

# Verification and Valuation of Assets and Liabilities.

## Verification is concerned with:

1. The existence of Actual items of assets and Liabilities.
2. Ownership and possession of the assets
3. Proper Classification and Valuation of both Assets and Liabilities.

According to Spicer & Peglar, "Verification of Assets implies an enquiry into the value, ownership and title, existence and possession and the presence of any charge on the assets"

So Verification of Assets may be said to form an opinion in respect of the following:

1. Existence of the Assets
2. Ownership of Assets
3. Possession of the Assets, whether actual or constructive
4. Proper valuation of the Assets
5. Proper presentation

## Verification of Liabilities:

1. Balances in Creditors,
2. All liabilities have been disclosed.
3. All liabilities are properly valued.
4. Proper classification of Liabilities.

## Valuation of Assets & Liabilities.

It is the value of which an item is stated in the balance sheet as per the GAAP.

Normally assets are valued as under.

1. Cost
2. Market Value
3. Cost of replacement
4. Realizable Value
5. Book Value
6. Break Up or Scrap Value
7. Going Concern Value.

## Methods of Stock taking:

1. Unit Cost
2. Average Cost
3. FIFO
4. LIFO
5. Base Stock
6. Adjusted Price
7. Standard Cost
8. HIFO

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## Difference between Vouching & Verification:

1. Nature of work	Vouching	It examines the entries relating to transactions
	Verification	It examines the assets & liabilities in the balance sheet
2. Time	Vouching	It is done throughout the year
	Verification	It is done at the end of the year
3. Basis	Vouching	It is based on documentary examination
	Verification	It includes personal as well as documentary examination
4. Valuation	Vouching	Vouching does not include valuation
	Verification	It includes valuation

## Difference between Vouching & Verification & Valuation:

1. Meaning	Vouching	It consists of comparing entries in the books of accounts
	Verification	It proves the existence, ownership & title
	Valuation	It certifies the correct value of Asset & Liability
2. Subject matter	Vouching	In this entries are recorded in the original books and their posting
	Verification	Its verifies assets & liabilities
	Valuation	-do-
3. By whom	Vouching	It is done by senior Auditors & audit clerks
	Verification	It is done by Auditor

## Verification and Valuation of Assets and Liabilities.

	Valuation	-do-
4. When	Vouching	After the entry of the transaction
	Verification	End of the financial year
	Valuation	End of the financial year
5. Evidence	Vouching	Vouchers
	Verification	Title deeds, receipts & payments
	Valuation	Certificate from owners/directors