



# VJSJ & CO LLP CHARTERED ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
ORCHID ISLAND RESIDENTS WELFARE ASSOCIATION

### Report on the Financial Statements Opinion

We have audited the accompanying financial statements of **ORCHID ISLAND RESIDENTS WELFARE ASSOCIATION** ("the Society" or "the Association"), which comprise the balance sheet as at March 31st 2021, and the Income and Expenditure Account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion and to the best of our information and according to explanation given to us, the aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Society as at 31<sup>st</sup> March 2021 and its surplus for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the Code of Ethics issued by ICAI and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 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 and financial performance of the Association in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by Institute of Chartered Accountants of India. This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Association 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For VJSJ & Co LLP  
Chartered Accountants  
Firm's Registration No. N500112



Surendra Kumar Joshi  
Partner

Membership No. 402589

UDIN: 21402589AAAAU3797

Place: Gurugram

Date: September 29, 2021

Orchid Island Residents Welfare Association  
Sector-51, Gurugram, Harvana, 120118

Balance Sheet as at 31st March 2021  
(All amounts in Indian Rupees)

Liabilities	Schedule No.	As at 31 March 2021	As at 31 March 2020	Assets	Schedule No.	As at 31 March 2021	As at 31 March 2020
<b>Capital Fund</b>	1			<b>Fixed assets</b>	3		
Corpus Fund		9,990,000	10,073,011	Tangible fixed assets		2,042,153	460,759
Interest Free Maintenance Security (IFMS)		5,569,425	4,521,175	Capital work-in-progress (CCTV)		-	1,286,217
Membership fees		922,900	896,546			2,042,153	1,746,976
Property Transfer Charges		455,000	372,500				
		<b>16,937,325</b>	<b>15,863,232</b>	<b>Current Assets</b>			
<b>Current Liabilities and Provisions</b>	2			Sundry Debtors	4	17,019,757	12,311,791
Advance received from members		7,197,132	6,237,487	Cash and Bank Balances		50,828,181	42,771,269
Liabilities for expenses (sundry creditors)		7,785,722	13,269,472				
Superfluous receipts (Electricity)		7,005,054		Loans and advances	5	531,607	179,735
Other liabilities		594,320	663,054	Other assets	6	5,377,388	1,239,032
Refundable to members		84,005	92,775				
Security deposits received		225,000	125,000				
Provision for Income Tax		2,012,000	987,000			73,756,933	56,501,827
<b>Income &amp; Expenditure Account</b>							
Balance as per last balance sheet		<b>24,903,233</b>	<b>21,374,788</b>				
Add: Surplus as per Income & expenditure Account		21,010,783	12,951,188				
		12,947,745	8,059,595				
		<b>33,958,528</b>	<b>21,010,783</b>				
<b>Total</b>		<b>75,799,086</b>	<b>58,248,803</b>	<b>Total</b>		<b>75,799,086</b>	<b>58,248,803</b>

Schedule - 13 Significant Accounting Policies and Notes to Accounts forming an integral part of the financial statements

As per our report of even date

For VJSJ & CO LLP  
Chartered Accountants  
FRN-N500112

CA Surendra Kumar Joshi  
Partner  
Membership No.: 402589

Place: Gurugram  
Date: September 29, 2021



For Orchid Island Residents Welfare Association

Rajinder Kumar  
(President)

Vipin Bhatia  
(Secretary)

Harish Chandra Dua  
(Treasurer)



21402589 AAAA003742



Income and Expenditure Account for the year ended 31st March 2021  
(All amounts in Indian Rupees)

Particulars	Schedule No.	Year ended 31 March 2021	Year ended 31 March 2020	Particulars	Schedule No.	Year ended 31 March 2021	Year ended 31 March 2020
Society maintenance expenses	10	17,982,017	12,170,000	Contributions received from members	7	83,855,024	88,160,241
Electricity charges		28,582,963	40,042,767	Income from non-members	8	748,163	450,776
Security manpower & other expenses		10,585,941	14,180,969	Grant received from Harvana Government		-	100,000
Professional and consultancy Fees		1,154,473	519,878	Other Income	9	3,080,948	2,794,323
Water and sewerage charges		930,495	517,755				
Legal expenses		317,280	1,511,249				
Audit fee (Statutory)		45,000	45,000				
Payroll expenses	11	4,735,945	4,683,236				
Rates and taxes		5,349,468	5,164,156				
Insurance Expenses		31,144	9,566				
Depreciation	3	234,104	94,851				
Repair & Maintenance -DG							
- Diesel charges		937,730	584,760				
- Other maintenance charges		575,417	444,611				
Repair and Maintenance - Electrical fixtures		672,357	1,249,115				
Repair & Maintenance - Others		256,485	201,607				
Travelling and conveyance		29,303	103,489				
Society cultural expenses		549,520	171,645				
Meeting expenses		26,302	150,741				
Printing and Stationary expenses		101,121	150,904				
CoVID-19 Exp.		503,036	-				
Other expenses	12	111,289	170,093				
Provision for current year Income tax		1,025,000	987,000				
Tax paid for earlier years		-	292,353				
Excess of Income over Expenditure		12,947,745	8,059,595				
<b>Total</b>		<b>87,684,135</b>	<b>91,505,340</b>	<b>Total</b>		<b>87,684,135</b>	<b>91,505,340</b>

Schedule - 13 Significant Accounting Policies and Notes to Accounts forming an integral part of the financial statements

As per our report of even date

For VJSJ & CO LLP  
Chartered Accountants  
FRN-N500112

CA Surendra Kumar Joshi  
Partner  
Membership No.: 402589

Place: Gurugram  
Date: September 29, 2021



21402589AAAA03292

For Orchid Island Residents Welfare Association

Rajender Kumar  
(President)

Vipin Bhatia  
(Secretary)



Harish Chandra Dua  
(Treasurer)

**Orchid Island Residents Welfare Association**  
Sector-51, Gurugram, Haryana, 122018

**Schedules to the financial statements for the year ended 31 March 2021**  
(All Amounts in Indian Rupees)

**Schedule 1 – Capital Fund**

	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>
<b>Corpus Fund</b>		
Balance as per last balance sheet	10,073,011	9,770,000
Add: Amount received during the year	60,000	346,500
Less: Amount refunded/ adjusted during the year	143,011	43,489
Closing balance	<b>9,990,000</b>	<b>10,073,011</b>
<b>Interest Free Maintenance Security (IFMS)</b>		
Balance as per last balance sheet	4,521,175	2,060,775
Add: Amount received during the year	1,145,750	2,460,400
Less: Amount refunded/ adjusted during the year	97,500	-
Closing balance	<b>5,569,425</b>	<b>4,521,175</b>
<b>Membership fees</b>		
Balance as per last balance sheet	896,546	824,846
Add: Amount received during the year	26,400	78,000
Less: Amount refunded/ adjusted during the year	46	6,300
Closing balance	<b>922,900</b>	<b>896,546</b>
<b>Property Transfer Charges</b>		
Balance as per last balance sheet	372,500	197,200
Add: Amount received during the year	85,000	175,300
Less: Amount refunded/ adjusted during the year	2,500	-
Closing balance	<b>455,000</b>	<b>372,500</b>

**Schedule 2 – Other Liabilities**

	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>
Statutory liabilities	377,421	515,538
Retention money (vendors)	80,414	-
Payable to employees	136,485	147,516
	<b>594,320</b>	<b>663,054</b>



Orchid Island Residents Welfare Association  
Sector-51, Gurugram, Haryana, 122018

Schedules to the financial statements for the year ended 31 March 2021  
(All Amounts in Indian Rupees)

Schedule 3 Tangible Fixed Assets

Particulars	Rate	WDV as on 01.04.2020	Additions put into use for		Deductions	Balance as on 31.03.2021	Depreciation	WDV as on 31.03.2021
			>180 days	<180 days				
<b>PLANT &amp; MACHINERY</b>								
Rickshaw	15%	33,230	-	-	-	33,230	4,985	28,245
Dry Leave Crusher	15%	13,727	-	-	-	13,727	2,059	11,668
Office equipment	15%	145,325	36,865	-	-	182,190	27,327	154,863
Shredder	15%	49,504	-	-	-	49,504	7,426	42,078
CCTV	15%	-	-	1,664,735	-	1,664,735	124,856	1,539,879
LED TV	15%	-	20,499	-	-	20,499	3,075	17,424
<b>FURNITURE &amp; FIXTURE</b>								
Furniture & Fixture	10%	166,341	20,400	13,000	-	199,741	19,324	180,417
<b>COMPUTER &amp; PRINTER</b>								
Computer	40%	41,977	60,000	-	-	101,977	40,790	61,187
Printer	40%	10,655	-	-	-	10,655	4,262	6,393
<b>TOTAL</b>		<b>460,759</b>	<b>137,764</b>	<b>1,677,735</b>	<b>-</b>	<b>2,276,257</b>	<b>234,104</b>	<b>2,042,153</b>



Orchid Island Residents Welfare Association  
Sector-51, Gurugram, Haryana, 122018

Schedules to the financial statements for the year ended 31 March 2021  
(All Amounts in Indian Rupees)

**Schedule - 4 Cash and Bank Balances**

	As at 31.03.2021	As at 31.03.2020
Cash on hand	306	46,000
Balances with banks in saving accounts	4,492,308	2,821,659
Balances with banks in fixed deposits	46,335,567	39,903,610
	<b>50,828,181</b>	<b>42,771,269</b>

**Schedule - 5 Loans and Advances**

	As at 31.03.2021	As at 31.03.2020
Imprest to employees	13,311	7,079
Advances to suppliers	45,133	83,089
Prepaid expenses	48,163	84,567
Deposit with Court	420,000	-
Salary Advance to employees	5,000	5,000
	<b>531,607</b>	<b>179,735</b>

**Schedule - 6 Other assets**

	As at 31.03.2021	As at 31.03.2020
Advance Tax	2,020,584	698,451
Interest accrued on fixed deposits	602,664	400,532
Accrued revenue	2,663,350	24,926
Other receivables	90,790	115,123
	<b>5,377,388</b>	<b>1,239,032</b>





**Orchid Island Residents Welfare Association**  
Sector-51, Gurugram, Haryana, 122018

**Schedules to the financial statements for the year ended 31 March 2021**  
(All Amounts in Indian Rupees)

**Schedule - 7 Contributions received from members**

	Year ended 31.03.2021	Year ended 31.03.2020
Maintenance charges	51,464,258	49,062,949
Electricity charges	31,048,112	37,546,073
Electricity Meter replacement charges	276,474	563,550
Late fees and fines	108,280	169,019
New Meter Connection charges	150,000	175,000
Others miscellaneous charges	807,900	643,650
	<b>83,855,024</b>	<b>88,160,241</b>

**Schedule - 8 Income from non-members**

	Year ended 31.03.2021	Year ended 31.03.2020
Income from stall/ banners/ Hoardings	143,964	192,373
Electricity charges	315,301	208,380
Sponsorship Income	-	32,192
Non Refundable Deposit	100,000	-
Rental Income	178,548	-
Scrap sale	10,350	17,831
	<b>748,163</b>	<b>450,776</b>

**Schedule - 9 Other Income**

	Year ended 31.03.2021	Year ended 31.03.2020
Interest on Fixed deposits	2,847,897	2,437,537
Interest on saving bank	233,051	356,786
	<b>3,080,948</b>	<b>2,794,323</b>





Orchid Island Residents Welfare Association  
Sector-51, Gurugram, Haryana, 122018

Schedules to the financial statements for the year ended 31 March 2021  
(All Amounts in Indian Rupees)

**Schedule - 10 Society Maintenance expenses**

	Year ended 31.03.2021	Year ended 31.03.2020
Horticulture expenses	2,793,100	3,809,310
House keeping expenses	6,595,563	6,539,625
Administrative expenses	120,737	232,200
Society Repair (FACADE)	6,487,076	-
Other repair and maintenance expenses	1,985,541	1,588,865
	<b>17,982,017</b>	<b>12,170,000</b>

**Schedule - 11 Payroll expenses**

	Year ended 31.03.2021	Year ended 31.03.2020
Salaries and wages	4,314,801	4,160,618
Staff welfare expenses	184,976	296,413
Employer's contribution to PF and other funds	236,168	226,205
	<b>4,735,945</b>	<b>4,683,236</b>

**Schedule - 12 Other expenses**

	Year ended 31.03.2021	Year ended 31.03.2020
Bank charges	1,117	5,379
Books & periodicals	3,600	1,140
Communication expenses	64,267	59,238
Donation	-	6,000
Transportation charges	22,311	30,290
Miscellaneous expenses	19,994	68,046
	<b>111,289</b>	<b>170,093</b>



**Orchid Island Residents Welfare Association**  
**Sector-51, Gurugram, Haryana, 122018**

**Schedules to the financial statements for the year ended 31 March 2021**  
**(All Amounts in Indian Rupees)**

**Schedule 13 - Significant Accounting policies and Notes to Accounts**

**1. General Information**

**Orchid Island Residents Welfare Association**, Sector-51, Gurugram, Haryana -122018 ("the Society" or "the Association") is a society registered under the Haryana Registration and Regulation of Society Act, 2012 with registration No. HR/018/2015/02407. The purpose of Society is to maintain and upkeep of the Society Complex (or "the Orchid Island") for the mutual benefits of its members.

The Orchid Island was developed by M/s Orchid Infrastructure Developers Private Limited ("the Developer"), and it was responsible for the maintenance and operational activities of the Orchid Island till 31 March 2018. In June 2018, the Society entered into a Memorandum of Understanding ("MOU") with the Developer that with effect from 01 April 2018, operations of maintenance and facility services of the Orchid Island would be managed by the Society itself and that the Society shall have full control on the finances and expenses incurred towards operation of maintenance and facility services of the Orchid Island.

With effect from April 2018 onwards, the Society has assumed the responsibilities of operations of 'maintenance and facility services of the Society Complex'. Consequently, the Society started receiving monthly maintenance fees from the members into its account for the mutual cause.

In pursuance of the aforesaid MOU, the Developer is also supposed to transfer the maintenance and facility services of the assets, which were constructed or purchased by the Developer out of the maintenance charges received from the then members for the proper maintenance of the Society. These assets include Post cabin for guards, Water management system, Electrical supply system (including DG). These assets have not been recognized in the books of accounts of the Society, pending handover of ownership from the Developer.

**2. Significant Accounting Policies**

**2.1. Basis of preparation of Financial statements**

The Balance Sheet and Income and Expenditure Account are prepared to comply with Generally Accepted Accounting Principles in India to the extent applicable to the Society. These financial statements are prepared under the historical cost convention on accrual basis. These statements have been prepared in accordance with the significant accounting policies as described below.

The financial statements are presented in Indian rupees rounded off to the nearest rupee.



**Schedules to the financial statements for the year ended 31 March 2021**  
**(All Amounts in Indian Rupees)**

**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 disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**2.3. Fixed Assets**

Fixed assets are stated at cost less accumulated depreciation. Cost comprises the purchase price including taxes and duties and any attributable cost of bringing the asset to its working condition for its intended use.

Subsequent expenditure is capitalized only when it increases the future economic benefits from the specific assets to which it relates.

**2.4. Capital work-in-progress**

Expenditure incurred on asset, which is not ready for their intended use, is carried at cost under Capital work-in-progress. The cost includes the purchase cost including non-refundable taxes, if any, and attributable costs.

**2.5. Depreciation**

Depreciation on fixed assets is provided on the written down value method at the rates prescribed under the Income Tax Act, 1961.

**2.6. Capital Fund**

Amount received towards corpus fund are credited to the Capital Fund appearing in the balance sheet of the Society.

Interest Free Maintenance Security, Membership Fees and Property transfer charges form part of the Capital Fund and have been accounted for accordingly.





**Schedules to the financial statements for the year ended 31 March 2021**  
**(All Amounts in Indian Rupees)**

**2.7. Revenue Recognition**

Revenue is recognized to the extent that is probable that the economic benefit will flow to the Society and the revenue can be reliably measured. Revenue is recognized as when services are rendered.

- Maintenance charges is recognized on an accrual basis for the period for which the charges are received.
- Electricity charges are billed on the actual usage of units by the members and recognized in the period to which they pertain.
- Interest income is recognized on a time proportion basis taking into account the amount outstanding and applicable interest rate.
- Grant received for the maintenance and welfare of the Society is recognized in the Income and Expenditure Account as and when the same is received.
- Revenue from other receipts is recognized when the Society's obligation is performed and right to receive money is established.

**2.8. Employee benefits**

Employee benefits include provident fund. The Society make contributions to the fund administered and managed by the Government of India. The Society's contributions to the provident fund are expensed to Income and Expenditure Account. The Society has no further obligations beyond its monthly contributions. Other employee costs are accounted as and when services are rendered by the employees.

**2.9. Tax Expenses**

The Association functions on the "Principle of mutual benefit" and the contribution made by the members are not taxable in the hands of Association. However, amount received from non-members is subject to tax, and the tax expenses on the same is measured at the amount expected to be paid to the tax authorities in accordance with provisions with the Income Tax Act, 1961.





**Schedules to the financial statements for the year ended 31 March 2021**  
**(All Amounts in Indian Rupees)**

**2.10. Provisions & Contingencies**

A provision is recognized when the Society has a present obligation as a result of past event, it is more likely than not that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Association, or is a present obligation that arises from past event but is not recognized because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a reliable estimate of the amount of the obligation cannot be made. Contingent liabilities are disclosed and not recognized.

Contingent assets are neither recognized nor disclosed.

**3. Notes to Accounts**

3.1. In terms of the MOU, the Developer is supposed to transfer the maintenance and facility services of the assets, which were constructed or purchased by the Developer out of the maintenance charges received from the then members for the proper maintenance of the Society. These assets include Post cabin for guards, Water management system, Electrical supply system (including DG). These assets have not been recognized in the books of accounts of the Society, pending handover of ownership from the Developer.

**3.2. Unsold units lying with the developer**

As explained and details provided to us, there are 116 unsold units, which are still lying with the Developer. The Society has been raising monthly invoices for maintenance and other applicable charges for these units on the Developer, which are lying unpaid in the books of accounts and shown under the head 'Sundry Debtors'. The amount receivable from the Developer as at the balance sheet date amounts to Rs 1,41,53,931 (Previous Year Rs 1,04,47,438). Contributions received from members, as shown in the Income and Expenditure Account, include the amount billed to the Developer in respect of such unsold units during the year.



**Orchid Island Residents Welfare Association  
Sector-51, Gurugram, Haryana, 122018**

**Schedules to the financial statements for the year ended 31 March 2021  
(All Amounts in Indian Rupees)**

**3.3. Contingent Liabilities**

S.No.	Particulars	31.03.2021	31.03.2020
1	Claims not acknowledged as debt	6,273,920	-

The Society has ongoing dispute with Dakshin Haryana Bijli Vitran Nigam ("DHBVN") pertaining to electricity dues related to the year 2019 when DHBVN migrated the electricity billing from manual to computerized for the Society. During the migration process, the Society continued to make the payments against the manual invoices. However, DHBVN has not recorded such payments in its systems and started reflecting the outstanding amount in the monthly bills raised during the year. The Society is contesting the demand and the Management, based on legal advice from experts, does not expect the adverse/ unfavorable outcome out the case. Consequently, provision for this electricity outstanding is not recorded.

Further, the Society has also filed a case against DHBVN for claiming 4% rebates on account of transmission loss since the date of meter incorporation. Since the matter is still under litigation, no impact has been taken in the books of accounts.

**3.4. Superfluous receipts (Electricity):**

This matter pertains to DHBVN for the period Nov'2019 to Jan'2021, when the Society was not getting correct invoices at revised (reduced) rates from DHBVN. In this regard, the Society had put many reminders to DHBVN, but it continued to bill the electricity charges at old rates only. The billing could be stabilized in the later part of the current year only and DHBVN also passed on the benefits to the Society from Nov-19 by way of adjustment in the current billings. However, till the time DHBVN corrected monthly invoices and in the absence of any confirmation, the Society continued to bill its members at old rates only. The Society has calculated the impact of Rs 70,05,054 towards billing done to members at higher rates, which has been shown as a liability under the head 'Superfluous receipts, which can be used for society maintenance/ welfare expenses further or for refunding to members, as may be decided/ approved by the members of the Society.

3.5. Deposit with court represents the security amount deposited with the court against a legal case filed by the Developer for unauthorized possession of the Society's office by the Management at the time of handing over of Society's affairs in 2018, as mentioned in Note No. 1 above.

3.6. Sundry debtors include amount due from members towards maintenance & other charges, and from third parties in respect of services billed to them.



Orchid Island Residents Welfare Association  
Sector-51, Gurugram, Haryana, 122018

**Schedules to the financial statements for the year ended 31 March 2021**  
**(All Amounts in Indian Rupees)**

3.7. All balances due from/ to the parties, including the Developers and members, are subject to reconciliation and balance confirmations.


3.8. Bank statement or balance confirmation in respect of the SHG bank A/c is not available. However, the Society has not made any transaction through this bank account since April 2018 and has insignificant balance in this account.

**3.9. Comparative Information**

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

As per our report of even date

**For VJSJ & CO LLP**  
Chartered Accountants  
FRN-N500112


  
CA Surendra Kumar Joshi  
Partner  
Membership No.: 402589


Place: Gurugram  
Date: September 29, 2021




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**For Orchid Island Residents Welfare Association**

  
Rajinder Kumar  
(President)

  
Harish Chandra Dua  
(Treasurer)

  
Vipin Bhatia  
(Secretary)

