

TEA RESEARCH ASSOCIATION
ANNUAL AUDIT FOR THE YEAR ENDED
31ST MARCH 2017

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TEA RESEARCH ASSOCIATION**

Report on the Financial Statements

1. We have audited the accompanying financial statements of Tea Research Association (the "Association"), which comprise the Balance Sheet as at 31st March, 2017 and the Income and Expenditure Account for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Association's 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 Standards issued by Institute of Chartered Accountants of India and in accordance with generally accepted accounting principles in India. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the 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 judgement, 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 controls relevant to the Association's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the 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 qualified audit opinion.

Basis for Qualified Opinion

4. Pending registration of deed of conveyance consequent to acquisition of entire activities of Tocklai Division of Cinnamara Tea Estate taken over by the Association from Assam Tea Corporation Limited, no adjustments have been made in the books of the Association as regards fixed assets taken over, depreciation thereon and for transfers / damages of properties. Adjustments have also not been made for purchase consideration payable to Assam Tea Corporation Limited and consequently titles have not been transferred in respect of immovable properties taken over by the Association. The effect on the net assets position and the deficit for the year had the above adjustments been carried out is not ascertainable (Refer Note 1 in Schedule XIX). The report was similarly modified by us in last year.

Qualified Opinion

Except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion and to best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In the case of the Balance Sheet, of the state of affairs of the Association as at 31st March, 2017, and
- (ii) In the case of the Income and Expenditure Account, of the deficit for the year ended on that date.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 302009E)


A. Bhattacharya
Partner
(Membership No. 054110)

Kolkata, 20 September, 2017

Tea Research Association

BALANCE SHEET AS AT 31ST MARCH 2017

		(Rupees)	
	Schedule	As at 31st March 2017	As at 31st March 2016
SOURCES OF FUND			
(1) (a) General Fund	I	(403,848,827)	(394,572,618)
(b) Special Contribution Fund	II	56,485,578	56,611,130
(c) Capital Reserve	III	21,000	21,000
(d) TRA Centenary Fund	IIIA	147,130,169	159,057,285
(2) Project Grants from Tea Board & others	IV	25,120,863	27,206,037
		(175,091,217)	(151,677,166)
 APPLICATION OF FUND			
(1) Fixed Assets	V	106,074,655	121,465,511
(2) Current Assets, Loans and Advances			
(a) Inventories	VI	2,360,241	2,134,493
(b) Receivables	VII	131,167,650	59,184,694
(c) Cash & Bank Balances	VIII	26,474,125	41,399,774
(d) Other Current Assets	IX	-	12,742
(e) Advances	X	5,704,632	6,350,615
(f) Deposits	XI	511,396	455,596
		166,218,044	109,537,914
Less: Sundry Creditors	XII	233,987,577	178,398,879
Provisions	XIII	213,396,339	204,281,712
		447,383,916	382,680,591
Net Current Liabilities		(281,165,872)	(273,142,677)
		(175,091,217)	(151,677,166)
Significant Accounting Policies	XVIII		
Notes on Accounts	XIX		

The Schedules referred to above form an integral part of the Balance Sheet

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

A. Bhattacharya
Partner

Place: Kolkata

Dated:



For Tea Research Association

Joydeep Phukan

Joydeep Phukan
Secretary

P.K. Bezboruah

P.K. Bezboruah
Chairman



Tea Research Association

**INCOME AND EXPENDITURE ACCOUNT FOR THE
YEAR ENDED 31ST MARCH, 2017**

		(Rupees)	
Schedule	For the year ended 31st March 2017	For the year ended 31st March 2016	
INCOME			
Grant in aid from Tea Board (Refer Note 4 in Schedule XIX)		104,894,101	116,194,553
Subscription	XIV	140,488,711	106,496,775
Other Income	XV	49,260,744	48,725,506
		294,643,556	271,416,834
EXPENDITURE			
Expenses	XVI	281,736,476	299,751,873
Excess of Expenditure over Income On Experimental Estates	XVII	18,671,772	10,681,274
Depreciation		3,511,517	4,204,854
		303,919,765	314,638,001
(Deficit) carried to Balance Sheet		(9,276,209)	(43,221,167)
Significant Accounting Policies	XVIII		
Notes on Accounts	XIX		

The Schedules referred to above form an integral part of the Income and Expenditure Accounts.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants


A. Bhattacharya
Partner

Place: Kolkata
Dated:

For Tea Research Association


Joydeep Phukan
Secretary


P.K. Bezbaruah
Chairman



Tea Research Association

**SCHEDULES FORMING PART OF THE
BALANCE SHEET**

	(Rupees)	
	As at 31st March 2017	As at 31st March 2016
SCHEDULE-I		
General Fund		
Balance as per last Account	(394,572,618)	(381,283,986)
Less:- Transfer from Ordinary Membership		
Subscription relating to earlier years	-	29,932,535
Add:- (Deficit) for the year	(9,276,209)	(43,221,167)
	<u>(403,848,827)</u>	<u>(394,572,618)</u>
 SCHEDULE-II		
Special Contribution Fund		
Balance as per last account	56,611,130	56,751,890
Less:- Depreciation on Assets acquired for research	11,216	13,720
Depreciation on Assets acquired for toklai complex	114,336	127,040
	125,552	140,760
	<u>56,485,578</u>	<u>56,611,130</u>
Refer Schedule-V for capital expenditure out of special Contribution Fund.		
 SCHEDULE-III		
Capital Reserve		
Assessed value of land acquired by gift	<u>21,000</u>	<u>21,000</u>
 SCHEDULE-III A		
TRA CENTENARY FUND		
Fund as per last Account	211,032,225	211,032,225
Less:- Accumulated Expenditure on TRA Centenary Fund	148,509,661	148,509,661
Less: Transferred to Fixed Assets	148,509,661	148,509,661
Less: Transferred to Capital Work-in-Progress	-	-
Less:- Accumulated Depreciation on assets acquired	63,902,056	51,974,940
	<u>147,130,169</u>	<u>159,057,285</u>

Refer Schedule-V for capital expenditure out of special centenary grant sanctioned by Ministry of Commerce and Industry, Government of India.



**SCHEDULES FORMING PART OF THE
BALANCE SHEET**

(Rupees)

SCHEDULE- IV	As at 31st March 2017	As at 31st March 2016
Project Grants from Tea Board and others		
Balance as per last Account	302,409,127	275,007,965
Received during the year	23,218,110	27,137,375
Add: Interest on Savings Bank Account	653,234	263,787
	<u>326,280,471</u>	<u>302,409,127</u>
Less: Accumulated Expenditure on Assets Acquired	137,338,199	129,896,098
Accumulated Expenditure on Projects	163,821,409	145,306,992
	<u>301,159,608</u>	<u>275,203,090</u>
	<u>25,120,863</u>	<u>27,206,037</u>

* Refer Schedule IVA for Project wise details.



SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE - IVA SUMMARY OF EXTERNALLY FUNDED PROJECTS AS ON 31.03.2017		(Rupees)				
Project Title	Grant received till 31st March 2016 (including Interest)	Grant Received during the Year 16-17	Interest Earned during the Year 16-17	Accumulated Recurring Expenses	Accumulated Non-Recurring Expenses	Closing Balance as on 31st March, 2017
RUNNING PROJECTS						
TEA BOARD PROJECTS						
TEA MUSEUM (TTRI)	512,743	-	772	7,317	546,884	(40,686)
TEA BOARD - 12TH. PLAN DEVELOPMENT OF NEW CLONES (NBRDDC)	1,232,000	-	37,682	540,072	463,511	266,109
TEA BOARD - 12TH. PLAN DEVELOPMENT OF NEW CLONES (TTRI)	-	1,605,045	-	1,158,493	485,337	(18,785)
TEA BOARD - 12TH. PLAN APPROACHES ON ENHANCING QUALITY (TTRI)	-	659,038	-	684,481	166,800	(182,243)
TEA BOARD - 12TH. PLAN DEVELOPMENT OF MACHINES (TTRI)	-	3,415,917	-	126,301	493,936	2,796,680
NTRF PROJECTS						
NTRF-A STUDY ON TREND OF PRODUCTIVITY ... (TTRI)	-	608,400	14,216	314,506	264,997	43,113
NTRF- DEVELOPMENT OF INFRARED ... (TTRI)	-	537,900	15,351	485,883	-	67,358
NTRF- DEVELOPMENT OF CLONES FOR PROD. OF PURPLE TEA (TTRI)	-	675,400	-	272,388	-	403,012
NTRF- IMPACT ANALYSIS ON CHANGING WEATHER ... (TTRI)	-	1,033,400	17,300	349,970	594,000	106,730
NTRF-K-MINERALS ... (TTRI)	-	433,400	11,708	384,083	-	61,015
NTRF-SENSITIVITY OF TEA LOOPER ... (TTRI)	-	1,286,100	-	458,988	-	827,112
NTRF- STUDIES ON IMPACT OF ELEVATED CARBON DIOXIDE ... (TTRI)	-	433,400	-	49,960	-	383,440
NTRF-SURVEY AND DOCUMENTATION OF SOIL ... (TTRI)	-	543,400	15,082	337,561	41,562	179,360
DBT PROJECTS:						
DBT-ESTABLISHMENT OF INSTITUTIONAL BIOTECH HUBS (TTRI)	4,233,496	-	12,297	2,205,470	1,851,000	189,322
DBT-EXPLORATION OF PLANT GROWTH (TTRI)	1,654,929	-	54,854	810,055	629,117	270,611
DBT-A STUDY ON ALUMINIUM DETOXIFICATION ... (UPPER ASSAM)	-	-	-	98	-	(98)
DST PROJECTS:						
DST - EVALUATION OF CARBON DIOXIDE (TTRI)	2,189,370	-	71,750	645,653	1,393,935	321,532
DST - EVALUATION SYST (TTRI)	1,574,000	-	55,834	704,697	972,736	(47,599)
DST - SERB NATIVE PHYTATE SOLUBILIZING BACTERIAL ST (TTRI)	1,430,279	800,000	15,330	1,291,030	265,619	688,960
DST (WB) - ISOLATION OF ACTINOMYCETES POPULATION ... (NBRDDC)	462,669	-	11,727	301,465	140,125	32,805
DST - GREEN TEA (NBRDDC)	-	957,000	-	2,766	-	954,234
DST-SERB ECR- EVALUATION OF TEA GERMPASM ... (TTRI)	-	1,244,202	-	351,903	658,494	233,805
OTHER PROJECTS:						
AGRINOS GREEN TECHNOLOGY ... (TTRI)	955,980	471,500	17,222	985,883	-	458,619
INDO SOUTH AFRICA PROJECT (IAS)	1,977,240	800,000	-	2,596,737	-	180,503
IPFT NKAIE (NBRDDC)	1,995,040	1,129,120	15,225	3,041,800	90,000	7,584
DIVYA BIOSCIENCE	-	220,000	-	76,830	-	143,170
CRS - BIRAC (NBRDDC)	2,035,516	694,000	29,665	1,077,081	1,203,123	478,977
ETP - TRA CLIMATE (TTRI)	1,171,219	-	6,506	326,610	837,105	14,010
NPV - DEVELOPMENT OF AN ARTIFICIAL DIET FOR LOOPER (NBRDDC)	422,346	382,000	8,718	688,358	-	124,706
SREC- NUTRIGATION IN MATURE TEA (NBRDDC)	-	400,000	-	132,781	-	267,219
TEA DUS CENTRE (TTRI)	550,000	-	11,642	332,883	706,413	228,759
CABI - COLLABORATIVE PROJECT (TTRI)	5,822,717	1,466,388	87,644	6,121,189	-	549,147
TRA EVALUATION OF NASA (TTRI)	204,636	200,000	6,965	293,863	-	117,738
TRA EVALUATION OF TAG BIONIK (TTRI)	204,727	200,000	7,959	273,017	-	139,689
BIOSAT (ANULEKH) PROJECT (TTRI)	-	200,000	-	114,949	-	85,051
GREEN BAY PROJECT (TTRI)	-	287,500	-	79,871	-	207,629
TRA-BIRAC EXPLOITATION OF TEA ... (TTRI)	-	1,243,000	45,070	328,504	64,500	895,066
EID PARRY - DEVELOPMENT OF BIO FORMULATION ... (NBRDDC)	-	610,000	-	314,723	-	296,277
RIL- EFFECT OF RALLIES GEO GREEN ON GROWTH (TTRI)	-	682,000	-	-	-	682,000
TOTAL RUNNING PROJECTS (A) :-	28,628,907	23,218,110	570,529	28,168,240	11,849,194	12,400,113
CLOSED PROJECTS						
TOTAL CLOSED PROJECTS (B) :-	273,780,220	-	82,705	135,653,169	125,469,005	12,720,750
Grand Total (A+B) :-	302,409,127	23,218,110	653,234	163,821,409	137,358,199	25,120,863
Previous Year Total :-	275,007,965	27,137,375	283,787	146,306,992	129,896,098	27,206,037



SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE V
Fixed Assets

(Figures in Rupees)

PARTICULARS	COST			DEPRECIATION			NET BLOCK	
	Balance as on 01.04.16	Addition during the year	Disposal during the year	Balance as on 31.03.17	For the year	Disposal during the year	Balance as on 31.03.17	Balance as on 31.03.16
Land (Note 1)	618,897	-	-	618,897	-	-	618,897	618,897
Building (Free Hold) (Note 2)	159,363,581	-	-	159,363,581	7,949,880	-	71,548,912	79,498,793
Equipment and Machinery	68,020,162	80,815	-	68,100,977	3,862,613	-	15,450,451	19,232,249
Electric, Water and Telephone	37,602,907	-	-	37,602,907	2,510,310	-	10,041,241	12,551,551
Furniture and Fittings	14,724,855	126,799	-	14,851,654	689,925	-	6,209,324	6,772,450
Vehicle (Note 3)	14,100,588	-	498,900	13,601,688	551,457	464,616	2,205,630	2,791,571
Total (A)	294,430,990	207,614	498,900	294,139,704	15,564,185	464,616	188,065,048	121,465,511
Previous Year	274,430,266	20,000,724	-	294,430,990	18,229,537	-	172,965,479	119,694,324

Note

- Land includes 16.44 acres acquired by the Association by way of gift. The value of such land is assessed by the Association at Rs. 21,000/-.
- (A) Freehold Building include property of Rs. 2,047,302/- (Previous year Rs. 2,047,302/-) on leasehold land.
- (B) The mutation and other formalities are pending for premises of the Association and one parking space at 113 Park Street, Kolkata.
- (C) Also refer to note 2 and 3 of Schedule XIX
- Vehicles include taken on loan;
 - Gross Book value Rs 1,608,994/- (Previous year Rs. 1,608,994) (Outstanding loan amount Rs. 350,303/- previous year Rs.505,384/-)
 - Net Block value Rs.659,044/- (Previous Year Rs.823,805/-)
- Gross Book value includes value of fixed assets acquired out of Special Contribution Fund

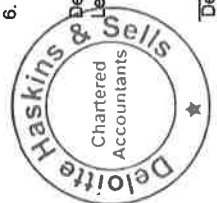
	31.03.2017	31.03.2016
(Rs)	(Rs)	(Rs)
Building (Free Hold)	10,364,469	10,364,469
Equipment and Machinery	4,378,483	4,378,483
Furniture and Fittings	90,431	90,431
Vehicle	34,352	34,352
Total	14,867,735	14,867,735

- Gross Book value includes value of fixed assets acquired out of Centenary Fund

	31.03.2017	31.03.2016
(Rs)	(Rs)	(Rs)
Building (Free Hold)	103,000,921	103,000,921
Electric, Water and Telephone	15,783,993	15,783,993
Furniture and Fittings	6,298,064	6,298,064
Equipment and Machinery	23,426,683	23,426,683
Total	148,509,661	148,509,661

- Depreciation Details

	31.03.2017	31.03.2016
(Rs)	(Rs)	(Rs)
Depreciation	15,564,185	18,229,537
Less: Transferred to Funds		
Special Contribution Fund (Schedule II)	11,216	13,720
- For Research	114,336	127,040
- For Tocklai	11,927,116	13,883,923
TRA Centenary (Schedule IIIA)		
Depreciation as per income & Expenditure Account	3,511,517	4,204,854



**SCHEDULES FORMING PART OF THE
BALANCE SHEET**

	(Rupees)	
	As at 31st March 2017	As at 31st March 2016
SCHEDULE-VI		
Inventories (at lower of cost and net realisable value)		
Publication	1,896,759	1,931,969
Foodstuff	245,880	90,916
Others (including Cement, Diesel and Coal)	217,602	111,608
	<u>2,360,241</u>	<u>2,134,493</u>
SCHEDULE-VII		
Receivables (Unsecured)		
Considered good	131,167,650	59,184,694
Considered doubtful	<u>27,820,026</u>	<u>25,417,551</u>
	158,987,676	84,602,245
Less:- Provision for doubtful receivables	<u>27,820,026</u>	<u>25,417,551</u>
	<u>131,167,650</u>	<u>59,184,694</u>
	<u>131,167,650</u>	<u>59,184,694</u>
SCHEDULE-VIII		
Cash and Bank Balances		
Cash in Hand	150,436	171,101
Cash at Bank		
- on Current Account (Note 1 and 2)	25,207,808	34,736,489
- on Savings Account	1,115,881	6,441,430
- on Fixed Deposit Account	-	50,754
	<u>26,474,125</u>	<u>41,399,774</u>

Note 1: Includes Rs 75,865 /-(Previous year Rs.76,497/-) which can be utilised only after obtaining approval from Tea Board

Note 2: Includes Rs 363,806/- (Previous year Rs 337,694/-) in respect of projects closed.



**SCHEDULES FORMING PART OF THE
BALANCE SHEET**

	(Rupees)	
	As at 31st March 2017	As at 31st March 2016
SCHEDULE-IX		
Other Current Assets		
Considered Good		
Interest Accrued		12,742
On Fixed Deposits	-	<u>12,742</u>
	<u>-</u>	<u>12,742</u>
SCHEDULE-X		
Advances		
Considered Good		
Advances recoverable in cash or in kind or for value to be received	4,431,912	4,988,305
Tax Deducted at source-recoverable	<u>1,272,720</u>	<u>1,362,310</u>
	<u>5,704,632</u>	<u>6,350,615</u>
SCHEDULE-XI		
Deposits		
Deposits (Considered good)	511,396	455,596
	<u>511,396</u>	<u>455,596</u>
SCHEDULE-XII		
Sundry Creditors		
For Expenses *	75,581,101	56,102,143
Advance against Subscription, Testing fees, Green leaf etc.	8,458,933	9,836,615
Grant from Tea Board received in advance	31,483,032	31,483,032
Other Liabilities	<u>118,464,511</u>	<u>80,977,088</u>
	<u>233,987,577</u>	<u>178,398,879</u>
SCHEDULE-XIII		
Provisions		
Provision for Gratuity*	133,725,145	128,929,271
Provision for Leave Encashment [#]	79,671,194	75,352,441
	<u>213,396,339</u>	<u>204,281,712</u>

* Includes

- (a) Car loan secured by hypothecation of vehicles Rs.350,303/- (Previous year Rs.505,384/-)
(b) 6th Pay commission arrear liability of Rs. 6,211,851/-(Previous year Rs. 6,292,520/-)

* Includes provision for gratuity for garden workers at the two experimental estates amounting to Rs.17,451,504 /- (Previous year Rs. 14,660,112/-).

[#] Includes provision for leave encashment for garden workers at the two experimental estates amounting to Rs.620,656 /- (Previous year Rs. 534,586/-).



**SCHEDULES FORMING PART OF THE
INCOME AND EXPENDITURE ACCOUNT**

		(Rupees)	
		For the year ended 31st March 2017	For the year ended 31st March 2016
SCHEDULE-XIV			
Subscription			
Ordinary Membership	138,597,211		133,849,810
Less: Membership subscription relating to earlier years consequent to change in accounting policy w.e.f 1st April, 2015, transferred to General Fund (Refer note 1 in Schedule XIX)	-	138,597,211	29,932,535
Associate Membership		1,891,500	2,579,500
		<u>140,488,711</u>	<u>106,496,775</u>
SCHEDULE-XV			
Other Income			
Sale of Green leaf from Experimental Plots (Other than Tocklai)		2,751,281	2,339,051
Sale of Clones		281,528	465,766
Sale of Seeds		-	48,000
Sale of Publication		224,855	243,260
Advisory Service fees		23,200	92,900
Testing Fees (Net of expenditure Rs. 106,750/-, P.Y Rs. 555,213/-)		30,122,534	34,903,293
Training Fees(Net of expenditure Rs. 3,067,056/-, P.Y Rs.2,585,803/-)		10,311,355	5,220,847
Income (Net) from National Seminar On Plant Protection in Tea		-	1,167
House Rent		1,313,144	1,529,471
Profit on sale of Assets		146,816	-
Sundry Receipts		1,596,200	1,762,870
Guest House Receipt (Net)		352,868	805,321
Royalty		849,600	806,750
Interest on House Building & Scooter Loan,etc.		-	22,922
Sundry credit balance written back		984,981	36,773
Interest on Fixed Deposits(Gross)		16,892	185,813
Interest on Savings Account(Gross)		285,490	261,302
		<u>49,260,744</u>	<u>48,725,506</u>



**SCHEDULES FORMING PART OF THE
INCOME AND EXPENDITURE ACCOUNT**

(Rupees)

	For the year ended 31st March 2017	For the year ended 31st March 2016
SCHEDULE-XVI		
Expenses		
Salary,wages and bonus	189,896,377	190,523,555
Contribution to Provident and other funds	14,462,534	16,306,532
Pension	-	23,148
Gratuity (Note 1)	14,416,751	15,167,677
Leave Encashment (Note 2)	13,906,943	10,394,495
Welfare and training expenses	734,131	1,245,615
Medical expenses	7,171,968	7,758,763
Consumption of stores & chemicals	3,590,646	5,132,815
Power and fuel	10,084,370	11,761,299
Repairs and renewals	4,237,218	4,981,983
General maintenance	3,439,155	3,279,989
Printing,Stationery and Publication	1,051,649	1,485,384
Postage,Telegram,Telex and Telephone	1,293,941	1,800,088
Travelling and Conveyance	3,267,101	5,623,738
Professional Charges	1,991,275	4,505,726
Audit fees and Expenses	495,600	484,532
Insurance	391,038	467,628
ASC Seminar etc	540,196	1,238,628
Patent fees and Expenses	30,384	57,478
Council of Management meeting expenses	596,184	728,200
Rent, Rates and Taxes	1,262,382	1,024,093
Books and Periodicals	110,170	120,662
Interest on Car loan	42,919	59,324
Provision for Doubtful Debts	445,825	98,212
Provision for Subscription considered doubtful of recovery	1,956,651	10,948,865
Rebate on timely collection of subscription	5,113,499	3,789,536
Miscellaneous Expenses	1,207,569	743,908
	<u>281,736,476</u>	<u>299,751,873</u>

Note 1 Includes provision for gratuity of Rs. 2,004,482/- (previous year Rs 3,988,014/- written back)

Note 2 Includes provision for leave encashment of Rs. 4,232,683/- (previous year Rs 2,218,103/- written back)



Tea Research Association

**SCHEDULES FORMING PART OF THE
INCOME AND EXPENDITURE ACCOUNT**

	(Rupees)	
	For the year ended 31st March 2017	For the year ended 31st March 2016
SCHEDULE-XVII		
Expenses on Experimental Estates		
Salary, Wages and Bonus	22,418,347	20,037,055
Contribution to Provident and other funds	2,468,108	2,127,255
Gratuity (Note 1)	4,218,731	1,635,557
Leave Encashment	86,070	105,843
Welfare and training expenses	2,660,869	1,846,317
Medical Expenses	248,485	270,395
Consumption of stores and Chemicals	811,417	179,860
Power and Fuel	149,767	430,996
Repairs and Renewals	64,445	256,646
General Maintenance	25,479	88,697
Printing, Stationery and Publication	16,855	13,207
Postage, Telegram, Telex and Telephone	-	3,857
Travelling Exp.	16,320	-
Insurance	3,392	8,252
Legal & Professional Exp.	8,360	5,000
Rent, Rates and Taxes	214,860	675,342
Miscellaneous	18,344	240,430
	<u>33,429,849</u>	<u>27,924,709</u>
Income from Experimental Estates		
Sale of green leaf (At Tocklai)	14,635,842	16,840,811
Sale of Clones	117,850	390,425
Sale of Seeds	-	-
Sale of Plants	2,500	-
Miscellaneous Receipts	1,885	12,199
	<u>14,758,077</u>	<u>17,243,435</u>
Excess of Expenditure over Income on experimental estates.	<u>18,671,772</u>	<u>10,681,274</u>

Note 1 Includes provision for Gratuity of Rs 2791,392./- (Previous year Rs. 925,349/-)



SCHEDULE - XVIII

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31st MARCH 2017

1. **Basis of Accounting**

The financial statements have been prepared in accordance with the historical cost convention. With effect from 1st April, 2015, all expenses and income have been accounted for on accrual basis.

2. **Fixed Assets**

Own Assets

Fixed assets are carried at cost less depreciation. Cost includes inward freight, duties and taxes and expenses incidental to acquisition and installation of fixed assets.

Project Assets

The assets as referred in Schedule-IV acquired out of grants from other agencies, the ownership of which do not vest with the Association are not capitalized.

3. **Depreciation**

Depreciation on own fixed assets is provided on written down value method at the rates mentioned below. Full year's depreciation is provided on additions to fixed assets during the year. No depreciation is provided on fixed assets sold during the year. No depreciation is provided on freehold land.

Freehold Building	: 10%
Equipment and Machinery	: 20%
Electric, Water and Telephone	: 20%
Furniture and Fittings	: 10%
Transport	: 20%

4. **Inventories**

Inventories are valued at the lower of cost and net realizable value, where costs are ascertained on FIFO basis.

Slow moving, obsolete and damaged stocks are identified at the time of physical verification of stocks and if necessary, provision is made for such stocks.

5. **Government Grants**

Grants in the nature of contribution received towards specific purposes, and no repayment of which is ordinarily expected, are treated as specific reserves. Grants that relate to capital expenditure are recognised as income in the respective Fund Account, over the period and the proportion of depreciation on related assets is charged from grants. Other grants are credited to Income and Expenditure Account on the basis of certainty.



6. Subscription

Subscription income is credited to Income and Expenditure Account on accrual basis.

7. Sales

Sales are recognized on passing of property in goods, i.e. delivery as per terms of sale. Service income is recognized as revenue after the service is rendered and invoiced to the customers.

8. Interest Income

Income from interest is accounted for on accrual basis.

9. Retirement benefits

(a) Defined Contribution Plan

The Association contributes to Provident Funds which are administered by duly constituted and approved independent Trust / Fund managed by Regional Provident Fund Commissioner and such contributions are accounted for in Income and Expenditure Account every year.

(b) Defined Benefit Plans

Gratuity liability including liability for garden workers at the two experimental estates of the Association which are unfunded are actuarially determined at the year end and provided for in the accounts.

(c) Other Employee Benefits

Accrued liability towards leave encashment benefits payable to employees are actuarially determined at the end of the year and provided for in the accounts.

10. Provisions & Contingent Liabilities

The Association recognises a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or present obligation such that the likelihood of outflow of resources is remote, no provision or disclosure is made.



SCHEDULE - XIX

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2017

1. In terms of the agreement entered into on 3rd May 1976 with Assam Tea Corporation Limited, the entire activities of Tocklai Division of Cinnamara Tea Estate including all its assets and liabilities have been taken over by the Association with retrospective effect from 1st January 1976. Adjustments have not been made in the books of the Association as regards fixed assets taken over, depreciation thereon and for transfer/damage of properties as registration of deed of conveyance is pending. Adjustments have also not been made for purchase consideration payable to Assam Tea Corporation Limited and consequently titles have not yet been transferred in respect of immovable properties taken over by the Association.
2. Sundry Creditors (other liabilities) include the sum of Rs. 7,33,400 (Rs. 6,67,000 received during the year 1979-80 and Rs. 66,400 in 1995-96) from Assam Agricultural University as consideration for sale of certain property at Borbhetta, Jorhat, Assam and a sum of Rs. 85,881 received in the year 1981-82 from Catholic Church as consideration for the sale of a bungalow at Jorhat, in respect of which the deed of conveyance has not been executed.
3. Due to continuation of severe fund crunch situation arising out of delay in receipt of Grants-in-aid as well as other receivables, Provident Fund dues in respect of certain employees of the Association at various locations could not be regularly deposited with the appropriate authority and as on 31st March, 2017, an amount of Rs 30,176,237 (previous year Rs 13,621,174/-) lying in arrear comprising of Rs 14,835,171/- towards Employers' contribution (previous year Rs 6,600,127/-), Rs 14,835,171/- towards Employees' contribution (previous year Rs 6,600,127/-) and Rs 505,893 towards Administrative charges (previous year Rs 420,920/-). Out of these, dues relating to previous year have been fully deposited and Rs 7,484,264 relating to current year have been deposited till date.

Further, during the year, Association has taken a loan of Rs 16,900,000 from TRA Officers Provident fund Trust out of which Rs 10,900,000 is lying outstanding as on 31st March, 2017.

Tea Board clarified that the dues relating to Grants in Aid will be paid to Association on receipt of fund from Ministry of Commerce & Industry.
The Association is in the process of settlement of the above balances / dues with Provident Fund Authority.

4. Centenary Grant received in earlier years by the Association from the Ministry of Commerce, Government of India, included a sum of Rs. 6,00,00,000/- earmarked for expenditure towards Centenary Chairs. The Association, however, has utilized the same towards its general purpose in earlier years. In the opinion of the management, such sum would be replenished upon receipt of Grant in Aid from Tea Board of India.



5. Necessary disclosures required under The Micro, Small & Medium Enterprises Development Act, 2006, can only be considered once relevant information to identify the supplier who are covered under the said Act are received from such parties. No such information has been received till date.
6. The Association, being an approved scientific research association within the meaning of Section-35(1)(ii) of the Income-tax Act, 1961 enjoys exemption granted under Section 10(21) of the Act from payment of any Income Tax.
7. Principal actuarial assumptions as per actuarial valuation as on 31st March, 2017 in respect of Defined Employee Benefit Schemes -

Description	Gratuity		Leave Encashment	
	2016-17	2015-16	2016-17	2015-16
Financial assumptions:				
Discounting rate (per annum)	7.10%	7.75%	7.10%	7.75%
Future salary increase	5%	5%	5%	5%
Demographic assumption:				
Mortality rates	IALM 2006-08 ultimate	IALM 2006-08 ultimate	IALM 2006-08 ultimate	IALM 2006-08 ultimate

The estimates of future salary increases, considered in actuarial valuations, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

8. Certain information relating to Accounting Standards issued by The Institute of Chartered Accountants of India are not disclosed by the Association pursuant to exemptions/ relaxations announced by the said Institute.
9. Figures for the previous year have been rearranged/ regrouped wherever necessary.



Joydeep Phukan

Secretary

For Tea Research Association



P K Bezboruah

Chairman

