

TRU Flash Alert

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Verification of working capital- working capital loan of more than NPR 250 million

Background

Nepal Rastra Bank (NRB) issued Unified Directives 2075 on 20 Bhadra 2075 for A, B and C class licensed financial institutions. The directive covered amendments and circulars issued by NRB till Shrawan end 2075. As per the Directive while approving or renewing working capital loan of more than NPR 250 mio, statement of working capital should be verified by the auditor. However, there was ambiguity regarding who the auditor should be.

In this connection, Institute of Chartered Accountants of Nepal (ICAN) published notice dated 1 January 2018 clarifying on the matter.

Details

According to Directive 2.35 of the Unified Directives 2075 issued by the NRB while approving and renewing working capital loans of more than NPR 250 mio by licensed A, B and C class financial institutions, details of working capital should be verified by auditors.

The Council's 231st meeting dated 2075/09/08, has clarified that for the purpose of verification, auditor shall mean the certified professional auditors other than those mentioned below:

- External auditors, internal auditors and other financial advisors of the borrower entity; and
- External auditors and internal auditors of respective banks and financial institutions.

Resource

Notice from ICAN can be accessed through this link:

<https://www.ican.org.np/new/uploads/downloads/files/3/4596ed1f652b0281f4c15fafbaf2f179.pdf>

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