

## Roshanara Club Limited

### Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2017

#### Note No. 1

#### Significant Accounting Policies

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared to comply in all material respects with the Notified accounting standard by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 / Companies Act, 2013. The financial statements have been prepared in accordance with generally accepted accounting principles in India under the historical cost convention on an accrual basis. The financial statements have been prepared under the historical cost convention, on the basis of going concern and on an accrual basis.

##### 1.2 Use of estimates

The preparation of the 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 disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets and liabilities in future periods.

##### 1.3 Fixed Assets

Fixed assets are stated at cost of acquisition / cost of construction less accumulated depreciation. All costs relating to the acquisition and installation of fixed assets are capitalised.

##### 1.4 Depreciation on tangible fixed assets other than Leasehold land is provided on Written Down Value Method in the manner and on the basis of useful lives and residual value of 5% of original cost as specified in Schedule II of the Companies Act, 2013.

Depreciation on intangible assets is provided on the basis of accounting standard applicable for the time being.

##### 1.7 Investments

- i) Investments are stated at cost. Provision for diminution in the value of investments is made only if such a decline is other than temporary in the opinion of management.
- ii) Premium / discount on purchase of securities is amortized over the remaining period of maturity.

- iii) Income on investments in close ended schemes of mutual funds is recognized when the dividend is declared or the investments are redeemed.

#### 1.7 Inventories

Inventories are valued at lower of cost or net realizable value on first-in-first-out basis.

#### 1.8 Recognition of Income and Expenditure

- i) All income and expenditure are accounted on an accrual basis except ex-gratia payments and leave encashment to staff which are charged to expenses when paid.
- ii) Insurance claims are accounted for on receipt basis owing to practical difficulties and uncertainties involved.

#### 1.9 Employee Benefits

- i) Liabilities for gratuity is provided on acturaial basis. Till last year liability for gratuity was provided on the assumption that all the employees would retire on 31<sup>st</sup> March & the gratuity was payable on this date. Gratuity liability was not provided on actuarial valuation basis. To this extent there is change in accounting policy.
- ii) Leave encashment benefits is accounted for on cash basis.

#### 1.10 Entrance Fee

Entrance fee and Life Membership fee are credited to 'Club Surplus Account' in the Balance Sheet and the balance of 'Income and Expenditure Account' is transferred to Club Surplus account.

#### 1.11 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Club and the revenue can be reliably measured.

##### *Income from services*

Revenue from service transactions is recognised as and when services are rendered. Revenues are disclosed net of the service tax charged on such services.

##### *Sale of Goods*

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenues are disclosed net of the service tax and VAT charged on such sale of goods.

## *Interest*

Interest Income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

### 1.12 Income Taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Club is a mutual concern and taxes are paid / payable only on incomes from non-members.

### 1.13 Provisions

A provision is recognized when the Club has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

### 1.14 Capital Commitments

Estimated amount of contracts to be executed on capital account and not provided for has not been worked out.

### 1.15 Contingent Liabilities

Details of present & threatened litigation against the club by various persons alongwith their possible financial implications at present and in future is disclosed in consultation with lawyers / consultants of the club. However, there is certain litigation whereof if is difficult to ascertain the financial impact, if any, on the club.