

QUALITY COUNCIL OF INDIA

New Delhi

FINANCIAL STATEMENTS

(FY 2019-2020)

Quality Council of India
Balance Sheet as at 31 March 2020
(All amounts in INR, unless otherwise stated)

Particulars	Notes	As at 31 March 2020	As at 31 March 2019
Sources of funds			
Corpus fund	3	10,300,000	10,300,000
Reserves and surplus	4	2,723,714,054	2,377,880,177
Liabilities			
Unspent grants	5	21,943,287	20,097,296
Current liabilities	6	312,686,291	279,396,733
Provisions	7	125,148,599	110,365,757
		459,778,177	409,859,786
		3,193,792,231	2,798,039,963
Applications of funds			
Property, plant and equipment		109,425,751	110,232,799
Intangible assets	8	5,450,192	7,015,357
Current assets			
Sundry debtors	9	798,479,084	957,307,258
Cash and bank balances	10	1,742,868,068	1,352,687,943
Loans and advances	11	498,735,441	342,239,867
Other current assets	12	38,833,695	28,556,739
		3,078,916,288	2,680,791,807
		3,193,792,231	2,798,039,963

The accompanying notes form an integral part of these financial statements.

This is the Balance Sheet referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013



David Jones
Partner
Membership No. 098113

For and on behalf of **Quality Council of India**



Dr. Ravi P. Singh
(Secretary General)



Adil Zainulbhai
(Chairman)

Place: Gurugram
Date: 23 September 2020

Place: New Delhi
Date: 23 September 2020

Place: Mumbai
Date: 23 September 2020

Quality Council of India
Income and Expenditure Account for the year ended 31 March 2020
(All amounts in INR, unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019
Income			
Revenue from operations	13	2,036,377,292	2,002,419,775
Other income	14	100,461,807	89,956,278
		2,136,839,099	2,092,376,053
Expenditure			
Honorarium and assessment charges		645,117,137	615,888,061
Professional fees for external consultants		224,255,171	173,096,071
Grant expenses	15	11,148,815	138,634,449
Employee benefit expenses	16	371,362,237	375,824,045
General and administrative expenses	17	452,533,119	350,071,232
Depreciation and amortization expense	8	17,830,164	19,975,364
		1,722,246,643	1,673,489,222
Surplus for the year before prior period items and tax		414,592,456	418,886,831
Prior period expenses (net)	18	68,758,579	10,455,569
Surplus for the year before tax		345,833,877	408,431,262
Tax adjustments (for earlier years)		-	11,028,275
Surplus of the year		345,833,877	419,459,537

The accompanying notes form an integral part of these financial statements.

This is the Income and Expenditure Account referred to in our report of even date.

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013



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1. Society information

Quality Council of India (QCI) (the “Society”) was incorporated in 21 January 1997 as a non-profit autonomous society registered under Societies Registration Act XXI of 1860. The Society plays a pivotal role in propagating, adoption and adherence to quality standards in all important spheres of activities including education, healthcare, environment protection, governance, social sectors, infrastructure sector and such other areas of organized activities that have significant bearing in improving the quality of life and well-being of the citizens of India.

2. Basis of preparation

The financial statements are prepared under historical cost convention on an accrual basis, in accordance with the generally accepted accounting principles in India for not for profit organizations, except as stated otherwise.

These financial statements have been prepared on a going concern basis and the accounting policies have been consistently applied by the Society, except as stated otherwise.

2.1 Summary of significant accounting policies

(a) Income recognition

The income will be booked as per the following: -

Revenue is recognized on an accrual basis, in accordance with approval from respective technical boards/committees.

- Application fees is being recognized as income on receipt basis.
- Income from assessment charges and Project Planning & Implementation Division is being accounted for as income after getting approvals from respective committees.
- Annual accreditation fee is being accounted after getting approval from respective committees and issue of certificate by Conformity Assessment Body (CAB).
- Interest income is recognized using time proportion method, based on the rate implicit in the transaction.

(b) Expenses

Expenses are accounted on accrual basis, in accordance with approval from respective technical boards/committees.

Ex-gratia is being accounted on cash basis.

(c) Corpus fund

“Corpus fund” relates to funds contributed by the founder members/donors at incorporation shall form part of the corpus of the Society.

(d) Assets / liabilities/ statutory obligations

The value of realization of investments, current assets, loans and advances etc. in the ordinary course of business are not less than the amount at which they are stated in Balance Sheet.

(e) Property, plant and equipment and depreciation

Property, plant and equipment are stated at their cost of acquisition. Following initial recognition, property, plant and equipment are carried at cost less any accumulated depreciation. The cost comprises purchase price and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Depreciation on fixed assets is provided at the rates

specified under the Income Tax Rules, 1962 on written down value method. The rates of depreciation are indications of the useful lives of the assets. Rate of depreciation are as follows:

- Vehicle - 15%
- Furniture & Fixtures - 10%
- Office Equipment - 15%
- Computer & Software - 40%
- Building – 10%

(f) Intangible assets and amortization

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization. Amortizations on intangible assets is provided at the rates specified under the Income Tax Rules, 1962 on written down value method. The rates of amortizations are indications of the useful lives of the assets. Rate of depreciation are as follows:

- Trade-marks - 25%
- Intellectual property rights - 25%

(g) Government grants

The **spent grants** are released to income and expenditure account basis on the utilization of grants against the purpose of the grants received.

The **unspent amount** of grants in aid received for specific projects where Society acts simply as an executing agency, at the close of the year, is being shown in ‘unspent grants’ under ‘liabilities’ and carried forward to the next year to be utilized for the purpose it was received.

(h) Foreign currency transactions

Initial Recognition:

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion:

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange Differences:

Exchange differences arising on the settlement of monetary items, or on reporting such monetary items of the Society at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise..

(i) Employee benefits

- The society makes contribution to statutory provident fund in accordance with Employees’ Provident Funds and Miscellaneous Provisions Act, which is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

- Retirement benefits in respect of leave encashment are provided considering the un-availed paid leaves at encashable rates.
- Retirement benefits in respect of gratuity are provided on the basis of 15 days salary (basic + special allowance) for every completed year of service.
- All employees are covered by the Superannuation Reserve fund maintained with LIC and governed by rules of LIC for such funds. The Society contributes 15% of annual basic salary every year as the contribution towards the account of every employee.

(j) Provisions and contingencies

The Society makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of the obligation can be made.

A disclosure is made for a contingent liability when there is a:

- possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully within the control of the society;
- present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- present obligation, where a reliable estimate cannot be made.

(k) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's knowledge of current events and actions, actual results could differ from those estimates and revisions, if any, are recognised in the current and future periods.

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Quality Council of India
Significant accounting policies and notes to the financial statements as at 31 March 2020
(All amounts in INR, unless otherwise stated)

Particulars	As at 31 March 2020	As at 31 March 2019
3 Corpus fund		
Balance at the beginning and at the end of the year	10,300,000	10,300,000
	10,300,000	10,300,000
4 Reserves and surplus		
Balance at the beginning of the year	2,377,880,177	1,958,420,640
Add: Transferred from income and expenditure account	345,833,877	419,459,537
Balance at the end of the year	2,723,714,054	2,377,880,177
Particulars	As at 31 March 2020	As at 31 March 2019
5 Unspent grants #		
Balance at the beginning of the year	20,097,296	75,317,764
Add: Amount received during the year	10,839,397	71,426,617
	30,936,693	146,744,381
Add: Adjustments during the year	2,630,001	15,857,776
	33,566,694	162,602,157
Less: Grants utilised during the year	11,148,815	138,634,449
Less: Adjustment for taxes	474,592	3,870,412
Balance at the end of the year	21,943,287	20,097,296
# Refer note 22 for details.		
Particulars	As at 31 March 2020	As at 31 March 2019
6 Current liabilities		
Sundry creditors		
- Total outstanding dues to micro enterprises and small enterprises (refer note 20)	-	-
- Total outstanding dues to creditors other than micro enterprises and small enterprises	134,271,670	70,370,508
Statutory dues	51,360,210	43,030,430
Receipts pending reconciliation (refer note 23)	84,903,388	113,212,590
Advance received from customers	33,719,750	49,394,853
Other liabilities	8,431,273	3,388,352
	312,686,291	279,396,733
7 Provisions		
Provisions for:		
Gratuity	52,222,133	46,213,671
Earned leave encashment	53,884,798	45,299,998
Superannuation	19,041,668	18,852,088
	125,148,599	110,365,757

Quality Council of India
Significant accounting policies and notes to the financial statements as at 31 March 2020
(All amounts in INR, unless otherwise stated)

8 Property, plant and equipment and intangible assets

Particulars	Property, plant and equipment						Total	Intangible assets		Total
	Land	Buildings	Computer and softwares	Furniture and fixtures	Office equipments	Vehicles		Trade marks	Intellectual property rights	
Gross carrying value										
As at 1 April, 2018	11,550,176	60,882,277	13,629,989	16,891,683	11,323,591	624,970	114,902,686	474,750	8,879,061	9,353,811
Additions	-	-	8,538,999	3,644,194	1,471,661	-	13,654,854	-	-	-
Disposals	-	-	368,373	319,458	-	-	687,831	-	-	-
Depreciation & amortization										
Charge for the year	-	6,088,228	7,671,965	1,916,959	1,866,012	93,746	17,636,910	118,688	2,219,766	2,338,454
Net carrying value										
As at 31 March, 2019	11,550,176	54,794,049	14,128,650	18,299,460	10,929,240	531,224	110,232,799	356,062	6,659,295	7,015,357
Additions	-	-	1,810,993	10,466,016	2,213,550	752,504	15,243,063	-	215,631	215,631
Disposals	-	-	743	-	-	-	743	-	-	-
Depreciation & amortization										
Charge for the year	-	5,479,405	6,169,725	2,404,225	1,841,141	154,872	16,049,368	89,016	1,691,780	1,780,796
Net carrying value										
As at 31 March, 2020	11,550,176	49,314,644	9,769,175	26,361,251	11,301,649	1,128,856	109,425,751	267,046	5,183,146	5,450,192

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Quality Council of India
Significant accounting policies and notes to the financial statements as at 31 March 2020
(All amounts in INR, unless otherwise stated)

Particulars	As at 31 March 2020	As at 31 March 2019
9 Sundry debtors		
Unsecured, considered good	798,479,084	957,307,258
Unsecured, considered doubtful	87,582,409	-
	886,061,493	957,307,258
Less: Provision for doubtful debts	87,582,409	-
	798,479,084	957,307,258

10 Cash and bank balances

Cash on hand ^	147,566	387,353
Balance with banks		
- in savings accounts*	407,293,942	349,156,772
- in current accounts	105,608,789	62,642,416
- in deposits accounts**	1,229,817,771	940,501,402
	1,742,868,068	1,352,687,943

^ Cash on hand comprises foreign currency balances as at 31 March 2020 : INR Nil (31 March 2019: INR Nil).

*Includes unspent grant balances amounting to INR 21,943,287 (31 March 2019: INR 20,097,296), which are not earmarked.

**Pledged fixed deposits amounting to INR 53,095,809 as at 31 March 2020 (31 March 2019: INR 42,318,056).

11 Loans and advances

(Unsecured, considered good)		
Security deposits	17,450,287	10,794,192
Loans and advances to staff	8,145,195	6,391,375
Advances to vendors	10,934,146	6,412,354
Balance with government authorities*	60,997,745	43,064,539
Tax deducted at source	379,364,936	247,091,605
Prepaid expenses	21,843,132	28,485,802
	498,735,441	342,239,867

* Includes amount paid under protest for various cases for INR 41,807,307 (31 March 2019: INR 41,807,307), for details refer note 19.

12 Other current assets

Interest accrued on fixed deposits with banks	38,833,695	28,556,739
	38,833,695	28,556,739

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Quality Council of India
Significant accounting policies and notes to the financial statements as at 31 March 2020

(All amounts in INR, unless otherwise stated)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
13 Revenue from operations		
Quality application, assessment & accreditation fees	1,260,848,531	1,124,699,774
Projects income	754,014,073	732,625,450
Seminar receipts and miscellaneous receipts	8,349,331	4,245,702
Membership fees	2,016,542	2,214,400
Grant income (refer note 22)	11,148,815	138,634,449
	2,036,377,292	2,002,419,775
14 Other income		
Interest income from:		
- fixed deposits with banks	76,796,886	69,079,542
- Income tax refund	-	8,133,154
- others	19,018,154	12,743,582
Liabilities no longer required written back	3,116,590	-
Unspent grant transferred	1,530,177	-
	100,461,807	89,956,278
15 Grant expenses		
Grant expenses (refer note 22)	11,148,815	138,634,449
	11,148,815	138,634,449
16 Employee benefit expenses		
Salaries, ex-gratia and other benefits	304,666,606	305,659,701
Contribution to provident and other funds	58,334,380	59,921,864
Staff welfare expenses	8,361,251	10,242,480
	371,362,237	375,824,045
17 General and administrative expenses		
Rent expenses	46,639,718	41,851,062
Rates and taxes	17,067,192	8,143,571
Consultancy and professional fees	2,327,566	3,517,938
Payment to auditors*	770,000	600,000
Communication expenses	7,044,757	7,493,474
Travelling and conveyance	84,652,128	70,053,555
Bad debts	-	8,884,840
Office expenses	42,585,621	41,994,554
Power and fuel	6,730,690	6,903,158
Provision for doubtful debts (refer note 9)	87,582,409	-
Meeting expenses	36,333,601	39,845,530
Repair and maintenance	3,496,304	5,945,539
Promotional activities	63,321,298	83,319,831
Technology expenses	46,741,423	26,157,629
Membership fees	2,893,972	3,145,323
Foreign exchange fluctuation loss	372,527	104,966
Miscellaneous expenses	3,973,913	2,110,262
	452,533,119	350,071,232
* Payment to auditors^^		
- Audit fee	770,000	600,000
	770,000	600,000

^^ excluding Goods and Service Tax ('GST') wherever applicable.

Quality Council of India**Significant accounting policies and notes to the financial statements as at 31 March 2020**

(All amounts in INR, unless otherwise stated)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
18 Prior period expenses (net)		
(a) Prior period expenses		
Grant expenses	7,667,068	-
Honorarium and assessment charges	31,460	10,455,569
Promotional activities	273,679	-
Travelling and conveyance	238,944	-
Meeting expenses	140,293	-
Technology expenses	71,000	-
Membership fees	31,519	-
Rates and taxes	22,757	-
Staff welfare expenses	21,783	-
Total (a)	8,498,503	10,455,569
(b) Prior period income		
Reversal of project income	(63,381,038)	-
Grant income	2,636,621	-
Quality application, assessment & accreditation fees	484,341	-
Total (b)	(60,260,076)	-
Total (a) - (b)	68,758,579	10,455,569

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19 Contingent liabilities**A) Claims against the entity not acknowledged as debts:**

Particulars	As at 31 March 2020	As at 31 March 2019
(i) Service tax		
(a) Cases pending at Supreme court in respect of which the Society has filed appeals.	10,240,938	10,240,938
(b) Cases pending before Customs Excise and Service Tax Appellate Tribunal ("CESTAT") in respect of which the Society has filed appeals.	207,257,568	207,257,568
Total	<u>217,498,506</u>	<u>217,498,506</u>
Amounts paid under protest against cases stated above	41,807,307	41,807,307

B) All the matters above stated by the Society are subject to legal proceedings in the ordinary course of operations. The management is confident that its position to be upheld in the appeals pending before various appellate authorities and no liability could arise on the Society on account of these proceedings.

C) Income tax cases:

The Income tax department has raised a demand of INR 49,498,085 for A.Y. 2016-17 u/s 143 of the Income-tax Act, 1961. An appeal was filed by Society against the said order before Commissioner of Income Tax (Appeals), Delhi, which is still pending.

However, based on management's best assessment, the possibility of outflow of resources is remote.

20 Dues to micro and small enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006

On the basis of confirmation obtained from suppliers who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) and based on the information available with the Society, the following are the details:

Particulars	As at 31 March 2020	As at 31 March 2019
(i) the principal amount remaining unpaid to any supplier as at the end of each accounting year.	-	-
(ii) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
(v) the amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-
	<u>-</u>	<u>-</u>

21 The Society is required to get its accounts audited under the Central Goods and Services Tax Act, 2017 (the 'Act'). The Society has appointed independent consultants for conducting the audit under the Act. Basis discussion with those consultants, the management of the Society is of the opinion that no significant output liabilities for taxes/ inputs credit reversals are likely to arise.

Quality Council of India
Significant accounting policies and notes to the financial statements as at 31 March 2020

(All amounts in INR, unless otherwise stated)

22 Summary of grants:

Particulars	Government grants						Other grants	Total
	Zero Defect Zero Effect ('ZED') Certification scheme	Lean manufacturing competitiveness scheme	Department for Promotion of Industry and Internal Trade (for National Quality Campaign)	National Good Laboratory Practice Compliance Monitoring Authority (NGCMA)	National Medicinal Plants Board (NMPB)	Voluntary Certification Scheme for Geographical Indications of Products (VCSGI)	DL Shah Trust	
1 Opening balances								
As at 1 April, 2018	23,643,946	48,674,317	2,500,546	-	-	-	498,955	75,317,764
2 Receipts #	1,728,755	47,977,563	-	4,427,720	14,350,289	900,000	2,042,290	71,426,617
3 Adjustments/(refunds)	9,628,145	7,200,000	(970,369)	-	-	-	-	15,857,776
4 Adjusted balances (1+2+3)								
As at 31 March 2019	35,000,846	103,851,880	1,530,177	4,427,720	14,350,289	900,000	2,541,245	162,602,157
5 Grant utilised^^	31,130,434	102,041,834	-	3,301,541	229,270	391,519	1,539,851	138,634,449
6 Adjustments for taxes	3,870,412	-	-	-	-	-	-	3,870,412
7 Closing balances (4-5-6)								
As at 31 March 2019	-	1,810,046	1,530,177	1,126,179	14,121,019	508,481	1,001,394	20,097,296
8 Receipts #	3,111,213	-	-	6,510,646	755,700	-	461,838	10,839,397
9 Adjustments	(2,636,621)	-	(1,530,177)	7,114,780	(306,856)	-	(11,125)	2,630,001
10 Adjusted balances (7+8+9)								
As at 31 March 2020	474,592	1,810,046	-	14,751,605	14,569,863	508,481	1,452,107	33,566,694
11 Grant utilised^^	-	1,762,625	-	4,603,041	3,068,557	508,481	1,206,111	11,148,815
12 Adjustments for taxes	474,592	-	-	-	-	-	-	474,592
13 Closing balances (10-11-12)								
As at 31 March 2020	-	47,421	-	10,148,564	11,501,306	-	245,996	21,943,287

Receipts include interest income earned on unspent grants.

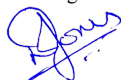
^^Grants utilised represents grant spent for intended purposes. Grant income and expenses have recognised accordingly.

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Quality Council of India
Significant accounting policies and notes to the financial statements as at 31 March 2020
(All amounts in INR, unless otherwise stated)

- 23 As at 31 March 2020, amount of INR 84,903,388 (31 March 2019: INR 113,212,590) has been recorded as "Receipts pending reconciliations" under head "Current liabilities". This is on account of non-identification of purpose of such receipts and payees related thereto, which in view of the management shall be reconciled in due course.
- 24 As per the management of the Society, current assets have a value on realization in the ordinary course of operations at least equal to the amount at which they are stated in the balance sheet and provisions for all known and expected liabilities have been made, if required.
- 25 The management of the Society is in process of reconciling the income recognized during the year ended 31 March 2020 per shown under 26AS of the Society with Income tax department. Per view of the management of the Society, no significant variations are likely to arise on account of such reconciliations.
- 26 The Society is registered under section 12A read with Section 12AA(1)(b) of the Income Tax Act 1961, hence no provision for income tax and deferred tax has been made in the financial statements.
- 27 The global outbreak of corona virus disease ('COVID-19') pandemic is causing significant economic slowdown. There are uncertainties regarding the impact of COVID-19 is going to have on the operations of the Society and the management of the Society is closely monitoring the developments. The management has considered possible effects of the pandemic on the carrying value of assets and operation forecasts. In developing the assumptions relating to the possible impacts of this pandemic, the Society used internal and external information upto the date of approval of these financial statements. The impact of the pandemic on the Society's financial statements may differ from that estimated as at the date of approval of these financial statements and the management will continue to closely monitor any material changes.
- 28 Previous year figures have been regrouped/reclassified wherever necessary, to confirm to current year's reporting.

For **Walker Chandniok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013



David Jones
Partner
Membership No. 098113

For and on behalf of **Quality Council of India**



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Place: Gurugram
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