



# THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

## Corporate Laws & Corporate Governance Committee The Institute of Chartered Accountants of India

26<sup>th</sup> March, 2021

### ANNOUNCEMENT

Sub: **Amendment in the provisions of Rule 11 of Companies (Audit and Auditors) Rules, 2014, to include additional matters in the Auditor's Report, w.e.f. 01st April 2021**

This is to inform you that the Ministry of Corporate Affairs has issued a notification dated 24.03.2021 amending the provisions of Rule 11 of Companies (Audit and Auditors) Rules, 2014, to include additional matters in the Auditor's Report, w.e.f. 01<sup>st</sup> April 2021.

The analysis of pre and post amendment of additional matters to be included in the Auditor's Report is as follows:

S No.	Rule	Pre-Amendment	Post Amendment
1	Rule 11 of Companies (Audit and Auditors) Rules, 2014	<p>The auditor's report shall also include their views and comments on the following matters, namely:-</p> <p>a) Whether the company has disclosed the impact, if any, of pending litigations on its financial position in its financial statement.</p> <p>b) Whether the company has made provision, as required under any law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.</p> <p>c) Whether there has been any delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.</p> <p>d) Whether the company had provided requisite disclosures in its financial</p>	<p>The auditor's report shall also include their views and comments on the following matters, namely:-</p> <p>a) Whether the company has disclosed the impact, if any, of pending litigations on its financial position in its financial statement.</p> <p>b) Whether the company has made provision, as required under any law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.</p> <p>c) Whether there has been any delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.</p> <p>d) Omitted</p> <p>e) (i) Whether the management has represented that, to the best of its knowledge and</p>

		<p>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</p>	<p>belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;</p> <p>(ii) Whether the management has represented, that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and</p> <p>(iii) Based on such audit procedures that the auditor has considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused them to believe that the representations under sub-clause (i) and (ii) contain</p>
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			<p>any material mis-statement.</p> <p>f) Whether the dividend declared or paid during the year by the company is in compliance with section 123 of the Companies Act, 2013.</p> <p>g) Whether the company has used such accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all transactions recorded in the software and the audit trail feature has not been tampered with and the audit trail has been preserved by the company as per the statutory requirements for record retention.</p>
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Notification is available at the link-

[http://www.mca.gov.in/Ministry/pdf/AuditAuditorsAmendmentRules\\_24032021.pdf](http://www.mca.gov.in/Ministry/pdf/AuditAuditorsAmendmentRules_24032021.pdf)

Members may take note of the above.

Sincerely Yours,

Chairman and Vice Chairman  
Corporate Laws & Corporate Governance Committee  
The Institute of Chartered Accountants of India

*Last updated as on 30.03.21*