NOTES TO THE FINANCIAL STATEMENTS

1. General Information

North Malabar Chamber of Commerce (the 'company') is a Public Limited Company incorporated on 29/07/1952 under the provisions of Companies Act, 1913. The company has 19 **Directors and 827 members.** The company is limited by guarantee and is a association not for profit primarily engaged in the promotion of business & Commerce .

2. Summary of significant accounting policies

2.1 Basis of Preparation of Financial Statements

The accompanying financial statements have been prepared in compliance with the requirements under section 133 of the Companies Act, 2013 (to the extent notified), read with Rule 7 of the Companies (Accounts) Rule, 2014, and other generally accepted accounting principles (GAAP) in India, to the extent applicable, under the historical cost convention, on the accrual basis of accounting. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006.

2.2 Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and reported amount of revenues and expenses of the year. Actual result could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

2.3 Tangible assets & Depreciation

Tangible assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any.

Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Depreciation on fixed assets over its useful life provided in the manner prescribed under schedule II of the Companies Act 2013.

2.4 Impairment of Assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which the asset is identified as impaired

2.5 Provision, Contingent Liabilities and Contingent Assets

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle such obligation, in respect of which a reliable estimate can be made. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is termed as a contingent liability. Contingent Assets are neither recognized nor disclosed in the financial statements.

2.6 Revenue Recognition

Revenue from service is recognized when service are rendered and it is reasonably certain that ultimate collection is made

Sales are recognized on raising of invoices on transfer of property in goods to the respective parties and are exclusive of Service tax and Value added Tax.

2.7 Employee Benefits

Short term employee benefits which are payable within 12 months after the end of the period in which the employees render service are accounted on accrual basis.