

Audit Report 2015-16

India HIV/AIDS Alliance
6 Community Centre, Zamrudpur, Kailash Colony Extension
New Delhi 110 048



Balance Sheet as at 31st March 2016



	Note No.	As At March 31st 2016 (₹)	As At March 31st 2015 (₹)
CORPUS FUND & LIABILITIES			
Share Capital	3	-	-
General Reserve	4	21,355,860	3,372,134
		<u>21,355,860</u>	<u>3,372,134</u>
NON CURRENT LIABILITIES			
Long Term Provision	5	-	6,035,467
		<u>-</u>	<u>6,035,467</u>
CURRENT LIABILITIES			
Program Fund Balance	7	129,935,420	378,001,784
Other Current Liabilities	8	10,064,144	12,203,590
		<u>139,999,564</u>	<u>390,205,374</u>
		<u>161,355,424</u>	<u>399,612,975</u>
ASSETS			
NON CURRENT ASSETS			
Fixed Assets	6	2,419,409	3,175,683
Long Term Loans & Advances	9	32,808,077	32,544,359
		<u>35,427,486</u>	<u>35,720,042</u>
CURRENT ASSETS			
Cash & Cash Equivalent	10	96,927,979	333,127,379
Short Term Loans and Advances	11	28,230,005	29,102,129
Other Current Assets	12	769,954	1,663,425
		<u>125,927,938</u>	<u>363,892,933</u>
		<u>161,355,424</u>	<u>399,612,975</u>

Significant Accounting Policies 2
The accompanying notes are an integral part of the Balance Sheet

As per our Report of even date attached

For Ray & Ray
Chartered Accountants
Firm Registration No: 301072E

Anil P Verma
Partner
Membership No.: 090408

Dated : 22 September 2016
Place : New Delhi

India HIV/AIDS Alliance
For on the behalf of Board

Rajan Mani
Director - Finance
& Operations

James Robertson
Chief Executive

Sanjay Patra
Board of Director



**Statement of Income and Expenditure
for the Year ended 31st March 2016**



	Note No.	Year ended March 31st, 2016 (₹)	Year ended March 31st, 2015 (₹)
INCOME			
Other Income	13	4,332,425	2,909,028
		<u>4,332,425</u>	<u>2,909,028</u>
EXPENDITURE (Note 2.6 (ii))			
Employee Benefits	14	1,385,621	780,644
Other Expenses	15	2,946,804	2,128,384
		<u>4,332,425</u>	<u>2,909,028</u>

Significant Accounting Policies
The accompanying notes are an integral part of the statement of Income & Expenditure

2


As per our Report of even date attached


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Notes Forming Part of the Balance Sheet



As At March 31st, 2016 (₹)	As At March 31st, 2015 (₹)
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NOTE 3 SHARE CAPITAL

Company is limited by Guarantee. Liability of shareholder is limited by guarantee. Every member of the company undertakes to contribute to the assets of the company in the event of its being wound-up while he is a member or within one year after he ceases to be a member, for payment of the debts and liabilities of the company contracted before he ceases to be a member, and the costs, charges and expenses of winding-up and for the adjustment of the rights of the contributories among themselves, such amount may be required, not exceeding Rs. 100,000/- (Rupees one Lac).

Right of Shareholder

Liability of shareholder is limited by guarantee. As company is registered under section 8 of the Company Act, 2013 (earlier known as 25 of the Companies Act, 1956), shareholders are not entitled to any dividend.

NOTE 4 GENERAL RESERVE

a) Corpus Fund

Balance at the beginning of the Year	196,452	196,452
Add receipt/transfer	18,540,000	-
Balance at the closing of the Year	<u>18,736,452</u>	<u>196,452</u>

b) Fixed Assets Fund (Note 23)

Balance at the beginning of the Year	2,619,408	3,175,682
Balance at the closing of the Year	<u>21,355,860</u>	<u>3,372,134</u>

NOTE 5 NON CURRENT LIABILITIES

LONG TERM PROVISION

Provision for Leave Encashment	-	1,267,007
Provision for Gratuity (Note 24.2.1)	-	4,768,460
	<u>-</u>	<u>6,035,467</u>

NOTE 7 PROGRAM FUND BALANCE

Total	<u>129,935,420</u>	<u>378,001,784</u>
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NOTE 8 OTHER CURRENT LIABILITIES

Statutory Dues	1,529,484	2,214,760
Expenses payable to NGOs/Partners	1,856,816	2,663,929
Expenses payable to Vendors	4,233,064	6,378,982
Other Payable	2,444,780	945,919
Inter Book Balance	-	-
	<u>10,064,144</u>	<u>12,203,590</u>

NOTE 9 LONG TERM LOAN AND ADVANCES (Considered Good)

Tax Deducted At Source	3,087,926	2,884,208
Recoverable from Income Tax (Note.16)	24,863,000	24,863,000
Security deposit	4,857,151	4,797,152
	<u>32,808,077</u>	<u>32,544,359</u>

NOTE 10 CASH AND CASH EQUIVALENT

Cash in hand	27,783	67,663
Cash at Bank in Current Account	89,295,168	126,242,890
Fixed Deposit less than three months maturity	7,605,028	206,816,826
	<u>96,927,979</u>	<u>333,127,379</u>

NOTE 11 SHORT TERM LOAN AND ADVANCES (Considered Good)

Advances recoverable in cash or in kind or for the value to be received	19,324,282	18,910,325
Advances to NGO Partners	8,905,723	10,191,804
	<u>28,230,005</u>	<u>29,102,129</u>

NOTE 12 OTHER CURRENT ASSETS

Accrued Interest on Fixed Deposit	769,954	1,663,425
	<u>769,954</u>	<u>1,663,425</u>



Notes Forming Part of the Statement of Income and Expenditure



	Year ended March 31st, 2016 (₹)	Year ended March 31st, 2015 (₹)
NOTE 13 OTHER INCOME		
Interest	2,960,753	2,909,028
Donations	1,371,672	-
	<u>4,332,425</u>	<u>2,909,028</u>
NOTE 14 EMPLOYEE BENEFITS		
<i>Program Staff</i>		
Salary	821,109	583,204
Contribution to Provident Fund	61,583	27,275
Staff Welfare Expenses	41,055	13,269
<i>Administrative Staff</i>		
Salary	410,554	146,760
Contribution to Provident Fund	30,792	6,819
Staff Welfare Expenses	20,528	3,317
	<u>1,385,621</u>	<u>780,644</u>
NOTE 15 OTHER EXPENSES		
A) Programme Implementation Expenses		
Workshop Expenses	1,053,376	935,987
Books and publications	65,368	91,248
Travelling and conveyance	639,215	328,301
	<u>1,757,959</u>	<u>1,355,537</u>
B) Technical Assistance & Capacity Building		
Consultants fees, etc	278,499	127,082
	<u>278,499</u>	<u>127,082</u>
C) Other Expenses		
Rent	498,491	260,185
Office expenses	74,774	48,500
Payment to Auditors (Note. 21)	337,080	337,080
	<u>910,345</u>	<u>645,765</u>
Total (A+ B+ C)	<u>2,946,804</u>	<u>2,128,384</u>



Notes 6 Fixed Assets

Amount in ₹

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost As at April 1st, 2015	Addition during the year	Deletions/ Adjustments during the year	Cost as at March 31st, 2016	As at April 1st, 2015	For the year	On Deletions/ Adjustments during the year	As at March 31st, 2016	As at March 31st, 2016	As at March 31st, 2015
Tangible Assets										
Computers	11,328,146	762,400	-	12,090,546	9,958,050	892,291	-	10,850,341	1,240,205	1,370,096
Furniture and Fittings	2,808,422	125,667	-	2,934,089	2,542,335	212,346	-	2,754,681	179,408	266,087
Office Equipment	6,131,321	497,058	-	6,628,379	4,591,820	836,963	-	5,428,783	1,199,596	1,539,501
	20,267,889	1,385,125	-	21,653,014	17,092,205	1,941,600	-	19,033,805	2,619,209	3,175,684
Previous Year	19,554,057	713,832	-	20,267,889	14,264,470	2,827,737	-	17,092,205	3,175,684	5,289,587



Cash Flow Statement for the year ended 31st March, 2016



	Year ended March 31st, 2016	Year ended March 31st, 2015
	(₹)	(₹)
A. Cash From Operating Activities		
Surplus/ deficit as per statement of Income and Expenditure		
Interest Received	(2960753)	(2909028)
Movement in Programme Fund (Net)	(228105835)	(249517044)
Total	(231066588)	(252426072)
Adjustment for:		
-Loans and Advances	(608405)	(661353)
-Liabilities and Provisions	(8174913)	1614234
-Income Tax Payment	(203718)	(275841)
Cash generated from operating activities	(240053624)	(251749031)
B. Cash From Investing Activities		
-Interest Received	3854224	2099069
Cash From Investing Activities	3854224	2099069
Net Increase/decrease in cash and cash equivalents (A+B)	(236199400)	(249649964)
Cash & Cash Equivalents at the beginning of the year	333127379	582777343
Cash & Cash Equivalents at the end of the year	96927979	333127379

Note : The cash flow statement has been prepared on the basis of Indirect Method. Purchase of fixed assets out of donated funds has been shown under movement in project fund payment as per requirement of the grant agreement and has been shown as part of operating activities.

For Ray & Ray
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Board of Director



Dated : 22 September 2016
Place : New Delhi



1. GENERAL INFORMATION

The Company has been incorporated as a private company limited by guarantee under Section 25 of the Companies Act, 1956. The Company is also registered under Section 12AA of the Income Tax Act, 1961. The Company is operating in partnership with Civil Society, Government and communities to support sustained responses to HIV in India that protect rights and improve health. Complementing the Indian National Programme, the company builds capacity, provide technical support and advocate strengthening delivery of effective, innovative, community-based HIV programmes to vulnerable populations affected by the epidemic.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 ACCOUNTING CONVENTION

The Company has prepared these financial statements to comply with the Accounting Standards on a going concern basis notified under the Companies Accounting Standard Rules, 2006 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on accrual basis and under the historical cost convention. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

2.2 USE OF ESTIMATES

The preparation of the financial statements in conformity with the generally accepted accounting principles requires estimates and assumption to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting year. Difference between the actual result and estimates are recognized in the year in which the results are known/materialised.

2.3 FIXED ASSETS

Fixed assets procured for projects are, in the first instance, debited under various programme heads as per the requirement of the donor agencies. Subsequently, these assets are reflected in the Balance Sheet by debiting Fixed Assets and crediting Fixed Asset Fund.

The Fixed assets so reflected are stated at cost less accumulated depreciation. Cost is inclusive of freight, duties, levies and any directly attributable cost of bringing the assets to their working condition for intended use.

2.4 DEPRECIATION/ AMORTIZATION

No Depreciation is provided/claimed in the Statement of Income and Expenditure

The useful life of assets are as under: -

Assets	Estimated Life of Asset (years)
Computers (including servers)	5
Furniture & Fixture	7
Office Equipment	7

Depreciation on assets procured out of grant fund and reflected in the Balance Sheet is calculated on the basis of useful life of these assets as estimated by the management.

2.5 REVENUE RECOGNITION

- i) Voluntary Contribution & Unrestricted Grant of revenue-nature are recognized as income in the Statement of Income and Expenditure along with the related costs which they compensate. Such Grant Income has been shown separately in the Statement of Income and Expenditure.
- ii) Restricted Grants represent grants that form a legal obligation and result into increase in the net worth of the Company. These are credited to the Program Account in the Balance Sheet, without routing it through the Statement of Income and Expenditure.

Restricted Grants are utilized as per the conditions of the grant agreement and to the extent utilized they are netted off from the Programme Fund Balance. The balance of unutilized grant is reflected under Programme Fund Balance under Current Liabilities in the Balance Sheet.

Upon completion of the life of obligation of the restricted grant surplus grant remaining unutilized if any, is, either in compliance with the grant agreement or upon due consent of the granting authority, either returned to the granting authority or transferred to unrestricted grant or income in the statement of Income & Expenditure.

- iii) Income from interest is credited to revenue in the year of its accrual on time proportion basis taking into account the amount deposited and rate of interest. The income is stated in full with the tax deducted thereon being accounted for under the head tax refunds/ payments.

2.6 ALLOCATION AND APPORTIONMENT OF EXPENSES

- i) Expenses identifiable with restricted grants including manpower have been charged to those grants as per approved Budget/Annual Plan. Other common expenses pertaining to restricted grants not identifiable with any particular grant have been apportioned proportionately among the various grants.
- ii) Expenses incurred for other charitable & administrative activities are charged off to the Statement of Income & Expenditure to the extent of unrestricted grant/ other income received during the year.

2.7 EMPLOYEE'S BENEFITS

Employee Benefits are accounted for as under:

- a) Provident Fund and Pension Contribution- as a percentage of salary / wages as per the provision of the Employees Provident Funds and Miscellaneous Provisions Act, 1952.
- b) Gratuity is maintained as a defined benefit retirement plan (Funded) and contribution is made to Fund Manager, as per Company's Scheme. Further provision/ write back, if any, is made on the basis of the present value of the liability as at the Balance Sheet date determined by actuarial valuation following the Projected Unit Credit Method. Provision is treated as a liability and write back is treated as an assets to be adjusted against future liability.
- c) Leave Encashment Benefit
Year-end liability for accrued leave has been accounted for on the basis of Actuarial valuation based on Projected Unit Credit (PUC) method.

2.8 LEASE

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit & loss on a straight-line basis over the lease term.

2.9 PRIOR PERIOD ADJUSTMENTS, EXTRA ORDINARY ITEMS AND CHANGES IN ACCOUNTING POLICIES

Prior period adjustments, extraordinary items and changes in accounting policies having material impact on the financial affairs of the Company are disclosed.

2.10 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are recognized only when there is possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. The obligations are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Assets are neither recognized nor disclosed in the financial statements.

2.11 EVENTS AFTER THE BALANCE SHEET DATE

Events occurring after the date of the Balance Sheet, which affect the financial position to the material extent, are taken cognizance of.



Notes to Accounts, cont.,

16. The Company has filed income tax return for various assessment years u/s 12A of the Income Tax Act 1961. During the assessment of the return filed for the Assessment Year 2010-11, the Assessing Officer denied the Company's claim of being a charitable organisation and issued a demand notice of ₹2, 48, 63,000 (including ₹ 65, 08,616 as interest). As per the order received from the recovery department of the Income Tax, the Company's banker transferred the said amount on 31st December 2013 in favour of Assistant Director of Income Tax (Exemption), Trust Circle II, and New Delhi. The company has filed an appeal against this order and has obtained favourable decision. The Department has gone to ITAT against this order. The company is hopeful of favourable decision here also.

For the assessment year 2011-12 , 2012-13 and 2013-14 also, similar disallowances have been made although no tax claim has been made for the year 2011-12 and 2013-14. Tax claim of ₹4, 69,02,850 (Including Interest) has been made for the assessment year 2012-13.

The Company has filed appeal against the Assessment order of 2011-12, 2012-13 and 2013-14 assessment. The Company has successfully contested disallowances of similar nature in the assessment year 2009-10, 2010-11 & 2011-12 and is hopeful of a favourable decision for 2012-13 and 2013-14 also.

In view of this, in the opinion the management, the possibility of liability being crystallised is remote and hence no provision is considered necessary.

17. The Company has not received any information / memorandum (as required to be filed by Suppliers / Vendors with the notified authority under Micro, Small and Medium Enterprises Development Act, 2006), claiming their status as Micro, Small or Medium Enterprises. Consequently, the amount paid / payable together with interest paid/ payable to these parties under the Act is Nil.
18. In the Opinion of Board, the value of realization of Current Assets, loan & Advance in ordinary course of Business will not be less than the amount at which they are stated in the balance sheet and Provision for Known Liabilities has been made.
19. Balances under the head trade payables, trade receivables, and loans and advances- short-term and long term, are subject to confirmation /reconciliation.
20. The company has a proper system of recording all direct cost related to each program fund separately which inter alia includes cost for traveling, manpower, printing, and stationary, TA/DA, hiring charges, conveyance, Training, workshop & meetings etc. These are shown as application as per conditions of the grant agreement in respect of each fund.
21. Payments made to auditors including service tax are as under.

	Year ended March 31 st 2016	Year ended March 31 st 2015
I. For Statutory Audit	₹ 3,37,080	₹ 3,37,080
II. Out of pocket expenses	₹40,250	₹1,422

The payments made for statutory audit has been charged to the Statement of Income & Expenditure. The payments made for other services and related out of pocket expenses have been charged to respective program fund account.



22. Company has entered into operating lease agreement for the leasing the office space. Detail of minimum lease payments:

a. General Description of the Company's operating lease arrangements.

The company has entered into operating lease arrangement for office premises. Some of the significant terms and conditions of the arrangement are:

- arrangements may be generally terminated by either party by serving notice period;
- the lease agreements are generally renewable on expiry subject to mutual arrangement;
- the company shall not submit, assign or part with possession of premises without prior written consent of lessor.

b. The lease rent of ₹ 4, 98,491/- (2015; ₹ 2, 60,185/-) in respect of the above has been charged to statement of Income & Expenditure. The balance of ₹1, 16, 46,471 (2015 - ₹1, 17, 39,827) has been charged under various Programme fund accounts.

c. The total amount of future lease payment under non-cancelable operating lease are as under:

	Year ended March 31 st 2016	Year ended March 31 st 2015
Not later than one year	₹1,23,00,000	₹1,20,00,012
Later than one year and up to 5 year	₹2,99,00,000	₹1,20,00,012

23. The Assets procured out of the project fund are charged off as project expenses as per condition of the grant agreement. Depreciation on the assets are therefore not debited to the statement of Income and Expenditure Account. However, to reflect the fixed Assets in the financial statements, the same are capitalised with the cost of the assets by crediting Fixed Assets Fund which is shown under reserve and surplus. Depreciation on the assets are directly adjusted under the Fixed Assets and Fixed Asset fund at respective rates estimated by the management.

Since the treatment of Assets and its depreciation is program/donor dependent, the useful life of assets as estimated by the management is different from useful life as per schedule II of Companies Act 2013.

24.1 Provident Fund and Pension Contribution is made as a percentage of salary/ wages as per the provisions of the Employees Provident Funds and Miscellaneous Provision Act, 1952.

24.2 The company provides for retirement benefits in the form of gratuity and leave encashment, for which the liability is determined using the projected unit credit method with actuarial valuations being carried out at each valuation date.

24.2.1 Gratuity is maintained as a defined benefit retirement plan (Funded) and contribution is made to Fund Manager, as per Company's Scheme. Further provision/ write back, if any, is made on the basis of the present value of the liability as at the Balance Sheet date determined by actuarial valuation following the Projected Unit Credit Method. Provision is treated as a liability and write back is treated as an assets to be adjusted against future liability.

24.2.2 Disclosure relating to Defined Benefit Plan as per actuarial valuation as on 31.03.2016 as certified by Bajaj Allianz & recognised in the financial statement.



	Actuarial assumptions Attrition Rate: 17.79% Salary escalation Rate : 8% Gratuity Ceiling: with cap of 10lakhs Life covers Ceiling: with cap of 10 lakhs Amount in ₹ Results of Valuation	
	Summary Sheet	
	2016	2015
a) Initial Contribution towards past Service Gratuity	47,83,722	43,53,061
b) Annual Contribution Towards Future service Gratuity	3,08,799	3,52,980
c) Life Cover Sum assured	3,83,35,971	3,98,70,715
d) Life cover Premium w/o tax	55,823	54,754
e) Service tax	8,094	7,666
f) Life cover Premium with tax	63,917	62,240
g) Total Premium Payable (a+b+d+e)	51,56,438	47,68,461

24.2.3 Leave Encashment Benefit

Leave encashment is maintained as a defined benefit retirement plan (Funded) and contribution is made to Fund Manager, as per Company's Scheme. Further provision/ write back, if any, is made on the basis of the present value of the liability as at the Balance Sheet date determined by actuarial valuation following the Projected Unit Credit Method. Provision is treated as a liability and write back is treated as an assets to be adjusted against future liability.

Year-end liability for accrued leave including compensated leave has been accounted for on the basis of Actuarial valuation based on Projected Unit Credit (PUC) method.

		2016 (funded)	2015(unfunded)
Mortality Table	:	IALM 2006-08 ULTIMATE	IALM 2006-08 ULTIMATE
Superannuation at age	:	65	65
Early retirement including disability	:	17.79%	17.79%
Valuation rate of Interest	:	8.00%	8.00%
Salary inflation rate assumed	:	8.00%	8.00%
Formula used	:	PROJECTED UNIT CREDIT METHOD	PROJECTED UNIT CREDIT METHOD

Results of valuation

Accrued days leave	:	240	448
Accrued encashment ₹	:	853458	1193585
Accrued leave liability ₹	:	894397	1267007

Gratuity/leave encashment expenses have been recognised under the employee's benefits/ relevant program heads as per company policy.

25 In accordance with Accounting Standard on "Related Party Disclosures" (AS 18), the disclosure in respect of transactions with the Company's related parties are as follows:

a) Names of related parties* and description of relationships having transactions during the year:

i) Associates Alliance Regional Technical Support Hub

*as certified by the management

b) Transactions carried out with related parties referred in (a) (i) above, in ordinary course of business:

Alliance Regional Technical Support Hub

Transactions	Year ended March 31 st 2016	Year ended March 31 st 2015
Technical Assistance Fee paid	₹NIL	₹3,50,372
Expenses Recoverable	₹ 1,22,89,106	₹ 86,05,153

26 The company is engaged in providing services of charitable nature as defined in section 2(15) of the Income Tax Act. As such, the provision of Accounting Standard AS22 is not applicable to the company.

27 The Previous year's figures have been regrouped, rearranged and reclassified wherever necessary to make it comparable with current year figures.

For Ray & Ray.
Chartered Accountants
Firm Registration No.301072E

Anil P Verma
Partner
Membership No.: 090408



India HIV/AIDS Alliance
For on the behalf of board

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Director- Finance
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Board of
Director

Dated: 22 September 2016

