

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of TheBoat House Club Limited, Nainital

Report on the Financial Statements

We have audited the accompanying financial statements of **TheBoat House Club Limited, Nainital** (“the Company”), which comprise the balance sheet as at **March 31, 2019**, the Statement of Income and Expenditure and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information annexed thereto (collectively referred to as the ‘Financial Statements’).

Management’s Responsibility for the Financial Statements

The Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 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 internal financial control relevant to the Company’s preparation of the financial statements that give a true and fair view 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 Company’s 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 on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at **31 March 2019**, its **deficit in income and expenditure** and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. The Club is not covered by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act.
2. As required by Section 143 (3) of the Act, 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 the law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Income and Expenditure and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the Committee Members (Directors) as on **31 March 2019** taken on record by the Committee Members (Board of Directors), none of the Committee Members (Directors) is disqualified as on **31 March 2019**

from being appointed as a Committee Members (Director) in terms of Section 164 (2) of the Act.

- f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure A**"; and
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements;
 - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. Amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.-N/A

For Sharda & Sharda LLP

Firm's Registration Number- 005629C/C400002

Chartered Accountants

Per **Neeraj Sharda**

Partner

Membership no. : 084700

Haldwani

May , 2019

ANNEXURE - A TO THE AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of The Boat House Club Limited ("the Company") as of **31 March 2019** in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply

with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation

of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at **31 March 2019**, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute Of Chartered Accountants of India.

THE BOAT HOUSE CLUB LIMITED, NAINITAL

NOTES TO FINANCIAL STATEMENTS

NOTE : 2.11 TRADE RECEIVABLES

(Unsecured considered good unless otherwise stated)

Over six months:

Considered good

Considered doubtful

Within six months:

Considered good

Considered doubtful

Less: Bad debts written off

	As at March 31, 2019	(Amount in `) As at March 31, 2018
	5,81,812.32	11,43,859.03
	6,81,163.18	56,693.67
	13,06,162.36	17,81,153.17
	1,82,899.02	2,09,851.35
	27,52,036.88	31,91,557.22
	2,37,898.99	2,67,701.81
	25,14,137.89	29,23,855.41

Note 2.11.1 :

Bad Debts written off :

The following amounts of long outstanding debts have been written off during the year :

a) Ceased upto 31.03.2016: Rs. 2,21,636.05 b) Expired upto till 31.03.2016: Rs. 16,262.94

NOTE : 2.12 CASH AND CASH EQUIVALENTS

Cash and bank balances

Cash in hand

Postage Imprest - Cash

Balance with scheduled banks in:

Current accounts

State Bank of India Current A/c No. - 4238

Savings accounts

Axis Bank -0876

State Bank of India Saving A/c No.- 8197

S.B.I.Employees Benevolent Fund A/c

Nainital Bank Ltd. , Nainital A/c No- 5728

K N Sahkari Bank Ltd. Yacht A/c No.- 1596

Union Bank of India A/c No. - 0004

HDFC Bank,Nainital A/c No.- 0807

Balance with non-scheduled banks in:

Current accounts

K N Sahkari Bank Current A/c . No. - 433

Savings accounts

K N Sahkari Bank Saving A/c No. 811

K N Sahkari Bank NTYC A/c No. 7636

Oriental Bank of Commerce A/c No. 0924

Syndicate Bank A/c No. 0048

Fixed Deposits with Banks :

Having maturity more than or equal to one year

	As at March 31, 2019	As at March 31, 2018
	1,161.05	1,822.18
	4,692.85	2,083.79
	1,83,550.24	2,15,572.14
	5,78,388.76	-
	21,99,909.23	26,649.38
	8,34,569.88	8,68,720.88
	67,070.43	52,656.43
	10,840.30	10,629.30
	8,36,525.06	9,26,975.06
	13,74,886.52	12,86,029.20
	28,005.00	28,005.00
	10,97,579.38	3,50,580.68
	1,49,032.39	52,087.39
	17,19,980.00	-
	5,74,811.55	18,19,629.33
	6,49,50,665.03	6,27,33,854.88
	7,46,11,667.67	6,83,75,295.64

THE BOAT HOUSE CLUB, NAINITAL

NOTES TO FINANCIAL STATEMENTS

1. Corporate information

The Boat House Club Nainital, the Second Oldest Club in the country, established in 1890 as The Nainital Club located right on the northern edge of the lake, still exclusive, it has an open membership. It is one of the prominent places that can be visited in the Lake city of Nainital.

It comprises of a Yacht club too.

1.1 Basis of preparation

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. The financial statements have been prepared on an accrual basis and under the historical cost convention, except for derivative financial instruments which have been measured at fair value.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

1.2 Summary of significant accounting policies

i. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these

assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

ii. Tangible Fixed assets

Fixed assets, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

iii. Depreciation on tangible fixed assets

The Company follows written down value method of depreciation for all of its fixed assets.

Depreciation is provided based on useful life of the assets as prescribed in schedule II to the Companies Act, 2013.

iv. Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs,

THE BOAT HOUSE CLUB, NAINITAL

NOTES TO FINANCIAL STATEMENTS

which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the company receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognized at a nominal value.

v. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of income and expenditure.

vi. Inventories

Stock is valued at lower of cost and net realisable value. Cost is determined on first - in - first - out basis.

vii. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Income from services

Entrance fees received are taken directly to the Capital fund.

The other income (i.e. Billiards, TT, Yachting, Members subscription etc.) is accounted for on accrual basis through the Monthly/ Annual bills of respective members.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of income and expenditure.

Others

Sales are recognized when the items are sold/ supplied to members/ their guests or dependents on request.

The excise duty paid on eligible items of bar is included in the cost of sales.

Interest on staff loans is being accounted for on receipt basis.

Gratuity & Bonus payments to employees are accounted for on cash basis.

THE BOAT HOUSE CLUB, NAINITAL

NOTES TO FINANCIAL STATEMENTS

Revenue from sales is stated net of goods and service tax, wherever applicable.

viii. **Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of income and expenditure for the year when the contributions are due. The company has no obligation, other than the contribution payable to the provident fund.

Expenses incurred towards voluntary retirement scheme are charged to the statement of income and expenditure immediately.

ix. **Income Taxes**

Tax expense comprises current tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

x. **Provisions**

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

xi. **Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

xii. **Cash and cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand.

xiii. **Previous year figures**

Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.