

**SCHEDULE - 11**

**SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31.03.2017:**

**A. Corporate Information – Build World Peace:**

Servas International (Servas or “the Organization”) is a worldwide, non-profit and non-governmental Organization, a co-operative network of hosts and travelers. The Organization aims to provide and improve personal contacts between individuals of diverse cultures and UN peace representation. The purpose of the network is to help build world peace, goodwill and understanding.

**B. Basis of presentation of Financial Statements:**

**a) Basis of Preparation:**

The Organization is located and has its headquarters 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 Organization and presented in Swiss Francs (CHF) with adjustments and reclassifications for the purpose of fair presentation.

**b) Measurement Currency and Reporting Currency:**

The reporting currency of the Organization operating in Switzerland is Swiss Francs (CHF).

**C. Significant Accounting Policies:**

**1) Recognition of Income and Expenditure:**

The income and expenditure which have material bearing on the financial statements are accounted on accrual basis.

**2) Fixed Assets:**

The Fixed assets are valued at cost of acquisition or fair value less accumulated depreciation.

**3) Depreciation:**

The Depreciation has been provided at Straight Line Method on fixed assets considering the life of the assets. Depreciation on additions/ deletions accounted on pro-rata basis.

**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 Organization as at 31.03.2017 are as follows:

<u>Currency</u>	<u>CHF</u>	<u>Currency</u>	<u>CHF</u>
USD	0.99725	CAD	0.74834
GBP	1.24196	INR	0.01537
EUR	1.07068	PLN	0.25346

**5) Use of Estimates:**

The preparation of financial statements in conformity with Accounting Standards requires EXCO 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 significant changes in expenses and revenues during the reporting periods. Actual results could differ from those estimates.

**D. Notes on Accounts****1. Development Fund:**

During the year, the Development Committee has approved the following reimbursement of expenses as a part of DC Fund deductions:

Period	Nature of Event	Amount of Grant (CHF)	Amount of Reimbursement (CHF)
Mar-2017	Contribution to Meeting held at Philippines	-	789.00

**2. SOL Project Fund:**

In GA Meeting held at Argentina during 2009, it has been agreed to pay towards Servas On Line (SOL) Project Fee levied at CHF 1/- per member per year for member countries with more than 100 members. Subsequently at the meeting held at Spinea, Italy during 2010, the working Committee has formulated the idea of implementing software development of SOL Project.

SOL fees receivable from Servas Countries have been accounted on accrual basis and credited to SOL Project Fund. The actual capital expenditure incurred towards SOL Project has been treated as Capital Work-in-Progress and will be capitalized on successful completion of the SOL Project. However, it was also decided at the Poland GA that no further amounts to be claimed from the Member Countries except the claims already made until 31.12.2012.

During the year, the fund balance has been reduced to the extent of CHF 2,856/-, being the SOL fees not collectable and written off as per the approval of EXCO.

**3. Provision for General Assembly (GA) Expenses:**

Though the principles of GAAP (Generally Accepted Accounting Principles) does not permit provisioning of future expenses, and adhering to the clause no. 2.26 of Financial Operating Procedure (FOP), the provision for GA expenses has been made on pro-rata basis and shown accordingly.

**4. Capital Commitments and Contingent Liabilities :**

Description	(Amount in CHF)
	As at 31.03.2017
<b>A. Capital Commitments:</b>	
Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (Net of Advances)	
1. NetiApps, India – SOL Project	591.00

**B. Contingent Liabilities:** (a) Probability of Personal Injury and Sexual Harassment claims by Servas Hosts/Travelers on SI. (b) Possibility of Penalties by the Swiss Tax authorities for late filing of Tax returns claiming refund of the Tax Deducted at Source.

**C. Law-Suit:** There was no law-suit pending in favor or against the Organization as at March 31'st 2017.

**5. Fixed Assets:**

Capital Work-in-Progress includes the capital expenses incurred towards Servas On Line (SOL) Project till 31.03.2017. The technical confirmation has yet to be received from the Project Coordinator, with regard to the effective date of functioning/implementation of the said project.

**6. Receivables – Stamp Fees (Net of Provisions – Ref: Schedule 5(c) ):**

- (a) Receivables include Stamp fees (Net of Provisions) .
- (b) The stamp returns and unused stamps have been accounted based on the confirmation from the Treasurer.
- (c) **Stamp Fees** of earlier years are still pending for recovery amounting to CHF 1331/- and provision has been made for the same during FY 2016-17.

**7. Advances to EXCO Members, SI Officers & Others:**

In the opinion of the EXCO, the advances were given in the ordinary course of Servas activities.

**8. Prepaid Expenses:**

Represent an amount of CHF 2755.00 being the printing cost of stamps (CHF 46/-), Postal cost paid on sending Stamps 2017 (CHF 87/-) & Web hosting Charges (CHF2622/-) pertaining to the financial year 2017-18.

**9. Tax Deducted at Source Receivable:**

Represent the cumulative tax deduction by Credit Suisse Bank on interest receipts amounting to CHF 2055.08 which is pending to be claimed from Tax Authorities. This is the accumulated amount of tax deducted on interest receipts since 2004. Servas International needs to be registered in Switzerland before returns can be filed and refunds claimed. Some of these claims may be time barred and could invite penalties for late filing of Tax returns.

**10. Expenses Recognition:**

Expenses have been recognized on accrual basis based on the Claim Forms/ emails submitted by SI Officials/ EXCO Members.

**11. Stamp Fees from Servas Countries:*****Stamp fee collections from Servas Countries:***

Servas International issues stamps authorising the Letter of Introduction for Servas Travellers.

During the year, stamp fees have been collected on the following principles as confirmed by the EXCO.

Up to 10 Stamps	-	Free of Cost
11 - 50 Stamps	-	CHF 10/-
51 - 300 Stamps	-	CHF 15/-
301 – 550 Stamps	-	CHF 18/-
551 Stamps and above-		CHF 20/-

For the accounting year, SI has recognized its stamp fee collections net of returns from Servas Countries, on accrual basis.

**12. Stamp Fee dues not recoverable written off:**

Includes CHF 1,351/- which has been written off during the financial year as per EXCO approval.

**13. Sundry Balances written off (Net):**

Includes the net of written off and written back of sundry balances/ advances as per EXCO approval.

**14. Prior Year Expenses (Net):**

Includes cost of Stamp returns netted with recovery towards loss of stamps of earlier years.

**15. Statement of Budget:**

Represent the actual income & expenditure as compared to the budget for the relevant period.

**16. Internal Audit Committee Review:**

The Internal Audit Committee has reviewed the Financial Statements and, except as noted in its Internal Audit Committee report, the Financial statements reasonably represent the activities of the Organization as at 31.03.2017.

For and on behalf of  
Executive Committee

As per our report of even date  
for VASUDEV PAI & CO.  
Chartered Accountants  
Firm Registration No. 004560S

Sd/-  
President

Sd/-  
Vice-President

Sd/-  
T VASUDEV PAI  
M.No.20906

Sd/-  
Secretary

Sd/-  
Treasurer

Place :  
Dated :

Place : Bangalore, India.  
Dated :