

SPECIFIED BANK NOTES IN AUDIT REPORT

The **Ministry of Corporate Affairs** has amended the rules pertaining to **Chapter X** of the **Companies Act 2013** ,

- wherein it has been provided that the auditor of the company is required to disclose in the Auditor's report **"Whether the Company had provided requisite disclosure in its financial statements as to holdings as well as dealings in specified bank notes during the period from 8th November 2016 to 30th December 2016 and if so, whether these are in accordance with the books of accounts maintained by the company."**
- This shall be disclosed in the Auditor's Report for the **year ended 31.03.2017** vide **notification G.S.R 307(E)** – which amends the Companies (Audit and Auditors)Rules 2014 with Companies (Audit and Auditors)amendment Rules,2017.

EXPLANATION:

- The MCA has issued a notification regarding amendment in Schedule III to the Companies Act 2013, wherein it has been mentioned that every company shall disclose the details of **Specified Bank Notes** held and transacted during the period from 8th November, 2016 to 30th December, 2016.
- **DISCLOSURE WILL HAVE TO BE DONE IN THE FOLLOWING SCENARIO'S:**
 1. **If no SBN's were deposited** – It will still have to be specified in the audit report that there were no SBN held and deposits were made in the relevant period i.e 8th November 2016 to 30th December 2016.

2. **If SBN are held** – The auditors will have to disclose the same in their auditor’s report post checking up on the required evidences based on his professional judgement.

3. **If SBN are held and the client does not disclose relevant information** - The auditor based on his analysis may give a disclaimer of opinion in the audit report .

We request you to please note the amendment and take care in your professional capacity for disclosure requirements and reporting requirements while accounting/ auditing the financial statements for the year 2016-2017 .

We are happy to help you,

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