the period	17,827,906	16,804,958
3	Funded Status	(10,895,864)	(3,587,155)
4	Experience Adjustments on Plan liabilities	2,460,122	(2,044,936)
5	Experience Adjustments on Plan Assets	(405,658)	(563,609)

- 11.3** Pursuant to the approval of the Board of Directors in their meeting dated April 20, 2018, the remaining portion of the land and building at Kothari Road campus has been sold for a consideration of Rs 397.5 million in July 2018
- 11.4** Expenses incurred by IFMR towards setting up of Krea University under the agreement dated August 23, 2018 amounts to Rs. 17.38 million. These have been accounted under natural heads.
- 11.5** Loans & Advances includes Rs.10 million being the application fee paid in December 2017 for the 'Institutions of Eminence (IOE)' status with the University Grants Commission (UGC). IFMR is yet to receive any communication in this regard from UGC.
- 11.6** IFMR as Sponsoring Body of Krea University has established an Endowment Fund of Rs 12.5 million as per rules notified vide G.O.MS. No 22 dated May 18, 2017. The endowment fund is in the form of a fixed deposit in the joint name of IFMR and the AP THE SECRETARY, APSCH (A.P.State Council of Higher Education).
- 11.7** Capital advances include Rs 22,92,788 being architect fee paid towards expansion plans of Krea University at Sri City campus.
- 11.8** The Institute accrues the reimbursements recoverable from donors towards expenses incurred on projects. These reimbursements have been included under Accounts Receivable to the extent invoiced to donors and have been included under Loans and Advances to the extent they are yet to be billed.
- 11.9** Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Place: Chennai
Date: 30-08-2018


N Vaghul
Governor


Kapil Viswanathan
President


Lalitha J
Chief Financial Officer

