

Financial statement assertions practice aid

	Completeness	Existence	Valuation and allocation	Rights and obligations	Presentation and disclosure*
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* Note that presentation and disclosure includes consideration of the following assertions: Occurrence and rights and obligations; Completeness; Classification and understandability; Accuracy and valuation

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	Completeness	Existence	Valuation and allocation	Rights and obligations	Presentation and disclosure*
Sales, marketing and receivables					
Accounts receivable	All accounts receivable have been recorded in the financial statements	Accounts receivable amounts represent enforceable claims for the sale of goods or the performance of services existing at the balance sheet date	Accounts receivable have been recorded at their proper amount and reflect all events and circumstances that affect their underlying valuation (including correct translation of foreign currency balances) in accordance with generally accepted accounting principles Any adjustments for doubtful accounts, discounts, returns and similar items are adequate but not excessive	Accounts receivable represent amounts owed to the client at the balance sheet date, and the client is subject to substantially all the risks and is entitled to substantially all the rewards arising therefrom	Accounts receivable have been properly classified, described and disclosed in the financial statements
Deferred revenue	All deferred revenue has been recorded in the financial statements	Only valid deferred revenue has been recorded in the financial statements	Deferred revenue has been recorded at its proper amount and reflects all events and circumstances that affect their underlying valuation in accordance with generally accepted accounting principles. Revenue recognition policy is in accordance with GAAP	Deferred revenue represents revenue due to the client relating to future period(s)	Deferred revenue has been properly classified, described and disclosed in the financial statements
Purchasing and payables					
Deferred charges	All deferred charges have been recorded in the financial statements	Deferred charges represent costs incurred at the balance sheet date which can reasonably be expected to benefit future periods	Deferred charges have been recorded at their proper amount and reflect all events and circumstances that affect their underlying valuation in accordance with generally accepted accounting principles.	Deferred charges represent charges owing by the client relating to future period(s)	Deferred charges have been properly classified, described and disclosed in the financial statements
Accounts payable	All accounts payable	Accounts payable balances,	Accounts payable balances have	Accounts payable represent	Accounts payable have been

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	balances have been recorded in the financial statements	representing liabilities that have been incurred and have not been discharged or settled, exist at the balance sheet date	been recorded at their proper amount to reflect amounts due to suppliers (including changes in foreign currency exchange rates) in accordance with generally accepted accounting principles.	liabilities owing by the client at the balance sheet date	properly classified, described and disclosed in the financial statements
Production					
Inventory – raw materials, work in progress, finished goods, resale	All items or quantities of inventory have been recorded in the financial statements	Recorded inventory amounts in the balance sheet are represented by physical inventory or work in progress at the balance sheet date	Inventory balances have been recorded at their proper amount and reflect all events and circumstances that affect their underlying valuation in accordance with generally accepted accounting principles All slow moving, damaged or obsolete inventory has been properly identified and any necessary valuation adjustments appropriately recorded	The client is responsible for substantially all the risks and is entitled to substantially all the rewards arising from ownership of inventory	Inventory has been properly classified, described and disclosed in the financial statements
Property, plant and equipment	All property, plant and equipment, including acquisitions, has been recorded in the financial statements	Property, plant and equipment physically exists at the balance sheet date	Property, plant and equipment reflect all events and circumstances that affect their underlying valuation in accordance with generally accepted accounting principles Appropriate accumulated depreciation allowances are established for depreciable assets Revalued amounts are supported by proper valuations Appropriate adjustments have been recorded to reflect impairments in	The client has valid title to property, plant and equipment at the balance sheet date. It is responsible for substantially all the risks and is entitled to substantially all the rewards of ownership therefrom	Property, plant and equipment have been properly classified, described and disclosed in the financial statements

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			value		
Treasury and cash management					
Cash	All bank and cash balances have been recorded in the financial statements	Bank and cash balances represent cash on hand or held on deposit by third parties at the balance sheet date	Bank and cash balances have been recorded at their proper amount and reflect all events and circumstances that affect their underlying valuation (including changes in foreign currency exchange rates) in accordance with generally accepted accounting principles Adequate provision has been made against bank balances whose recoverability is in doubt	The client has title to bank and cash deposits and overdrafts and short-term borrowings represent obligations of the client, at the balance sheet date	Bank and cash balances have been properly classified, described and disclosed in the financial statements
Marketable securities	All marketable securities have been recorded in the financial statements	Marketable securities exist at the balance sheet date	Marketable securities have been recorded at their proper amount and reflect all events and circumstances that affect their underlying valuation in accordance with generally accepted accounting principles Carrying values have been correctly calculated, and provision has been made for carrying values in excess of net realisable values	Recorded amounts represent rights in respect of genuine underlying entities The client has title to all identified securities and to all rights arising from them All encumbrances to title have been identified	Marketable securities have been properly classified, described and disclosed in the financial statements
Notes and other receivables	All notes and other receivables have been recorded in the financial statements	Notes and other receivables exist at the balance sheet date	Notes and other receivables have been recorded at their proper amount and reflect all events and circumstances that affect their underlying valuation in accordance with generally accepted accounting	The client is responsible for substantially all the risks and is entitled to substantially all the rewards arising from ownership of notes and other receivables	Notes and other receivables have been properly classified, described and disclosed in the financial statements

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	Completeness	Existence	Valuation and allocation	Rights and obligations	Presentation and disclosure*
			principles		
Derivative financial instruments	All derivative financial instruments have been recorded in the financial statements	Derivative financial instruments exist at the balance sheet date	Derivative financial instruments have been recorded at their proper amount and reflect all events and circumstances that affect their underlying valuation in accordance with generally accepted accounting principles and any valuation adjustments have been appropriately recorded	The client is responsible for substantially all the risks and is entitled to substantially all the rewards arising from ownership of derivative financial instruments	Derivative financial instruments, and any pledged collateral have been properly classified, described and disclosed in the financial statements
Notes payable and long term debt	All notes payable and long term debt has been included in the financial statements	Only valid notes payable and long term debt, representing amounts due to lenders under enforceable borrowings agreements, have been recorded in the financial statements	Notes payable and long term debt have been recorded at their proper amounts and reflect all events and circumstances that affect their underlying valuation in accordance with generally accepted accounting principles.	Notes payable and long term debt represent obligations of the client	Notes payable and long term debt have been properly classified, described and disclosed in the financial statements
Finance					
Prepaid expenses	All prepaid expenses have been recorded in the financial statements	Prepaid expenses represent future benefits existing at the balance sheet date	Prepaid expenses have been recorded at their proper amount		Prepaid expenses have been properly classified, described and disclosed in the financial statements
Intangible assets	All intangible assets have been recorded in the financial statements	Intangible assets exist at the balance sheet date	Intangible assets have been recorded at their proper amount and reflect all events and circumstances that affect their underlying valuation in accordance with generally accepted accounting principles.	The client is responsible for substantially all the risks and is entitled to substantially all the rewards arising from ownership of intangible assets	Intangible assets have been properly classified, described and disclosed in the financial statements
Intercompany accounts	All intercompany balances have been recorded in the financial statements	Recorded intercompany balances exist at the balance sheet date	Intercompany balances have been recorded at their proper amount and reflect all events and circumstances that affect their underlying valuation in accordance with generally accepted accounting	The client is responsible for substantially all the risks and is entitled to substantially all the rewards arising from intercompany balances	Intercompany balances have been properly classified, described and disclosed in the financial statements

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			principles		
Investments in subsidiaries and affiliates	All investments in subsidiaries and affiliates have been recorded in the financial statements	Recorded investments in subsidiaries and affiliates exist at the balance sheet date	Investments in subsidiaries and affiliates have been recorded at their proper amount and reflect all events and circumstances that affect their underlying valuation in accordance with generally accepted accounting principles	The client is responsible for substantially all the risks and is entitled to substantially all the rewards arising from ownership of investments in subsidiaries and affiliates	Investments in subsidiaries and affiliates have been properly classified, described and disclosed in the financial statements
Accruals, provisions and other liabilities	All accruals, provisions and other liabilities have been recorded in the financial statements	Accruals, provisions and other liabilities exist at the balance sheet date	Accruals, provisions and other liabilities have been recorded at their proper amounts	Accruals, provisions and other liabilities represent liabilities of the client at the balance sheet date	Accruals, provisions and other liabilities have been properly classified, described and disclosed in the financial statements
Current and deferred taxes	All current year tax amounts have been recorded in the financial statements	Current year tax amounts exist at the balance sheet date	Current year tax amounts have been recorded at their proper amounts and reflect all events and circumstances that affect their underlying valuation in accordance with generally accepted accounting principles. Deferred tax assets are realisable	Current year tax amounts represent assets and liabilities of the client at the balance sheet date	Current year tax amounts have been properly classified, described and disclosed in the financial statements
Contingencies and other commitments	All contingencies and commitments have been identified and recorded in the financial statements	Contingencies and commitments have been correctly identified at the balance sheet date	Contingencies and commitment have been recorded at their proper amounts and reflect all events and circumstances that affect their underlying valuation in accordance with generally accepted accounting principles	The client is responsible for substantially all the risks and is entitled to substantially all the rewards arising from contingencies and other commitments	Contingencies and commitments have been properly classified, described and disclosed in the financial statements
Statutory information					
Capital and other equity accounts	All capital and other equity accounts have been recorded in the financial statements	Capital and other equity accounts exist at the balance sheet date	Capital and other equity accounts have been recorded at their proper amounts and reflect all events and circumstances that affect their underlying valuation in accordance	The client is responsible for substantially all the risks and is entitled to substantially all the rewards arising from capital and other equity	Capital and other equity accounts have been properly classified, described and disclosed in the financial statements

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			with generally accepted accounting principles	accounts	
Options and other arrangements	All options and other arrangements have been recorded in the financial statements	Recorded options and other arrangements exist at the balance sheet date	Options and other arrangements have been recorded at their proper amounts and reflect all events and circumstances that affect their underlying valuation in accordance with generally accepted accounting principles	The client is responsible for substantially all the risks and is entitled to substantially all the rewards arising from options and other arrangements	Options and other arrangements have been properly classified, described and disclosed in the financial statements
Human resources					
Pension, post-retirement, medical and other benefit plans	All benefit plans have been recorded in the financial statements	Benefit plan amounts exist at the balance sheet date	Benefit plan assets and liabilities have been recorded at their proper amounts and reflect all events and circumstances that affect their underlying valuation in accordance with generally accepted accounting principles.	The client is responsible for substantially all the risks and is entitled to substantially all the rewards arising from ownership of pension, post-retirement and other benefit plans	Benefit plans have been properly classified, described and disclosed in the financial statements
Construction-type contracts					
Construction-type contracts/ Long term contracts	All long term contracts have been recorded in the financial statements	Amounts attributed to long term contracts represent actual contracts for which work has been performed and costs incurred	Amounts attributed to long term contracts have been recorded at their proper amount and reflect all events and circumstances that affect their underlying valuation in accordance with generally accepted accounting principles and appropriate adjustments have been made to the valuation where necessary	The client is responsible for substantially all the risks and is entitled to substantially all the rewards arising from long term contracts	Long term contracts have been properly classified, described and disclosed in the financial statements

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	Completeness	Accuracy	Occurrence	Cut off	Classification	Presentation and disclosure
Sales, marketing and receivables						
Sales	All amounts chargeable to customers for goods and/or services have been recorded in the financial statements	Sales transactions have been accurately determined, summarised and recorded in the financial statements	Recorded sales transactions represent amounts derived from the sale of goods and/or the performance of services	Sales have been recorded in the correct accounting period	Sales have been recorded in the correct accounts	Sales have been properly classified, described and disclosed in the financial statements
Production						
Cost of sales	All costs of sales have been recorded in the financial statements	Cost of sales have been accurately determined, summarised and recorded in the financial statements	Recorded costs of sales transactions represent expenditure incurred for the purposes of the business	Costs of sales have been recorded in the correct accounting period	Cost of sales have been recorded in the correct accounts	Cost of sales have been properly classified, described and disclosed in the financial statements
Operating expenses	All operating expenses have been recorded in the financial statements	Operating expenses have been accurately determined, summarised and recorded in the financial statements	Operating expenses represent expenditure incurred for the purposes of the business	Operating expenses have been recorded in the correct accounting period	Operating expenses have been recorded in the correct accounts	Operating expenses have been properly classified, described and disclosed in the financial statements
Treasury and cash management						
Financial income and expenses	All financial income and expenses have been recorded in the financial statements	Financial income and expenses have been accurately determined, summarised and recorded in the financial statements	Financial income and expense represents income and expenditure of the business	Financial income and expenses have been recorded in the correct accounting period	Financial income and expenses have been recorded in the correct accounts	Financial income and expense properly classified, described and disclosed in the financial statements
Finance						
Non-operating income and expense	All non-operating income and expenses have been recorded in the financial statements	Non-operating income and expenses have been accurately determined, summarised and recorded in the financial statements	Recorded non-operating income and expenses represents income and expenditure of the business	Non-operating income and expenses have been recorded in the correct accounting period	Non-operating income and expenses have been recorded in the correct accounts	Non-operating income and expense properly classified, described and disclosed in the financial statements

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Extraordinary items	All extraordinary items have been recorded in the financial statements	Extraordinary items have been accurately determined, summarised and recorded in the financial statements	Only valid extraordinary items have been recorded in the financial statements	Extraordinary items have been recorded in the correct accounting period	Extraordinary items have been recorded in the correct accounts	Extraordinary items have been described and disclosed in the financial statements
Human resources						
Payroll	All payroll costs have been recorded in the financial statements	Payroll expenses have been accurately determined, summarised and recorded in the financial statements	Payroll costs represent amounts to bona fide employees for services rendered	Payroll expenses have been recorded in the correct accounting period	Payroll expenses have been recorded in the correct accounts	Payroll expenses have been properly classified, described and disclosed in the financial statements

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