

## **Auditor’s Report & Observations**

### **Auditors Observations**

### **Management Remarks**

<p><i>We draw attention to note 22(b) to the financial statement which states that the print outs of the books of account for the period 01.04.2016 to 22.05.2016 are not available and the club’s accounts department is not conversant on how to operate the old accounting software. In view of this the books of account for the period 01.04.2016 to 22.05.2016 were not made available to us for our verification</i></p>	<p>The club accounts department has no access to the old software, however, with the assistance of the old software consultant the data required by the auditors was made available.</p>
<p><i>We draw attention to Note 22(h) to the financial statement which states that the periodical returns filed with Service tax department, and Delhi Value Added Tax department, do not fully match with books of account of the club. In view of this we are unable to comment on whether the Club has fully met its obligations as required under these statutes and / or whether the amount shown as input credit available are correctly stated.</i></p>	<p>The difference pointed out in figure amounts to Rs.1044. which is attributable to rounding off the figure in the whole year.</p>
<p><i>Leave encashment has been accounted for on cash basis which is not as per requirements of Accounting Standard (AS)-15 “Accounting for Retirement Benefits”. In view of this the liability w.r.t. leave encashment has not been ascertained and accounted for as required in terms of AS-15 and its effect on the loss for the current period and also its cumulative effect cannot be determined</i></p>	<p>The requirement has been noted for compliance in future.</p>
<p><i>We draw attention to Note 22(o) to the financial statement which states that 29 members resigned during the year. However, membership loyalty bonus was paid to 33 members and furthermore as per the minutes of the management committee meetings resignation of 47 members was accepted during the year. Secondly in terms of Article 11(b) of the Articles of Association of the company membership loyalty bonus is to be paid after inclusion of new member under the category of transfer of membership. In terms of the minutes of meetings of the management committee none of the new members admitted during the year fell under the category of transfer of membership. Lastly the list of members who resigned during the year and were paid membership loyalty bonus are different in the books of account and the list of members who resigned during the</i></p>	<p>The membership under transfer category does not have a different identification. All members who resigned were listed in the register in the order they submitted their resignation. All members elected after introduction of “transfer of membership” have been under this category only. In one case the exit fee was paid to the legal heirs of the deceased member. As an when the new members are elected in this category the exit fee is being paid to those who are in the waiting list as per their seniority.</p>

<p><i>year as per minutes books of the management committee meetings.</i></p>	
<p><i>Deprecation on fixed assets aggregating to Rs. 99,68,944 has been charged in the books of account. However, the rates of depreciation charged is not strictly as per the requirements of Schedule II of the Companies Act, 2013. Management of the Club has not been able to provide the correct amount of depreciation chargeable to Statement of Profit and Loss.</i></p>	<p>The deprecation has been worked out and authenticated by a Chartered Accountant. However the matter has been referred to him for clarification and future record.</p>
<p><i>We draw attention to Note 22(g) to the financial statements. This note does not quantify the possible outcome of the various lawsuits filed against the Club by various persons and the contingent liability thereon. Our opinion is not qualified in respect of this matter.</i></p>	<p>It is not possible to predict the outcome of the legal cases. Hence it is difficult to say as to what contingent liability would be there.</p>
<p><i>Club has neither provided the list of related parties nor the details of transactions with related parties as required in terms Accounting Standard (AS) 18. Therefore we are unable to comment on the transactions with related parties and the adequacy of disclosure as required under the accounting standard. Even the details of transactions with Key Management Personnel have not been disclosed in the financial statements. Our opinion is not qualified in respect of this matter.</i></p>	<p>The company has no contract with any of the management, personnel or with their related parties.</p>
<p><i>Club has not fully complied with the requirements of chapter XVII-B of Income tax Act, 1961 w.r.t. deduction of tax at source. Tax has not been deducted at source on payments made in accordance with law in a number of cases. Secondly, the time of deduction is not in accordance with the requirements of said chapter XVII-B. Our opinion is not qualified in respect of this matter.</i></p>	<p>This point has been noted for strict compliance in future.</p>
<p><i>Others Payable under Note No. 6. to the financial statements include an amount of Rs. 43,80749 being balances of various members in the cash cards issued to them. Details of members to whom the said balances pertained to was not made available to us for our verification. Our opinion is not qualified in respect of this matter.</i></p>	<p>These cash cards are not issued by name hence it is not possible to list out details member wise.</p>
<p><i>List of Various registers and other records required to be maintained in terms of the provisions of Companies Act, 2013 and the registers/ records so maintained were not made available to us for our verification.</i></p>	<p>The requirement has been noted for compliance in future.</p>
<p><i>Minutes Books of the Meetings of the Board of Directors &amp; of the General Meetings have not been maintained in accordance with the provisions of section 118 of the Companies Act, 2013 read with prescribed Secretarial Standards issued by the Institute of Company Secretaries of India.</i></p>	<p>The minutes of the meeting are signed by the chairman with all pages serially number in continuation.</p>

<p><i>We draw attention to Note 22(n) to the financial statement which states that internal auditors have pointed out certain anomalies. However, as informed to us management committee till date has not taken any concrete steps to resolve the anomalies as pointed out by the internal auditors.</i></p>	<p>The anomalies were discussed in detail in the finance subcommittee meeting held on 12 July 2017 in presence of the internal auditors and they have confirmed in writing that this point has been discussed in their presence.</p>
<p><i>in our opinion proper books of account as required by law have been kept by the Club so far as appears from our examination of those books. However, books of account for the period 01.04.2016 to 22.05.2016 were not made available to us for our verification;</i></p>	<p>The club accounts department has no access to the old software, however, with the assistance of the old software consultant the data required by the auditors made available.</p>
<p><i>Directors of the Club who are also directors of certain other companies, have not produced written representation as to whether the companies in which they are directors as on 31.03.2017, had not defaulted in terms of section 164(2) of the Companies Act, 2013. In the absence of this representation from the directors, we are unable to comment whether the directors are disqualified from being appointed as directors under sub-section 2 of section 164 of the Companies Act, 2013</i></p>	<p>This confirmation has been sought from all the directors and would be kept on record.</p>
<p><i>Physical verification of fixed assets has not been conducted for the past many years by the management. We are, therefore, unable to comment on the discrepancies between book records and physical balances and impairment of assets resulting in write off, if any.</i></p>	<p>Physical verification of fixed assets has been carried out during the financial year and the report received was shown to the auditors and is available on record.</p>