

# **An Illustrative Format of Report of the Auditor of a Banking Company**

## **INDEPENDENT AUDITOR'S REPORT**

To

The Shareholders

Report on the Financial Statements

1. We have audited the accompanying financial statements of the ABC Bank Limited, which comprise the Balance Sheet as at 31<sup>st</sup> March, 2XXX and the Profit and Loss account and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information. Incorporated in these financial statements are the returns of \_\_\_\_\_ branches audited by us, \_\_\_\_\_ branches audited by branch auditors and unaudited returns of \_\_\_\_\_ branches in respect of which exemption has been granted by the Central Government under Rule 4 (1) (a) of the Companies (Branch Audit Exemption) Rules, 1961 from the provisions of sub-sections (1) and (3) of Section 228 of the Companies Act, 1956. These unaudited branches account for \_\_\_\_\_ per cent of advances, \_\_\_\_\_ per cent of deposits, \_\_\_\_\_ per cent of interest income and \_\_\_\_\_ per cent of interest expense.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements in accordance with XYZ Law of India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 1956, in the manner so required for the banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Bank as at 31<sup>st</sup> March, 2XXX;
- (ii) in the case of the Profit and Loss Account of the profit/loss for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of cash flows for the year ended on that date.

Report on Other Legal and Regulatory Matters

7. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 211 of the Companies Act, 1956.

8. We report that:

- (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory.
- (b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
- (c) the returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.

9. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

10. We further report that:

- (i) the Balance Sheet and Profit and Loss Account dealt with by this report, are in agreement with the books of account and the returns.
- (ii) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books.
- (iii) the reports on the accounts of the branches audited by branch auditors have been dealt with in preparing our report in the manner considered necessary by us.
- (iv) as per information and explanation given to us the Central Government has, till date, not prescribed any cess payable under section 441A of the Companies Act, 1956,
- (v) on the basis of the written representation received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2XXX from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For ABC and Co.

Chartered Accountants

Signature

(Name of the Member Signing the Audit Report)

(Designation)#

Membership Number

Firm Registration Number

Place of Signature:

Date of Report:

# Partner or proprietor, as the case may be.

## **An Illustrative Format of Report of the Auditor of a Nationalised Bank**

### **INDEPENDENT AUDITOR'S REPORT**

To

The President of India

Report On The Financial Statements

1. We have audited the accompanying financial statements of XY Bank as at 31<sup>st</sup> March, 2XXX, which comprise the Balance Sheet as at March 31, 2XXX, and Profit and Loss Account and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. Incorporated in these financial statements are the returns of \_\_\_\_\_ branches audited by us and \_\_\_\_\_ branches audited by branch auditors. The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the Reserve Bank of India. Also incorporated in the Balance Sheet and the Statement of Profit and Loss are the returns from \_\_\_\_\_ branches which have not been subjected to audit. These unaudited branches account for \_\_\_\_\_ per cent of advances, \_\_\_\_\_ per cent of deposits, \_\_\_\_\_ per cent of interest income and \_\_\_\_\_ per cent of interest expenses.

#### **Management's Responsibility for the Financial Statements**

2. Management is responsible for the preparation of these financial statements in accordance with XYZ Law of India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

6. In our opinion, as shown by books of bank, and to the best of our information and according to the explanations given to us:

(i) the Balance Sheet, read with the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of state of affairs of the Bank as at 31<sup>st</sup> March 2XXX in conformity with accounting principles generally accepted in India;

(ii) the Profit and Loss Account, read with the notes thereon shows a true balance of profit/loss, in conformity with accounting principles generally accepted in India, for the year covered by the account; and

(iii) the Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

7. The Balance Sheet and the Profit and Loss Account have been drawn up in Forms "A" and "B" respectively of the Third Schedule to the Banking Regulation Act, 1949.

8. Subject to the limitations of the audit indicated in paragraph 1 to 5 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980, and subject also to the limitations of disclosure required therein, we report that:

(a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory.

(b) The transactions of the Bank, which have come to our notice have been within the powers of the Bank.

(c) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.

9. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the applicable accounting standards.

For ABC and Co.

Chartered Accountants

Signature

(Name of the Member Signing the Audit Report)

(Designation)#

Membership Number

Firm registration number

Place of Signature:

Date of Report:

# Partner or proprietor as the case may be.