

# CALCUTTA ROWING CLUB

15, Rabindra Sarabor, Kolkata – 700029, Ph: 3294 2910/ 2466 3343

## Schedule : 18

### NOTES ON ACCOUNTS

#### SIGNIFICANT ACCOUNTING POLICIES

- a) **Accounting Convention:** The financial statements have been prepared under the historical cost convention and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.
- b) **Fixed Assets**
  - 1. Fixed Assets and additions thereto are stated at their original costs of acquisition and installation.
  - 2. Depreciation of Fixed Assets is provided on written down value method as per the Club's own rate of depreciation to the extent of 95% of the value of the assets. Assets costing less than Rs. 5,000/- are depreciated fully.
  - 3. In respect of Fixed Assets acquired during the year full depreciation is provided where the asset are used for more than six months. In respect of other assets acquired during the year, depreciation is charged at 50% of the normal rate.
- c) **Inventory :** Stock of provisions / beverages in the Bars and godown and other items are valued at lower of cost and net realizable value. Cost is determined on the basis of direct cost based on last purchase price.
- d) **Revenue Recognition :**
  - 1. The club follows the accrual basis of accounting in respect of its income and expenditure except annual bonus, which is consistently treated on cash basis.
  - 2. Entrance Fees received from the members are credited to "Members Fund".
  - 3. Income accrued from investments as indicated in Note 5 together with the related tax as applicable, are credited to income & expenditure account on accrual basis.
  - 4. Sponsorships are credited to income & expenditure account.
- e) **Crockery and Cutlery :** The cost of crockery and cutlery purchased is charged off under the head "Bar Consumption" in the year of purchase.

f) **Retirement and Other Employee Benefits**

1. Provident Fund and Employees state Insurance Dues ( Defined Contribution Schemes ) are administered by the Government and contributions to the said funds are charged to Income and Expenditure Account on accrual basis.
2. Gratuity ( Defined Benefit Scheme ) is funded to a " Group Gratuity Policy" with Life Insurance Corporation of India ( LIC ) for future payment of Gratuity to retiring employees. The annual premium as determined by LIC is provided for in these accounts.
3. The club has no policy of making payments to employees against leave accrued by them on retirement and accordingly, no provision for this has been made in these accounts.

**2. Leasehold Land :** Land has been acquired by the Club under long term operating lease form Kolkata Improvement Trust ( KIT). As a measure of prudent accounting practice, the value of such lease has not been reflected in these accounts. The lease rent is paid regularly on demands raised by KIT.

**3. Fixed Assets :**

- a. The Club maintains proper record and particulars of all items of Fixed Assets.
  - b. The fixed assets of the Club are physically verified by the management on a regular basis and all items of Fixed Assets are physically verified at least once in every three years.
- 4. Impairment of Assets :** In the opinion of the Club Management, there is no loss on account of "impairment" of long life assets as stipulated in Accounting Standard 28 ( AS 28) issued by the " The Institute of Chartered Accountants of India".
- 5. Investments :** Investments contained in Schedule 6 represent Term Deposits involving Linked Term Deposits with various Scheduled Commercial Banks, which have not been shown under the head "cash & bank Balances".
- 6. Income Tax :** In view of the recent legal decisions the club is reviewing the applicability of Income Tax on its income and till the position of the same is not crystallized the provision for Income Tax has not been made in these accounts.
- 7. Commercial Taxes :** The club received a notice from the Deputy Commissioner of Commercial Taxes levying taxes, interest and penalties amounting to Rs. 8.61 lacs on sale of foreign liquor. The Club has contested the demand saying that it is an " Association of Persons" established for promotion of rowing activities and for the mutual benefit of its members and is not a commercial organization. Furthermore, The sale in question was made to its members and the provisions were procured from various registered dealers at the prevailing market prices. Hence, the Club is not liable to pay this tax. The hearing of the appeal has been completed and the Order is pending as informed by our counsel.
- 8. Service Tax :** The club is registered with the Service Tax Authorities. The Service tax collected from the members for services rendered to them is paid to the appropriate statutory authorities after adjustment of available input credit from input services.
- 9.** In the opinion of the Club Management, the provisions of the "The Micro, Small and Medium Enterprises Development Act, 2006" is not applicable to the club.

10. Pursuant to clause 12 (a) (xii) of the Club Rules, an amount of Rs. 10.98 lacs ( Previous year Rs. 5.50 Lacs) being 50% of the amount of Entrance Fees received during the year have been credited to the income & Expenditure account for various development activities.
11. Sum of Rs. 0.25 Lacs on account of donations received during the year has been transferred to Members fund.
12. Life Insurance Corporation of India conducts actuarial valuation of the Club's liability for Gratuity to employees annually for the period August to July every year. The club funds the amount demanded by LIC every year based on such actuarial valuation and accordingly, no separate assessment of liability on account of gratuity is made at the year end.
13. A sum of Rs. 10.50 lac has been provided from the surplus in the Income & Expenditure account for the purchase of Boats and has been shown in Boat Fund Account.
14. Previous year's figures have been regrouped / rearranged wherever necessary.
15. Figures have been rounded off to the nearest on lac rupees, extended upto two decimal places.

Chartered Accountants

President

Secretary

Treasurer

Dated :