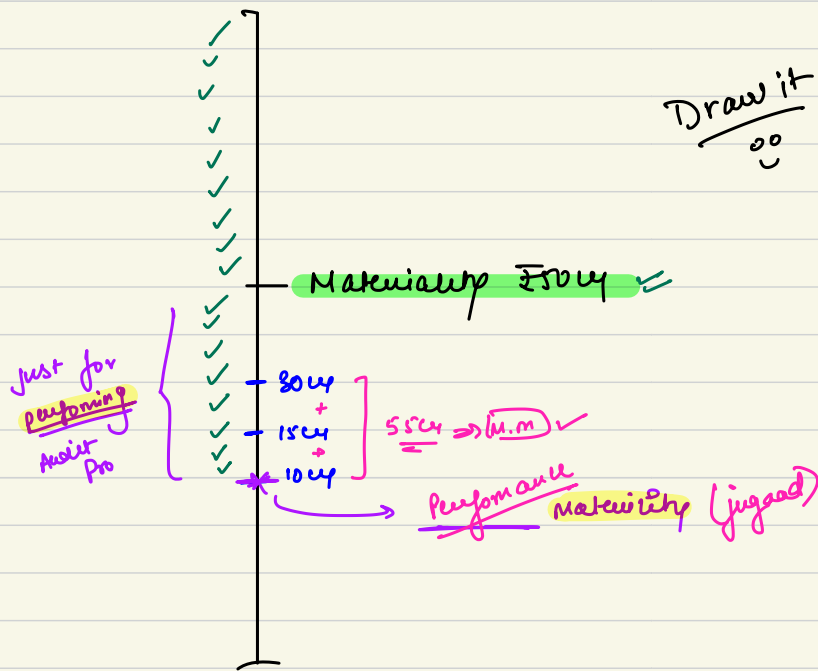


"If for a ABCD, misstatements < materiality [As] can influence economic decision of users, determine materiality for such ABCD."

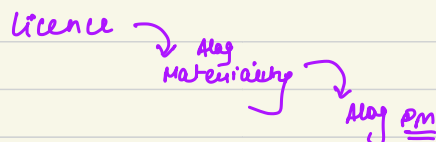


Performance Materiality (PM)

Amount (s) Set by auditor

- at less than materiality (F.S.)
- to reduce to low level probability ^{Don't}
- that aggregate ^[sum] of uncorrected & undetected misstatements
- exceeds F.S. materiality.

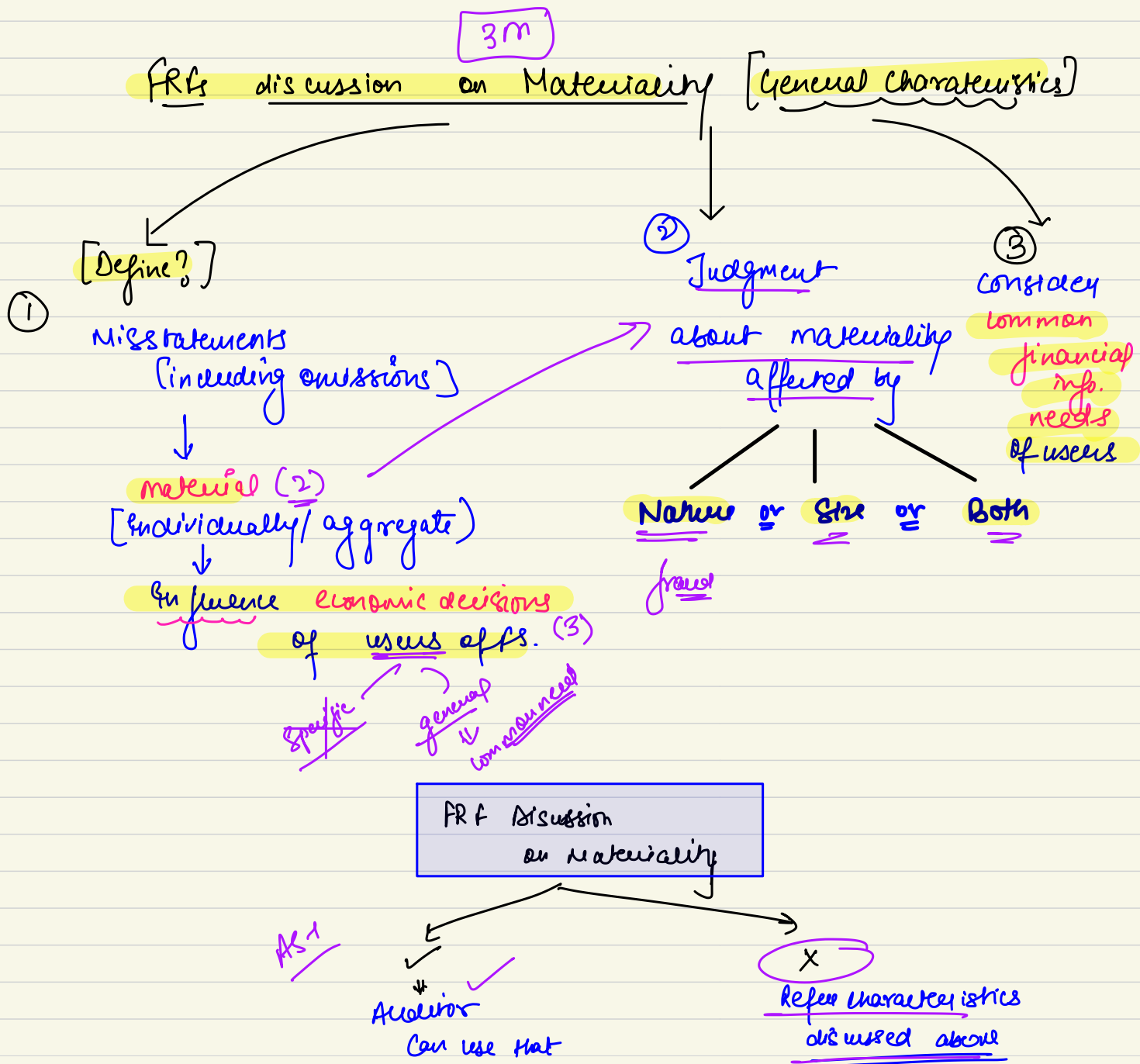
If applicable, PM also refers to Amount (s) set less than materiality for particular ABCD.



Q Is materiality a matter of size (size)?

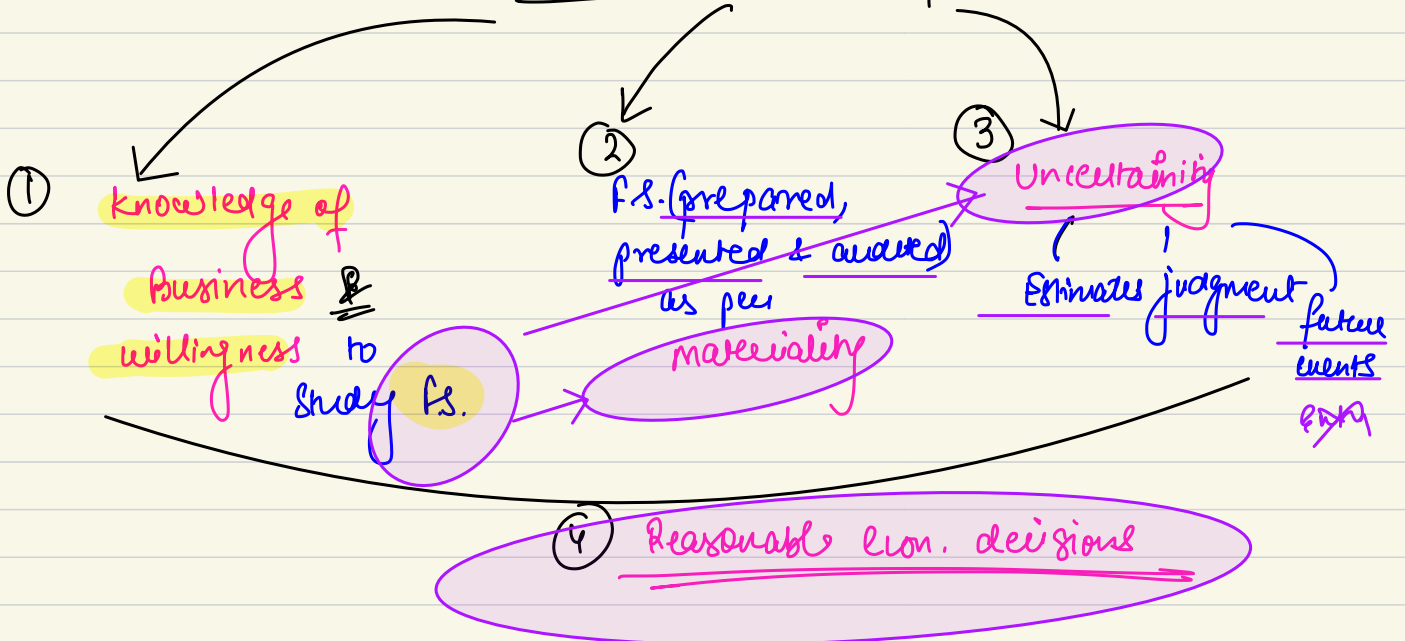
No, its not always matter of size (size)

- "fraud" even if small amount indicates serious flaw in internal controls.
- That requires immediate attention to avoid greater losses in future.



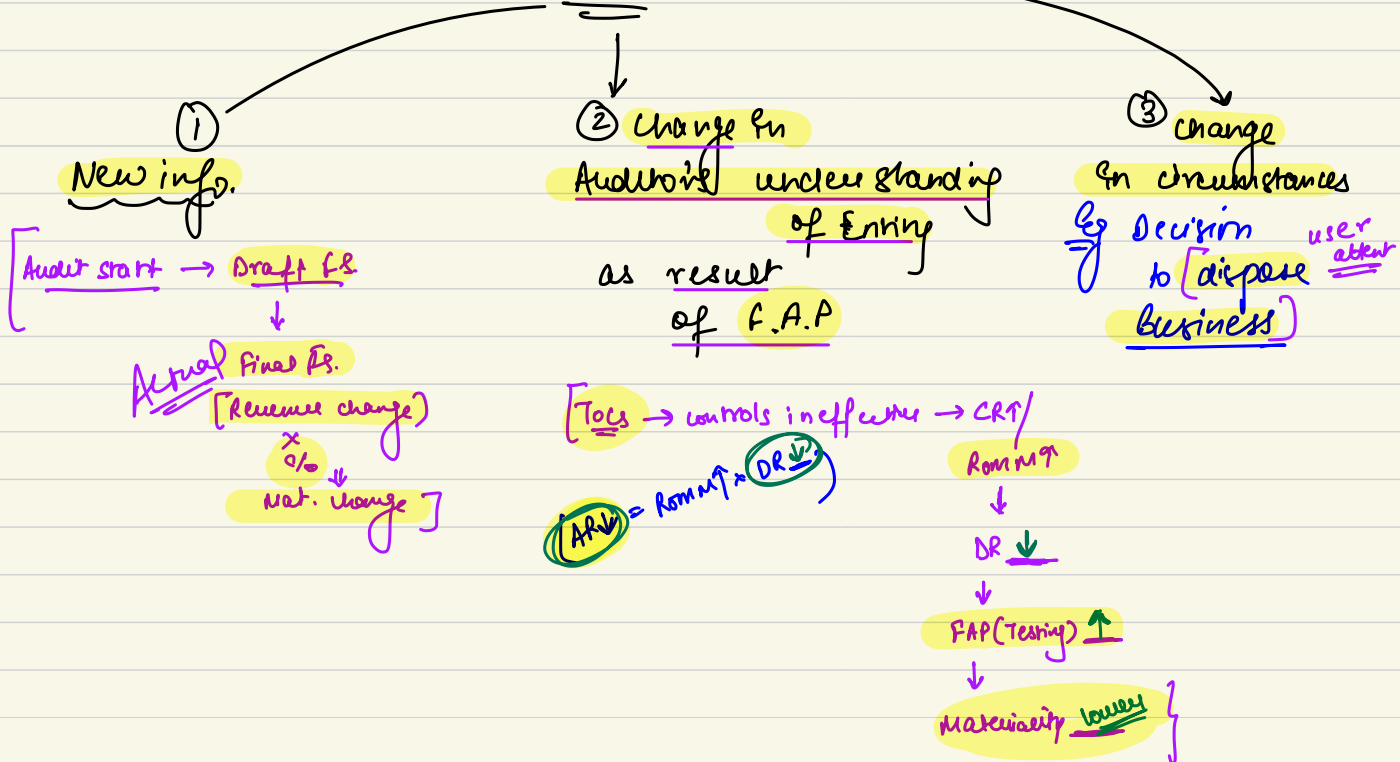
Auditor's Assumptions ^(soch) [um]

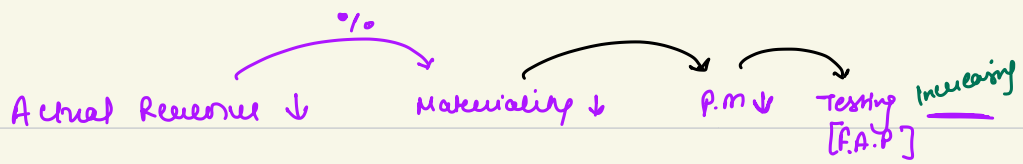
about Users of F.S.



Revision of Materiality ^(change)

Reasons





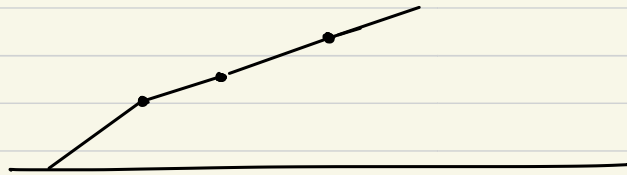
If auditor concludes lower materiality [As. or ARSC], then determine revision of performance materiality

& NTE of F.A.P.

DDO

Stable Benchmark

① Revenue



②

Profit

Volatility

