

SERVAS INTERNATIONAL

831, Ceresstrasse, 23-01-8008, Zurich, Switzerland.

SCHEDULE - 6

SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31.12.2008:

A. Corporate Information:

Servas International (Servas or "the Organisation") is a worldwide, non-profit and non-governmental organization, a co-operative network of hosts and travelers. The Organisation aims to provide and improve personal contacts between individuals of diverse cultures and backgrounds.

B. Basis of presentation of Financial Statements:

a) Basis of Preparation:

The Organisation is incorporated in Switzerland, maintains its books of account and prepares its statutory financial statements in accordance with the Generally Accepted Accounting Principles (GAAP). The financial statements have been prepared from statutory financial statements of the Organisation and presented in Swiss Francs (CHF) with adjustments and reclassifications for the purpose of fair presentation.

b) Measurement Currency and Reporting Currency:

Measurement currency of the Organisation operating in Switzerland is Swiss Francs (CHF).

C. Significant Accounting Policies:

1) Recognition of Income and Expenditure:

All items of income and expenditure have a material bearing on the financial statements are recognized on accrual basis.

2) Fixed Assets:

Fixed assets are stated at cost less depreciation.

3) Depreciation:

During the year, the Depreciation has been provided on fixed assets at the rates herein below mentioned:

Office Equipments	33.33%
-------------------	--------

4) Foreign Currency Transactions and Translation:

Transactions in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of these transactions. Balance Sheet items denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from settlement and translation of foreign currency items have been included in the income or expense accounts as appropriate. The foreign exchange rates used by the Organisation as of the balance date are as follows:

<u>Currency</u>	<u>CHF</u>	<u>Currency</u>	<u>CHF</u>
USD	1.05615	CAD	0.86428
GBP	1.52863	INR	0.02146
Euro	1.48820		

5) Use of Estimates:

The preparation of financial statements in conformity with International Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses and revenues during the reporting periods. Actual results could differ from those estimates.