

MINISTRY OF CORPORATE AFFAIRS

Notification dated 30th day of March, 2017

Demonetization –Mandatory Disclosure requirement of Specified Bank Notes in Financial Statements

1. In order to support the whole demonetization reform by the Government of India to curb Black money in the economy, Ministry of Corporate Affairs (MCA) has come up with a notification with respect to the mandatory disclosure requirement of each and every transaction entered by the Company during the said reform period, i.e. 08th November, 2016 to 31st December, 2016 in the Financial Statements as well as the Report to be provided by the Statutory Auditors of the Company.
2. MCA vide its notification dated 30th March, 2017 has amended Schedule III of the Companies Act, 2013 along with the matters to be included in the Statutory Auditors Report, as follows:-
 - i. In **Schedule III of the Companies Act, 2013, in Division I** (*Financial Statements for a company whose Financial Statements are required to comply with the Companies (Accounting Standards) Rules, 2006*) in **Part 1** under heading **“General instruction for preparation of Balance sheet and profit and loss of a Company”** 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
<i>Closing cash in hand as on 08.11.2016</i>			
<i>(+) Permitted receipts</i>			
<i>(-) Permitted payments</i>			
<i>(-) Amount deposited in banks</i>			
<i>Closing cash in hand as on 30.12.2016</i>			

*‘Specified Bank Notes’ means a bank note of the denominational value of five hundred rupees or one thousand rupees of the series existing on or before the 8th day of November, 2016.

- ii. In **Schedule III of the Companies Act, 2013, in Division II** (*General Instructions for preparation of Financial Statements for a company whose financial statements are drawn up in compliance of the Companies (Indian Accounting Standards) Rules, 2015*) in **Part I** under the heading **“General Instructions for preparation of Financial Statement of a Company required to comply with Ind AS”** 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
<i>Closing cash in hand as on 08.11.2016</i>			
<i>(+) Permitted receipts</i>			
<i>(-) Permitted payments</i>			
<i>(-) Amount deposited in banks</i>			
<i>Closing cash in hand as on 30.12.2016</i>			

3. Also, the MCA vide its notification dated 30th March, 2017, has further amended the Companies (Audit and Auditors) Rules, 2014 thereby inserting a new **‘clause (d) in rule 11**, to be mentioned in the Auditors’ report, as follows:-

(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.”

The Key

It shall now be a responsibility of the Company to make a true and fair disclosure of all the CASH transactions made during the Demonetization period and of the Statutory Auditors to report on the said disclosures. By this amendment of MCA, any illegal transaction if entered by the Companies would come under the notice of the Government and other concerned authorities.