

Assertions used to consider the different types of potential misstatements that may occur (i.e., "what could go wrong") fall into the following three categories and may take the following forms:

**Assertions about classes of transactions and events for the period under audit (Statement of Profit and Loss Accounts):**

*The following are examples of potential Misstatements relating to the assertions below. These examples are neither exhaustive nor always applicable as facts and circumstance may vary from one entity to the next.*

Occurrence	Transactions and events that have been recorded have occurred and pertain to the entity.	Potential Misstatements relating to the Assertion occurrence, for classes of transactions and events for the period under audit, may result from: - Fictitious or unauthorised transactions are entered on source documents or directly into the application system (input). - Transactions are duplicated when input. - Invalid input is captured in the subsidiary ledgers.
Completeness	All transactions and events that should have been recorded have been recorded.	Potential Misstatements relating to the Assertion completeness, for classes of transactions and events for the period under audit, may result from: - Transactions or events that are not identified and therefore are not entered on a source document or directly into the application system (input) - Input is not captured into the subsidiary ledgers - Input that is rejected is not resubmitted for capture in the subsidiary ledger.
Accuracy	Amounts and other data relating to recorded transactions and events have been recorded appropriately.	Potential Misstatements relating to the Assertion accuracy, for classes of transactions and events for the period under audit, may result from: - Input is inaccurately captured into the subsidiary ledgers. - Input or subsequent processing reflects amounts in excess or less than appropriate amounts. - Processing of transactions is inaccurate (i.e., summarising, calculating, and posting). - Inaccurate adjustments are made to the subsidiary ledgers or general ledger.
Cutoff	Transactions and events have been recorded in the correct accounting period.	Potential Misstatements relating to the Assertion cutoff, for income statement account balances, may result from: - Transactions or events that have occurred or will occur are recorded too early (i.e., they are recorded in a period prior to when they should have been recorded). - Transactions or events that have occurred are recorded too late (i.e., they are recorded in a period after the period in which they should have been recorded).
Classification	Transactions and events have been recorded in the proper accounts.	Potential Misstatements relating to the Assertion classification, for classes of transactions and events for the period under audit, may result from: - Input is recorded in the incorrect subsidiary ledger or general ledger account. - Subsequent processing of a transaction results in it being reflected in the incorrect subsidiary ledger or general ledger account.

**Assertions about account balances at the period-end (balance sheet accounts):**

Existence	Assets, liabilities, and equity interests exist.	Potential Misstatements relating to the Existence assertion, for balance sheet account balances, may result from: - A balance sheet account balance that was previously correctly recorded no longer exists and the sale/adjustment has not been recorded. - Sale of an asset with no recording of the sale. - Theft of an asset with no recording of the loss.
Rights and obligations	The entity holds or controls the rights to assets, and liabilities are the obligations of the entity.	Potential Misstatements relating to the Assertion rights and obligations, for balance sheet account balances, may result from: - The entity no longer having the right to an asset that was previously correctly recorded - The entity no longer having an obligation to settle a liability that was previously correctly recorded
Completeness	All assets, liabilities, and equity interests that should have been recorded have been recorded.	Potential Misstatements relating to the Assertion completeness, for balance sheet account balances, may result from: - A liability that should have been recorded has not been recorded (e.g., no accrual at period-end for certain liabilities).
Valuation and allocation	Assets, liabilities, and equity interests are included in the financial statements at appropriate amounts and any resulting valuation or allocation adjustments are appropriately recorded.	Potential Misstatements relating to the Assertion valuation and allocation, for balance sheet account balances, may result from: - Impairments of assets that are not identified and properly recorded - Inaccurate adjustments that are made to a balance sheet account balance that inappropriately adjust the value of that balance sheet account balance - Assets which are amortised over the incorrect period resulting in the remaining asset balance being incorrectly valued - Fair value adjustments that are not identified and properly recorded

**Assertions about presentation and disclosure:**

Occurrence and rights and obligations	Disclosed events, transactions, and other matters have occurred and pertain to the entity.	Potential Misstatements relating to the presentation and disclosure assertions may result from: - Fictitious or unauthorised disclosures are included in the Financial Statements. - Disclosures of contingent liabilities for which the entity no longer has an obligation. - Disclosures that are intentionally omitted from the Financial Statements. - The captions in the Financial Statements result in amounts being presented in a misleading way. - Input is inaccurately captured into the Financial Statements. - Input into the Financial Statements reflects amounts in excess or less than appropriate amounts.
Completeness	All disclosures that should have been included in the financial statements have been included.	
Classification and understandability	Financial information is appropriately presented and described, and disclosures are clearly expressed.	
Accuracy and valuation	Financial and other information are disclosed fairly and at appropriate amounts.	