The auditor uses assertions in assessing risks by considering the different types of potential misstatements that may occur, and thereby designing audit procedures that are responsive to the assessed risks.

Assertions:
- Existence / Occurrence
- Completeness
- Valuation / Measurement
- Rights and obligations
- Presentation and disclosure
Definitions

► **Existence** An asset or liability exists at a given date.

► **Occurrence** A recorded transaction or event that pertains to the client actually took place during the period.

► **Completeness** There are no unrecorded assets, liabilities, transactions or events, or undisclosed items.

► **Valuation** An asset or liability is recorded at an appropriate carrying value.

► **Measurement** A transaction or event is recorded at an appropriate amount and in the appropriate account.

► **Rights and obligations** An asset or a liability pertains to the client at a given date.

► **Presentation and disclosure** An item is classified, described and disclosed in accordance with the applicable financial reporting framework.
Assertions

For example:

- Existence of debtors; Fictitious debtors are booked
- Occurrence of sales; a recorded transaction was effective
- Completeness of liabilities; no liabilities were “off of the books”
- Presentation and disclosure based on IFRS; all disclosures required by IFRS are made
- Valuation and allocation of inventory; inventories have been written down to net realizable value if impaired.
### Assertions connected with the Balance Sheet & Income Statement

#### Balance Sheet

<table>
<thead>
<tr>
<th>Assets</th>
<th>Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Existence</td>
<td>• Completeness</td>
</tr>
<tr>
<td>• Valuation</td>
<td></td>
</tr>
<tr>
<td>• Rights and obligations</td>
<td></td>
</tr>
<tr>
<td>• Presentation and disclosure</td>
<td></td>
</tr>
</tbody>
</table>

#### Income Statement

- Occurrence
- Measurement
- Completeness
- Presentation and disclosure