

Component Materiality Allocation Schedule

Engagement: ABC Company Group Financial Statements
Reporting Period: 1 January 2024 – 31 December 2024
Prepared by: John Doe
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Schedule

Component	Component Materiality	Materiality Basis	Performance Materiality	Significant Risks Identified?	Remarks
Subsidiary A	\$1,000,000	5% of Profit Before Tax	\$700,000	No	Main operations, larger revenue stream
Subsidiary B	\$400,000	5% of Profit Before Tax	\$280,000	Yes	Foreign currency exposure
Associate C	\$250,000	2% of Group Assets	\$175,000	No	Equity-accounted investee
Joint Venture D	\$200,000	1% of Group Revenue	\$140,000	No	Minor component, less complex

Important Notes

- Component materiality should not exceed group materiality, and may require adjustment based on risk assessment.
- Performance materiality is usually set lower than component materiality to reduce aggregation risk.
- This allocation schedule must be periodically reviewed and updated as the audit progresses or component risks change.
- Documentation of the rationale for materiality allocations is necessary for audit quality and review purposes.
- Significant risks at component level require consideration of specific audit procedures and may affect overall group audit strategy.