

TrialBalance

JULY 2020

32

AUDIT FIRM IN
DUBAI

**WHICH
ACCOUNTING
SOFTWARE IS
THE BEST?**

**YOUR NEW
BUSINESS**

HOW TO CHOOSE THE
RIGHT AUDITOR FOR
YOUR COMPANY ?

**EXPERT
ADVICE**

**YOU SHOULD
CHECK OUT**

PUBLISHED BY:-

ama

ABDULLA ALMULLA
AUDITING & ACCOUNTING

WWW.AMAUDIT.AE

TABLE OF CONTENTS

3 WHICH ACCOUNTING SOFTWARE IS THE BEST?

4 THE RESILIENCE OF THE CORPORATE STRUCTURE

5 HOW TO CHOOSE THE RIGHT AUDITOR FOR YOUR COMPANY ?

6 EXPERT ADVICE

7 ENRON

8 AUDIT FIRM IN DUBAI

9 DO YOU KNOW ME

WHICH ACCOUNTING SOFTWARE IS THE BEST?

Its time to shift your accounting software from the first gear

As the saying goes, “you ask the wrong question – You get a wrong answer. And that certainly implies in everything we say or everything we want to know. So, are you sure you are asking the right question when you tell which is the right or the best accounting software for your business? We need to understand that there is indeed no best or worst or even an average. The core of the problem is that we are trying to find a software that they (the market) assume is the best or the one that has been more likely to be used in the market. But perhaps we need to find out which accounting software suits your company’s requirements at its best.

So, how to go about finding the right accounting software for your business?

Your search should begin by examining the software features you need for your company because this software has multiples features, and choosing the one you need might seem an overwhelming task.

So, in evaluating a package, the following are the question you must ask yourself before choosing accounting software.

1. Can the software be customized?
2. Is the software provider reliable and can provide the technical resources for my organization?
3. Does the financial reporting which the product offers, match my requirements?
4. Will the technology meet my current as well as future needs?
5. Does the software provide web integration? Since e-commerce has become so crucial?
6. Can the software deal with foreign currency?
7. How much does it cost?The article aims at providing direction for identifying software that meets your requirements.

The article aims at providing direction for identifying software that meets your requirements.

We have seen significant transformations in accountancy in recent years. And introducing the accounting software into the profession was one of the most remarkable changes.

**Accounting Software
in UAE**

The world today has become techno-savvy, with data processing, accountants are more responsive to their customers. Embracing digital technology fully, we can access the day's financial accounts, digitally, from just about anywhere.

To get real-time reporting and all your transactions, customized treatments, and fast service, accounting software is the solution.

It does not only provide you with fast but also error-free services. Regardless of the nature and size of your business, digitalization in accounting, with its growing advancement of cloud computing, cost-effectively runs your business. You can also acquire the benefits of lowered costs of production, marketing, and distribution.

Get the tips to find the software; best for your enterprise.

- **Considering your skills and your accounting needs.**

The first bet for finding the accurate software for you is to look at how your business operates. Depending on your business turnover, you need to take careful stock of the different types of software on the market.

Our market has a variety of software products designed for small-and-medium to large size businesses. So, now the call is yours. Depending on the niche of your company, you might want to consider customized software for you. But doing thorough research is also essential since the application you choose will directly impact how you want to manage your revenue.

Another vital factor to keep in mind before going for the software perfect for your business is that, though the software makes your bookkeeping task more accessible, managing the software still requires a certain amount of financial literacy.

The one using the software must know what to do with the tool.

- **Set your Budget:**

As I said earlier, there is accounting software available in the market that will suit your budget. A general application could be bought off a shelf at a lower price. If you are looking for software that should match your business accurately, you need to have a specialized one.

However, the more you customize your software, the more expensive it gets. If you want something specialized for your sector, you should be able to pay a premium.

- **What are the add-on features?**

Having add-on features in your software is a great thing, but you need to note the add-ons your choice of software provides you with. Your software may bring extra functionalities like allowing the software to access remotely, accepting the payments online, or even integrating your accounting software with your e-commerce software. The additional features make your software more compatible with your business.

- **Take expert advice**

In the end, it is your accountant who will be using the software for your business. So, she/he may prefer software which she/he has her/his hands on. Every business is different. Your accountant is the best position you could take an opinion from before finalizing the software.

It would be best if you remember that whatever accounting software you choose, your decision should be after a lot of brainstorming. You don't want to make a commitment to one application and start investing your time and money into it only to switch to another one after a few months later.

Choosing software for your business needs a functional analysis; this will address both managerial and financial needs. Take your time with these essential steps. You might experience growth that may lead you to upgrade your software, but proper planning at the very initial stage can help you avoid having to change software too soon. Get some help before you buy anything.

THE RESILIENCE OF THE CORPORATE STRUCTURE



**LET'S FIND NEW WAYS TO
CONNECT THAT WILL HELP
US BLOOM**

While the crises pushed us to delve into the way we head our business- it stimulates us to go beyond recovery and flourishment- to build new business and resilience structure.

What wrong are we doing?

Crises sometimes act as a catalyst for a change as it also opens up new opportunities on how we thrive to do our business. As we are recovering and finding temporary solutions to get through this situation, on the other hand, we need to look out to this opportunity to contemplate on what we can learn from this that may add considered value to our business. There is a need to consolidate our business strategies, but what we need more is the foundation to realize whether we need to restructure or restart the business.

What do we need to do?

Let us widen our perspective on to reflect on what lessons the pandemic got across. Issues to note from the current situation are how to keep the workforce connected while they work remotely or even how to manage the business when such cases emerge in the marketplace.

Try finding new ways to grow and evolve instead of just reverting to the old business structure. To really bloom the business, we need to anticipate the opportunities that nobody has yet discovered. Being optimist is a key, and no doubt, first movers attract a significant market chunk, so innovation, creativity, and diversification have a colossal impact more than ever. Don't sit back; this is the time to have a clear sense of direction, practice real leadership, and focus on innovation to cope with the new normal.

To curb the full potential of this opportunity, you need to redesign your business and technological structure.

The Bottom Line

It's not only about reacting to situations quickly. It's more about analysing where your company stands; you should do your corporate and resources audit and redesign short- and long-term goals/objectives by reshaping the strategy to ensure sustainability and future foresight.

HOW TO CHOOSE THE RIGHT AUDITOR FOR YOUR COMPANY ?

4 Things to Consider before Choosing

BULLETS

- How to choose the right auditor
- Why choose AM Audit

An audit is like yearly health check-ups. You presumably don't look forward to getting one, but they are very crucial for you (and your company) to operate accordingly in the long run. Before choosing a doctor for you or an auditor for your company, you must build your grounds to find the correct blend of capabilities, experience, compatibility, and various other traits. Your company has prime importance for you, so how could you afford to go your financials overlooked. Let us look at how to go about finding a perfect match for an auditor to your company.

- **Seek for a qualified firm-**

Before choosing any auditor, you need to make sure that the auditors and the firm is qualified to handle your company's financial reports. Qualified means the firm and the person both should have approved and authorized status, years of experience, and affiliated with the local bodies. Your first lead review should be that the accomplice meets the conditions that an auditor should require.

- **Meet in person-**

Always have a personal meet with the auditors who will work with your company. In-person meeting would make grounds of common understanding, ease in communication and helps you to communicate effectively with more sittings. This will ensure the compatibility and cultural fit of the firm with you and your company.

- **One Stop Solution-It**

is always recommended to hire an accounting & auditing firm which offers a bigger portfolio of services such as Auditing, Accounting, Taxation, Legal, IT, Forensic, Automation and Consultancy when it comes to dealing with your confidential financial information's because they can provide you with all the necessary services like a one stop shop and provides high-quality and reliable solutions. It's save your time, energy and boost efficiency as your team learned from the experts.

- **Reputation and Clients review**

Market reputation, Institutions with which the company is affiliated, testimonials of the clients are some of the sources which will bring you the credibility and quality of the work done by the company and above all help you to reference check in the case requires.

EXPERT ADVICE

By Mohammed Ali Sadiq

The Excise Tax – a conceptual perspective:

The Excise tax was introduced in the United Arab Emirates to reduce the consumption of unhealthy and harmful commodities while also raising revenues for the government that can be spent on beneficial public services.

Is excise tax essentially a 'tax' or a 'duty':

Excise Tax in UAE was implemented in the fall of 2017 is technically a duty, rather than a 'tax.' Unlike taxes that are sources of revenue to a government, a duty is both a government's revenue source and a regulatory tool. For example, the Excise Tax (as a duty) is used to reduce the consumption of certain products that are hazardous to human health, environment, or the society's moral values.

A duty is imposed on a transaction giving rise to an outflow of value and is reduced (through duty drawback system) through transactions resulting in an inflow of value (e.g., exports). However, taxes have an entirely opposite impact on businesses. A tax is imposed on inflowing value transactions (e.g., sales, income, exports, or collection) and is reduced by value outflowing activities (e.g. imports, purchases, expenses, losses, etc.).

We can conclude that Excise tax is a duty imposed for regulating the consumption of certain products.

To have a clearer view, below are some common examples of duties charged around the world with different names:

Import / Customs duty

The tool of trade policy to protect domestic industry applied on CIF value

Antidumping duty

A special customs duty, imposed on imports provided on lower than fair value

Countervailing / Anti-subsidy duty

A special customs duty, imposed on foreign government-subsidized imports

Excise duty

Imposed majorly on hazardous items to human health, environment, or social norms

- **Regulatory Duty**

Imposed on imports of luxury items

- **Stamp duty**

Imposed on the purchase value of property or shares purchased

- **Capital Duty (Abolished by EU)**

Levied on contributions of capital for capital companies and restructuring operations involving capital companies to regulate the flow of capital.

- **Scope of Excise Tax in the United Arab Emirates**

Unlike Value Added Tax, which is essentially a 'transaction tax', Excise Tax can be viewed as an 'entry/exit tax'. It means that excise tax is levied on the above products whenever any of the high products 'originates (through production or import) or 'exits' (e.g., exports) from the economy.

So we can list the following instances when the excise tax gets due on the 'originating' products in the marketplace:

- Production of goods in the UAE
- Import of Goods in UAE
- Releases from Designated Zones
- The excess stockpile of Excisable Goods in some instances

Similarly, there are specific points which cause a reduction in the excise tax liability, namely:

- Export of Goods from UAE
- Excisable Components
- Errors

Excise tax is imposed on an 'ad valorem' basis in UAE, which is as per goods value rather than 'specific' basis of the fixed fee levied on the number of excise goods.

In UAE, the Excise Tax is levied on a limited number of products, considered harmful to human health, namely:

- Carbonated Drinks, 50% tax on excise price
- Sweetened Drinks, 50% tax on excise price
- Energy Drinks, 100% tax on excise price
- Tobacco & allied products, 100% tax on excise price
- Electronic Smoking Devices, 100% tax on excise price
- Liquid Tobacco for electronic Smoking Devices, 100% tax on excise price

There is an intricate pricing system of the excise tax. Conceptually, the excise price is the retail selling price of a product, which is either assessed on the producer's recommended price or an average price basis or a price published by the Federal Tax Authority.

In a nutshell, an excise tax is being used in the UAE to regulate the consumption of certain products harmful to human health, besides a source of revenue to the government.

ENRON

Enron, was an American seventh largest of its time company, bankrupt in 2001, destroyed more than \$60 billion of shareholders value, more than 5,000 employees fired just after bankruptcy declared. More than 20,000 employees lost their billion dollars in the pension plans, its stock saw a decline from a high of \$90.75 to a low of \$0.26 just after the bankruptcy declared in December.

Not only Enron's complicated governance structure put them in a risky situation, such as chairman and CEO, both positions held by the same person, but also mark to market accounting was the dangerous - technique used by Enron accountants.

Under their accounting technique, assets were held on a company's balance sheet at their current value (instead of book value, which is typical for large corporations). Under a traditional book value accounting scheme, assets are listed as less accumulated depreciation at their purchase value.

Mark to market accounting can work well for businesses that hold many securities (Enron included), but extended to other types of assets can be very dangerous. This is exactly what happened at Enron.

By doing this, the Enron parent company hid the losses and reported artificial gains through mark to market accounting. This leads them into a riskier situation.

The beginning of 2001 came with a fall for Enron executives and shareholders. Technically, Enron's leadership fooled regulators with fake holdings and off-the-books accounting practices. Jeffrey Skilling became the CEO after Kenneth Lay resigned in February. Skilling resigned in August, Lay resumed the CEO post, and Enron eventually declared bankruptcy in

December. Enron was delisted from the New York Stock Exchange in the following month. What we learned from the Enron's bankruptcy, what we should do to lead a company and what should not, let's talk about them:

What went wrong?

The top Officials in Enron abused their power and privileges. Manipulated information and use shady accounting practices (such as Mark to Market and SPE).

Unethical behavior and putting their interest before employees and the public to save reputation hide losses and showed artificial gains.



Do not invest in the business which you don't understand:

Warren Buffett - literally the most successful investor ever - claimed that even he did not understand some of the transactions described in Enron's financial statements.

It's for all the investors to never invest in any company before you have done your homework about the company's financial statements, earning, business model and governance structure, current, and future expectations.

The accountants and auditors are the people who play a vital role in your company's success through financial strategies and help you move towards growth and profit in the most legitimate way. The way you handle your finances can decide the success or failure of your business.

Whether your business is a sole proprietorship or a Limited Liability Partnership (LLP), you must know when to help ensure accurate accounting and financial management.

After all, you certainly do not want to be in a crisis and close all doors to your dream venture's success. Choosing the right accountancy firm helps you to have numerous benefits such as;

Access to Experts; updated knowledge and best practices

Save Time and Money Tax submissions and filing on time; save you from any legal consequences and penalties Automated and organized accounting system Fosters business growth and Secure Future focused.

AUDIT FIRM IN DUBAI

OUR VISION

→ CEO



For over a decade, I have been a close observant of the myriad of booms and busts that have been shaping businesses in the region and the fallouts and opportunities that immediately preceded them.

As technology began to advance and seep into businesses, competition has been brewing furiously than ever, and newer and more intricate national and international regulatory compliance have been formulated, the requirements of the businesses have immensely changed, taken new shapes and evolved to levels un-thought of previously.

→ Accounting Manager



This is right here that my passion to help business compete, succeed and grow commences. Our team and I are excited about the opportunities that prevail in the industry, and about the newer ones that keep emerging. As a responsible auditing and accounting firm, we never take the backfoot in assisting you to focus on achieving your business objectives all the while we emphasize on providing you with services with matchless quality as per your unique needs.

Every business sector is unique and different, but what all the areas need is expert. Financial advice and accountancy. Here at AM Audit, the Accounting & Audit firm in UAE with Top Auditors, Accountants, and specialist service team to provide you the best services.

With practices all over the UAE, our experts will help you take control of finances, across every prospect of your Company. What makes us different from the others is the innovative, flexible, and commercial approach we get in your business.

An exceptional level of professionalism is provided by our highly qualified and experienced staff in all areas of Accounting, Auditing, Business Advice, and Financial Planning. With our Tax Agent (TAN-30000301), we will solve all your VAT related problems and will also represent your company on behalf of you to the FTA.



By following international Accounting Standards, we are committed to our clients to keep high-level accuracy and professional standards and quality.

Our Vision Mission to become one of the most reliable, responsible and preferred names in the field of auditing, accounting and business consultancy services to clients in the preferred markets at affordable service rates, matchless quality, and with quantifiable results and to ensure great service deliverance for all our clients regardless of their service domain and business scope befitting their exact service advisory needs.

With UAE becoming the business hub, the competition for each sector is rapidly increasing. You must understand that keeping accountability over the profit and loss of the business will help the Company to grow and give an idea on what stage your business is or what are the changes you should make in your industry. And our accounting and booking services are precisely what you should be looking for in such a situation.

Talking about the VAT (Value Added Tax) in UAE for over a couple of years and keeping in mind the other responsibilities you must fulfill in your firm; it gets challenging to handle all the VAT accounts. And this is precisely where you need a VAT Agent who will take care of all your VAT related issues i.e., whether it's your VAT filing or VAT health check. Our VAT agent will take care of all this as we represent you on behalf of your Company to the FTA (Federal Tax Authority).

Don't let your intricacies of running the internal operation strain you or your business. AM Audit is here to deliver a cluster of ideas for cost-effective services and solutions for you for Accounting, Auditing, VAT Consultancy, and Legal advisory. Regardless of having an existing team for operating your business or whether you are a start-up, we provide you the services at your convenience and flexibility. Our work meets all the rules and regulations of the UAE and gives you clear and complete information. For any advice or queries regarding your business, our Auditors are always available.

For a free consultation fill in the form, and our Auditors will soon Get in touch with you by a Call:

! DO YOU KNOW ME !

1

Microeconomic Pricing Model

I am a model that is based on the economic theory that profit will be greater when the difference between total revenue and total cost is the greatest.

2

Acid Test

I can be determined by dividing quick assets by current liabilities. I am the relationship of a company's current assets that can be converted into cash to its current liabilities.

3

Prudence Concept

I teach to not overestimate the number of revenues recognized or even underestimate the amount of expenses. I do not forget to mention that one should be conservative in recording the amount of assets, and not understate liabilities.

4

Net Realizable Value

I am the value of an asset that can be realized upon the asset's sale, less a reasonable estimate of the costs associated with the eventual sale or disposal of the asset. I am the valuation method used in both Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS)

5

Cash generating Unit

I belong to the smallest group of assets that independently creates cash flow and whose cash flow is mostly independent of the cash flows generated by other assets.