



Damania & Varaiya
Chartered Accountants

CORPORATE LAW ALERT

Demonetization -Companies to Disclose in Balance Sheet and Reporting thereof by Auditor – MCA Notification

“On 30th March 2017, Ministry of corporate affairs, New Delhi, has notified as follows:

As per notification G.S.R. 308(E):

Every Company shall disclose the details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 under Notes to Accounts as per the format referred in notification.

As per notification G.S.R. 307(E):

The Auditor also needs to form an opinion on the same that whether the Company had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes (SBN) 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.

Refer Enclosed Annexure for Disclosure format, proof of documents as illustrated in the Document Checklist to substantiate disclosure & corresponding Notification.

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MINISTRY OF CORPORATE AFFAIRS

Notification

New Delhi, the 30th March, 2017

Companies (Audit and Auditors) Amendment Rules, 2017

G.S.R. 307(E). - In exercise of powers conferred by section 143 read with sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Audit and Auditors) Rules, 2014, namely:-

1. (1) These rules may be called the Companies (Audit and Auditors) Amendment Rules, 2017.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Companies (Audit and Auditors) Rules, 2014, in rule 11, after clause (c), the following clause shall be inserted, namely:-

“(d) whether the company had provided requisite disclosures 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.”

[F. No. 1/33/2013-CL-V-(Vol.I)]

AMARDEEP SINGH BHATIA, Jt. Secy.

Note : The principal rules were published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 246(E), dated the 31st March, 2014, subsequently amended vide G.S.R. 722(E), dated the 14th October, 2014 and vide G.S.R. 972(E), dated the 14th December, 2015.

MCA Notifies Amendments in Schedule III to the Companies Act (CA) 2013 regarding disclosure requirements for companies on holding and dealings of Specified Bank Notes during Demonetization:

G.S.R. 308(E).—In exercise of the powers conferred by sub-section (1) of section 467 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following further amendments to Schedule III of the said Act with effect from the date of publication of this notification in the Official Gazette, namely:-

2. In the Companies Act, 2013 (hereinafter referred to as the principal Act), in Schedule III, in Division I, in Part I under the heading “General instructions for preparation of Balance Sheet” in paragraph 6, after clause ‘W’, the following clause shall be inserted namely:

“X. Every company shall disclose the details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as provided in the Table below:-

	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016			
(+) Permitted receipts			
(-) Permitted payments			
(-) Amount deposited in Banks			
Closing cash in hand as on 30.12.2016			

Explanation : For the purposes of this clause, the term ‘Specified Bank Notes’ shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.”.

3. In the principal Act, in Schedule III, in Division II, in Part I under the heading “General instructions for preparation of Balance Sheet” in paragraph 6, after clause ‘J’, the following clause shall be inserted namely:

“K. Every company shall disclose the details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 as provided in the Table below:-

	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016			
(+) Permitted receipts			
(-) Permitted payments			
(-) Amount deposited in Banks			
Closing cash in hand as on 30.12.2016			

Explanation : For the purposes of this clause, the term ‘Specified Bank Notes’ shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.”.

Note : Schedule III of the Companies Act, 2013 came into force with effect from the 1st April, 2014 vide Notification S.O. 902(E), dated 26.3.2014, subsequently amended vide G.S.R. 679(E), dated 04.09.2015 and vide G.S.R. 404(E), dated 06.04.2016.

Annexure to the Corporate Law Alert- April 2017- SBN Disclosure

Details of Specified Bank Notes (SBN) transacted during the period from 8th November, 2016 to 30th December, 2016

Particulars	SBNs*	Other Denomination Notes	Total
Closing Cash in hand as on 08.11.2016			
Add : Permitted Receipts			
Less : Permitted Payments			
Less : Amount deposited in Banks			
Closing Cash in hand as on 30.12.2016			

* SBN i.e. Rs 500/1000 rupee notes

Notes: Clarification , if any , to be given by management on above disclosures.

Annexure to the Corporate Law Alert- April 2017- SBN Disclosure

Details required for verification of disclosures made in Notes to Account of each company in Financial Statement for the year /period end 31st March, 2017

Sr. No.	Particulars	SBNs*500	SBNs*1000	Other Denomination Notes	Total	Requirements
1	Balance of Cash in hand as on 8th November 2016 (EOD)					Denomination wise bifurcation
2	Permitted payments made to following parties:					
	a) Government Hospitals					Bills / Supportings
	b) Public Transports					Bills / Supportings
	c) Railway Tickets/Metro tickets					Bills / Supportings
	d) Airline tickets					Bills / Supportings
	e) Toll Payments					Bills / Supportings
	f) Petrol Pumps					Bills / Supportings
	g) Medicines prescribed by Doctors					Bills / Supportings
	h) LPG Gas Cylinders					Bills / Supportings
	i) Railway Catering					Bills / Supportings
	j) power and water bills					Bills / Supportings
	k) Entry tickets for ASI munuments					Bills / Supportings
	l) Taxes and penalties to Government					Bills / Supportings
	m) Consumer Co operative stores					Bills / Supportings
	n) Seeds at state owned outlets					Bills / Supportings
	o) Payments towards pre paid mobile top-up to a limit of Rs. 500 per top-up					Bills / Supportings
	p) Milk Booths					Bills / Supportings
3	Exchange of SNB with other denomination notes					Declarations
4	Permitted receipts for toll service Provider, Medical stores, Petrol Pumps, Insurance companies and other permitted service Providers as referred in point no 2 above					Receipts with SBN details
5	SBN Deposited in Banks from 9th November 2016 till 30th December 2016					Deposit Slips / Any other proof

Note:

- 1 Employee IOU shall be taken as part of Cash Balance as on 08.11.2016
- 2 Cut-off time for opening cash balance shall be 11.59 pm on 08.11.2016
- 3 This shall match with disclosure made to Income tax authorities in response to notice issued.
- 4 Cash Receipts Numbering - start date and closure date Month wise