CREDENCE FAMILY OFFICE PRIVATE LIMITED

Notes to the accounts for the year ended March 31, 2022

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1. Nature of Operations

Credence Family Office Private Limited was incorporated on January 08, 2020. The activities of the Company is engaged in business of financial and Investment Consultants Services.

2. Statement of Significant Accounting Policies

a. **Basis of preparation of accounts**

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply in all material respects with the Standards notified under the relevant provisions of Companies Act, 2013. The financial statements have been prepared under the historical cost convention on an accrual basis and the accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

b. **Use of Estimates**

The preparation of financial statements in conformity with Indian GAAP requires judgements, estimates and assumptions to be made that affect the reported amount of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/ materialised.

c. **Property, Plant and Equipments**

d. Property, Plant and Equipments, except as stated below, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price less trade discounts and rebates, eligible borrowing costs and directly attributable cost of bringing the asset to its working condition for the intended use. Property, Plant and Equipments are stated at cost (net of CENVAT/Value Added Tax, rebates) less accumulated depreciation. All costs incurred till actual commencement of commercialisation are capitalised. Gains and losses on sale of fixed assets are recognized when the sale transaction is completed.

e. **Depreciation and Amortisation**

f. Depreciation on Property, Plant and Equipments is provided to the extent of depreciable amount on the Written down Value method. Depreciation is provided based on the useful life of assets as prescribed in schedule II to the Companies Act, 2013. Proportionate depreciation is charged for additions/deletions during the year.

Assets	**Rate of Depreciation**
Tangible Assets	
-Data Processing Equipment	3 Years
-Furniture and Fixtures	10 Years

- Motor Vehicles	8 Years
- Office Equipments	5 Years
-Goodwill	10 Years

Goodwill has been amortised over the useful life of 10 years. With regard to Goodwill being taken over from Credence Family Office LLP, the Goodwill is amortised only for the remaining period left in the newly constituted company.

g. **Impairment of Assets**

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any indication exists, the assets recoverable amount is estimated. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on the average pre-tax borrowing rate of the country where the assets are located, adjusted for risks specific to the asset. After impairment, depreciation is provided on the assets revised carrying amount over its remaining useful life. However, during the year the company has not recognised any impairment loss.

h. **Inventories**

The Company is a service company, primarily rendering information technology services.

i. **Revenue Recognition**

Revenue from Services is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Profit or Loss on Sale of Units/Bonds are recognised when the same are transferred to third party and the amount is realised. The Company has been following accrual method of accounting.

j. **Foreign Exchange Transactions**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Exchange differences arising on the settlement of monetary items or non-monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

k. **Retirement Benefits**

Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are accrued. There are no obligations other than contribution made to the respective trusts.

The Company provides for gratuity, covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. However, actuarial valuation of the liability is not carried out.

l. **Earnings per share**

The basic earnings per share is computed by dividing the net profit or loss after tax for the period attributable to equity share holders for the year by the weighted average number of equity shares outstanding during the year.

The company has issued optionally convertible debentures. However, the conversion ratio is subject to valuation report being done on or a date nearing to the date of conversion to be prepared by a registered valuer appointed by the Board of the Company. Since the valuation report is not available, the conversion ratio cannot be determined and hence the dilutive EPS has not been calculated.

m. **Taxes on income**

Current Tax:

Income taxes are calculated using the tax effect accounting method where taxes are accrued in the same period the related revenues and expenses arise. A provision is made for income tax annually based on the tax liability computed after considering tax allowances and exemptions.

Deferred Tax:

The difference that result between the profit offered for income tax and the profit as per the financial statements are identified, and thereafter a deferred tax asset or liability is recorded for timing difference namely the differences that originate in one accounting period and get reversed in another based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on prevailing enacted or substantially enacted regulations. Deferred tax assets/liability are recognised only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

n. **Provisions and contingent liability**

A provision is recognised when an enterprise has a present obligation as a result of past event; 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 best 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 best estimates.

o. **Investments**

Investments held by the company has been valued at cost.

p. **Segment Information**

As the Company's business activity primarily falls within a single line of business and hence no additional disclosures to be provided under Accounting Standard 17 – Segment Reporting, other than those already provided in the financial statements.

q. **Operating Cycle**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

r. **Cash Flow Statement**

Cash flows are reported using indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.