

# NEWSLETTER

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## 2024 OLYMPIC GAMES PARIS

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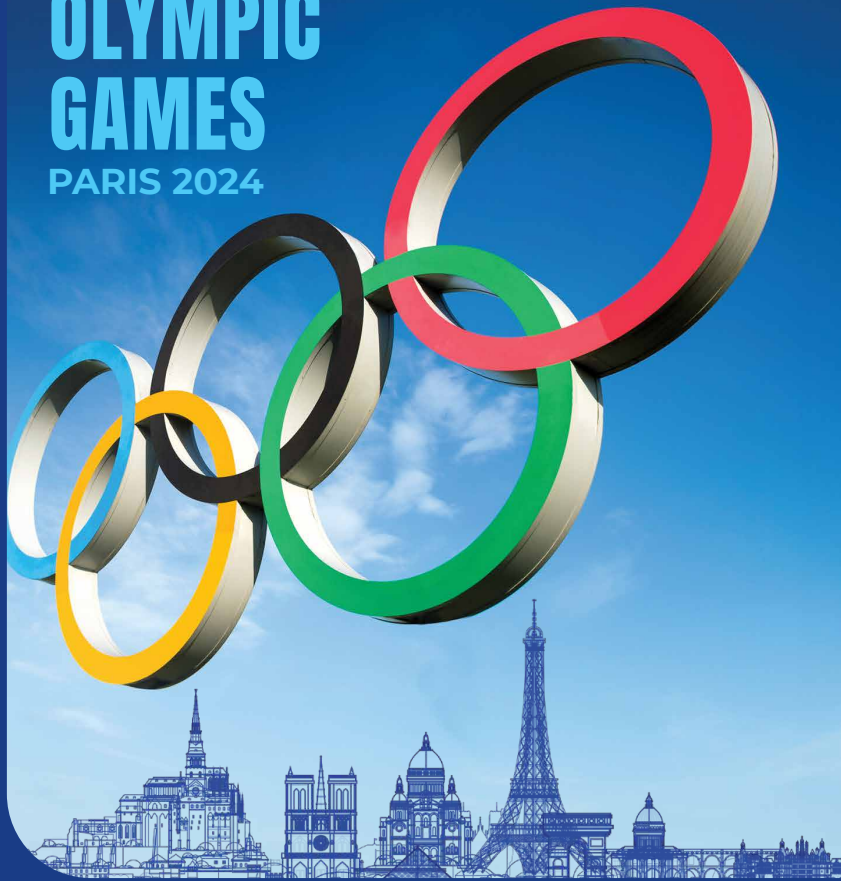
Boost your Company's  
ICV Score with your  
Sustainability and  
Technologies Strategies,  
Actions and Goals



## BIENVENUE OLYMPICS!

From July 26 to August 11, the city of Paris, France, will welcome the world to the 33rd edition of the Summer Olympics. The Olympic Games Paris 2024 take place exactly 100 years since Paris hosted the Olympics back in 1924. The theme of this year's Olympic Day is 'Let's Move and Celebrate' to inspire and encourage people to embrace the joy of movement this summer. In collaboration with the World Health Organisation, the theme invites everyone to join in the fun of sport and recreate or develop iconic athlete celebration moves.

## OLYMPIC GAMES PARIS 2024



The mascots for the Olympic and Paralympic Games are Phryges (pronounced fri – jee – uhs), modelled on the Phrygian cap which is a French symbol of freedom.

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## Hello From Us

### VIJAYA MOHAN

Managing Partner  
Evas International



### A Warm Greeting from Evas International

Dear Readers,

As we reflect on the timeless wisdom of Baron Pierre de Coubertin, "The essence of the Olympic Games lies not in winning, but in participating. In life, the crucial thing is not conquering, but fighting well," we are inspired by the continuing spirit that drives us forward. This serves as a compelling philosophy for us to contemplate and apply throughout our lives. These values of participation, leadership, and self-confidence resonate deeply, especially with the Paris Olympics on the horizon, urging us to embrace our experiences and embody the ethos of sportsmanship in all our endeavors, regardless of the initial outcome of our initiatives.

At Evas International, we strongly believe in the transformative power of passion and positivity to overcome challenges and strive for meaningful personal and collective achievements. Success, in its many forms, is enriched by the growth and fulfillment derived from active engagement and steadfast commitment. Within our team, we cultivate a culture of participation, collaboration, and empowerment, enabling our team members to conquer obstacles and achieve greatness collectively.

I am delighted to share a pivotal milestone in our journey: Evas International's strategic collaboration with Constantin, a renowned global network of audit and consulting firms. Rooted in shared values of leadership and mutual growth, this partnership aims to establish an integrated audit practice network spanning the Gulf Cooperation Council (GCC) Countries and India. We eagerly anticipate the opportunities this association will bring and are committed to contributing meaningfully to our collective success.



## Hello From Us

This edition, we bring you a relevant topic: how to become a confident and courageous public speaker by Mr. Prabhdeep Singh Baweja, an outstanding public speaker, which highlights the importance of emotions, novelty, and memorability in speeches. He also delves into the vibe created by storytelling and the magic of connecting with people through speeches. His article explores various approaches and techniques to master the art of public speaking. We believe that by following these steps, anyone can captivate their audience and hold their attention effectively.

In recent developments, the emphasis on sustainability within the National In-Country Value (ICV) Programme underscores a growing recognition of eco-friendly practices in the industry. The introduction of the Advanced Technology and Sustainability Bonus is poised to incentivize companies to adopt more sustainable and advanced technologies, strategies and implementations marking a positive step toward environmental stewardship. I invite you all to read about this detailed in the respective section of this newsletter.

Additionally, the Federal Tax Authority (FTA) has issued new guidelines regarding services provided by independent directors and distinctions between manpower and visa facilitation services. These updates necessitate a nuanced understanding for businesses navigating regulatory complexities, ensuring compliance and optimizing tax strategies. Our newsletter explores these revisions comprehensively, offering insights into their implications and practical considerations for businesses operating in the UAE.

Finally, in the realm of accounting and financial reporting, the principle of going concern stands as a cornerstone. This principle profoundly influences financial statement preparation, impacting asset valuation, liability recognition, and overall financial stability. Our latest article delves into the intricacies of the going concern principle, examining its implications for financial reporting, the responsibilities of management and auditors, audit methodologies, and the essential disclosures in audit reports.

Against these backdrops, we are excited to present this new edition of our Evas Plus Newsletter, with a heartfelt desire to connect with our valuable readers. Your feedback and reviews of our articles have always been filled with the spirit of helping us to improve. We take immense pride in being part of your journey, consistently striving to deliver the best services that add significant value to your business.

Thank you for your continued support and trust in Evas International.

Warm regards,

*Happy Reading!*





Time, the silent architect of our lives, plays a pivotal role when needed. With patience and consistent effort, we achieve our goals. No matter what our challenges are, the commitment and dedication we invest to our initiatives consistently reinforce our belief in exploring new opportunities and possibilities. We pour our heart, strength and soul into all what we do, allowing the results to unfold, organically. With deep humility and gratitude, we recognize that our journey has been elevated into the next level through unwavering passion, proactiveness and purpose. Most importantly, this was all made possible by one crucial factor – THE TEAM. Inspired by the ethos of sportsmanship, it is through this collective effort that we lay sturdy foundations for success and accomplish extraordinary achievements.

In light of this dynamic environment, Evas International has made a major advancement through a transformative collaboration. We are excited to announce that Evas International has joined forces with Constantin, a distinguished global network of audit and consulting firms known for its technical expertise and extensive international reach. This strategic partnership aims to create an integrated network of audit practices across the Gulf Cooperation Council (GCC) Region and India, enhancing our ability to serve our clients with even greater proficiency and reach.



**Evas International** is a leading Audit and Consulting firm in the UAE, established with the vision to provide exceptional value to its clients. Under the leadership of Managing Partner Mr. Vijaya Mohan, Evas aims to be the most reputable and sought-after audit and consulting firm in the Middle East and India.

The firm's reputation and remarkable growth over the past decade reflect its successful journey and commitment to excellence. As an FTA-approved TAX AGENT, Evas International is well-equipped to address various client needs related to UAE VAT. Additionally, it is accredited by MoIAT as a National ICV CERTIFYING BODY, being one of only 25 such bodies in the UAE. The firm is also licensed by the MOE for auditing services. The firm proudly serves a diverse and extensive clientele of over 500, spanning various industries and sectors, demonstrating its broad expertise and trusted reputation in the market. With over 50 employees, Evas International considers its workforce its greatest strength, essential to maintaining its business values. The firm operates branches in all Emirates of the UAE and several Free Zones, as well as an office in India specializing in Tax (Direct & Indirect), Consulting, and Compliance.



**Constantin** is a leading global network of audit and consulting firms, specialized in audit, assurance, tax, compliance, and management consulting. The firm conducts audits in compliance with IFRS, US GAAP, European GAAP, US and European standards (GAAP-ISA) and is adept at handling special assignments for companies, investment banks, and governments involved in transactions or reorganizations. Committed to quality and ethics, Constantin follows a coordinated quality assurance program aligned with International Standards on Auditing (ISAs). As a full member of the 'FORUM OF FIRMS', an organization of 27 prominent accounting firms engaged in transnational audits, Constantin maintains high professional standards. The firm operates mainly through three main business verticals: auditing, consulting, and tax and legal services, utilizing technologies and processes. Constantin prioritizes an integrated strategy to ensure responsiveness and consistent quality for global businesses. By combining best practices with in-depth knowledge of regional regulatory frameworks, Constantin adapts to the dynamic and rapidly changing conditions of growing markets. Furthermore, it's important to highlight that Constantin employs a comprehensive integrated approach to network collaboration. This strategy aligns with customer expectations worldwide and enhances customer trust in any network service provider.

By uniting with the same goals, we aim to leverage synergies, streamline processes, and innovate more effectively in a competitive market. As we embark on this new journey, we envision a future where our shared goals and combined resources lead to a optimum client satisfaction and industry leadership, enhancing sustainability. This collaboration also promises to cultivate a culture of thorough professionalism and excellence, ensuring long-term sustainability and creating lasting value. Moreover, we are eager to explore the opportunities that arise from this collaboration. As dedicated readers and long-time followers of Evas International, we consider it is our responsibility to inform you about our future plans of EVAS CONSTANTIN.

● Strengthen the partnership's foundation through integrated operations in the UAE, paving the way for regional expansion.
● This integration should elevate our Firm <b>EVAS CONSTANTIN</b> to be a TIER B Audit firm in UAE.
● Strengthening presence across industries and locations through collaboration with Constantin.
● Offering customized services tailored to clients' specific needs worldwide.
● Providing localized insights crucial for informed business decisions.
● Ensuring compliance and competitiveness with deep regional regulatory knowledge.
● Facilitating international business operations with a commitment to excellence.

## BOARD OF DIRECTORS



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Together with Constantin, Evas International utilizes this robust network to provide unmatched service to our clients. Our partnership keeps us ahead of market trends and regulatory changes, giving our clients the confidence and support they need to succeed in the global marketplace. Our collaborative approach ensures we offer precise and relevant advice, tailored to each client's specific needs, enabling them to navigate the complexities of international business with ease. The relationship between Evas International and Constantin is founded on shared values and a commitment to excellence. We, Evas Constantin, is dedicated to fostering long-term relationships with our clients, helping them achieve their goals, and contributing to their success on the global stage. By closely monitoring this collaboration, we can observe the emergence of a new era in the global financial industry, where technological innovation and financial prowess converge to shape future trends. EVAS CONSTANTIN are confident in moving forward together with the motto **"WE STRIVE AND SHARE SUCCESS TOGETHER"**.

## OFFICES IN ASIA-PACIFIC REGION

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**PRABHDEEP SINGH BAWEJA**

# WHAT MAKES ME A DIFFERENT AND COURAGEOUS SPEAKER?

All of you as professionals or entrepreneurs, are tuned in to achieve great things and in your pursuit of becoming a great speaker, I will try to make a little difference, by sharing things that matter.

As an individual, one of the key objectives of our life is to become a courageous speaker and what it takes to become courageous speaker, let us find together. The speeches which are emotional, novel, and memorable win hearts and we need to understand how we can bring our speech, having all the three aspects in our speeches. The talks that work best are the ones where people can really sense that humanity. The best talks are the ones with emotions, dreams, and imagination.

## When it comes to being emotional novel and memorable, what makes the biggest difference:

- ▶ For making our speech emotional we must be passionate where we bring the best out of us, master the art of storytelling and practice relentlessly.
- ▶ Novelty recognition is a hard-wired survival tool all humans share. Our brains are trained to look for something brilliant and new, something that stands out, something that looks delicious.
- ▶ You must really be courageous about your instincts and your ideas. Otherwise, you'll just knuckle under, and things that might have been memorable will be lost.

Let us look at most critical points, for being a great and courageous speaker, with some insights in the following paragraphs:

## PASSION TO INSPIRE

Passion is the thing that will help you create the highest expression of your talent. We need to dig deep to identify your unique and meaningful connection to your presentation topic. Passion leads to mastery and your presentation is nothing without it but keeps in mind what fires you might not be the obvious. Science shows that passion is contagious, literally. You cannot inspire others unless you are inspired yourself. You stand a much greater chance of persuading and inspiring your listeners if you express an enthusiastic, passionate, and meaningful connection to your topic.



Oprah Winfrey said "You've got to follow your passion. You've got to figure out what it is you love- who you really are. And have the courage to do that. I believe that the only courage anybody ever needs is the courage to follow your own dreams."

It is very difficult and nearly impossible to electrify an audience without feeling an intense, meaningful connection to the content of your presentation. The business pitch is one of the most critical presentations in business. You cannot influence and inspire others by speaking about a topic that you do not love. The first step to inspiring others is to make sure you are inspired yourself. You will connect with people more profoundly than you ever thought possible. You will have the confidence to share what you've learned as a true master. That's when you will be ready to give the talk of your life.

## MASTER THE ART OF STORYTELLING

We need to master the art of storytelling. We need to tell stories to reach people's hearts and minds. Stories stimulate and engage the human brain, helping the speaker connect with the audience and making it much more likely that the audience will agree with the speaker's point of view. Storytelling is the ultimate tool of persuasion. You simply cannot persuade through logic alone. Dale Carnegie believed in the power of stories to inspire audiences. As per him 'The great truths of the world have often been couched in fascinating stories.'

There are three simple, effective types of stories and inspiring communicators and the best presenters stick to one of three types of stories. The three stories include:

- ▶ One of these is personal stories that relate directly to the theme of the conversation or presentation.
- ▶ Second one is about other people who have learned a lesson that audience can relate to, and
- ▶ The third one is about Products or brand involving the success or failure of products or brands.

Great speakers are indeed mavericks, adventurers and rule-bending rebels who take risks. They tell stories to express their passion for the subject and to connect with their audiences. Ideas are the currency of the twenty-first century and stories facilitate the exchange of that currency. Stories illustrate, illuminate, and inspire.

## PRACTICING RELENTLESSLY

It is very important that you practice relentlessly and internalize your content so that you can deliver the presentation as comfortably as having a conversation with a close friend. True persuasion only occurs only after you have built an emotional rapport with your listeners and have gained their trust. If your voice, gestures, and body language are incongruent with your words, your listeners will distrust your message. Your delivery and gestures, mastered through hours and hours of practice, will enhance your overall message, but without passion and practice, your presence will be severely diminished. Your strength as a speaker comes from inside.

## INFORMATION THAT MAY BE NEW

Reveal information that's completely new to your audience, packaged differently, or offers a fresh and novel way to solve an odd problem. The human brain loves novelty. An unfamiliar, unusual, or unexpected element in a presentation intrigues the audience, jolts them out of their preconceived notions and quickly gives them a new way of looking at the world. Don't follow someone else's story. Create your own masterpiece. When you are encouraged to unleash your creativity and to take an innovative approach to presenting their ideas, they rise to the challenge.

## JAW-DROPPING MOMENT

The jaw-dropping moment in a presentation is when the presenter delivers a shocking, impressive, or surprising moment that is so moving and memorable, it grabs the listener's attention and is remembered after the presentation is over. Jaw-dropping moments create what neuroscientists call an emotionally charged event, a heightened state of emotion that makes it more likely your audience will remember your message and act on it. Every performer has at least one jaw-dropping moment—an emotionally charged event that your audience members will be talking about the next day. Every presentation needs one. Get one and use it. Your presentation content will make a better impact if it can be stamped onto the minds of your listeners.

## BRAIN LOVES HUMOR

Don't take yourself or your topic too seriously. The brain loves humor. Give your audience something to smile about. Humor lowers defenses, making your audience more receptive to your message. It also makes you seem more likeable, and people are more willing to do business with or support someone they like. Humor involves some risk, and most people don't have the courage for it, which is why most business presentations are awfully dry and boring. Laughter lowers blood pressure, strengthens the immune system, improves breathing, increases your energy, and just makes you feel good. If you feel good, you will deliver a better presentation, and that's something to smile about.

## TOUCHING ALL SENSES

Deliver presentations with components that touch more than one of the senses: sight, sound, touch, taste, and smell. Remember, the brain does not pay attention to boring things. It's nearly impossible to be bored if you're exposed to mesmerizing images, captivating videos, intriguing props, beautiful words and more than one voice bringing the story to life. Nobody is going to ask you to build multisensory elements to your presentation, but once they experience it, they will love every minute of it. The brain craves multisensory experiences. Your audience might not be able to explain why they love your presentation; it will be your little secret.

## BEING AUTHENTIC

Be authentic, open, and transparent. Most people can spot a phony. If you try to be something or someone you're not, you'll fail to gain the trust of your audience.

## Conclusion

I trust that the points I have shared above will make a difference in your journey of being a different and courageous speaker. I extend my hearty wishes for all your endeavors.

Courage stands out. Courage gets noticed. Courage wins hearts and minds. Courage is what you need to deliver the talk of your life. I know you have courage. Find it, celebrate it and revel in it. Courageous public speaking will transform your life and the lives of people who listen to you.





## RECENT UPDATES IN

# UAE VAT LAW



The Value Added Tax (VAT) regulations in the United Arab Emirates (UAE) are continuously adapting to address emerging global market challenges. The Federal Tax Authority (FTA) has recently issued new guidelines and clarifications to keep pace with these developments. Key changes have been introduced in the tax treatment of:

### 1. Services rendered by independent directors

### 2. Distinctions between manpower services and visa facilitation services

These updates aim to offer clearer guidance to businesses and ensure a more uniform application of VAT regulations. This article explores the recent amendments, various practical scenarios, and their implications for businesses operating within the UAE.

## 1. SERVICES PROVIDED BY INDEPENDENT DIRECTORS

The Executive Regulation to the Federal Decree-Law No. 8 of 2017 on VAT was amended by Cabinet Decision No. 99 of 2022, issued on October 21, 2022, and applicable from January 1, 2023. Clause 2 of Article 3 of the Executive Regulation (ER) now states:

*“..... the functions of a member of a board of directors, performed by a natural person appointed as such, for any government entity or private sector establishment, shall not be considered a supply of Services.”*

Prior to the amendment, all directors' services were taxed at a standard rate of 5% according to the public clarification VATGDS1. With the amendment, services provided by a director who is a natural person will now be exempt from VAT. The public clarification VATGDS1 will still apply to all transactions involving directors service that are not covered under the amendment. Further review of the provisions is necessary to fully understand their applicability: -

Particulars	Taxability as per VATGDS1	Taxability for a director being a natural person
Reference	Directors Services VAT Guide   VATGDS1	Clause 2 of Article 3 of ER
Provisions	Services provided by a director who undertakes services on a regular, ongoing, and independent basis are subject to a 5% standard rate if the total value of taxable supplies and imports made by the director, including supply of director services, exceeded the mandatory threshold limit.	Director services provided by a natural person in the capacity of a director are excluded from the scope of VAT.

To be eligible for this exclusion from scope of VAT extended to directors’ service, the following conditions must be met: -

- The service provider must be a natural person
- The person should hold the position of director on a Board of Directors
- The person should not be delegated by a legal person in its own name

## Scenarios and Implications

Scenario	Taxability
Services performed by a natural person as a director on a Board of Directors or as a member of a committee derived from the same board on which the director serves	Out of scope of VAT
Freelance services, in the nature of Directors services provided by a non-director third party during board of directors meeting, or any related committee	5% Standard rated
Director services performed by a natural person who was delegated as a director by a legal entity in its own name and the value of taxable supplies made by such natural person exceeds AED 375,000	5% Standard rated

## Deregistration Requirement

A VAT-registered natural person can calculate the threshold of taxable supplies by excluding the value of supplies rendered in connection with providing director’s services. If the net taxable supplies excluding the director’s services do not exceed AED 375,000, the natural person must de-register for VAT.

## 2. MANPOWER VS VISA FACILITATION SERVICES

Labor supply services and visa facilitation have become some of the most established sectors in the UAE, recognized for their seamless and uninterrupted labour support. This sector supports various industries by ensuring sufficient labour supply and streamlining the recruitment process, leading to significant time and cost savings. Although manpower supply and visa facilitation services involve similar activities and may be used interchangeably, the UAE VAT law clearly defines both activities and sets out separate tax treatments for each.

Public clarification VATP038 defines both manpower and visa facilitation services, detailing the conditions for classifying each and the respective value of supply. Although both activities are taxed at the standard 5% VAT rate, the key difference lies in the value of supply for each service. To fully understand this distinction, let's examine the specifics of the public clarification:





## (i) MANPOWER SERVICES

### Meaning:

The identification/recruitment/hire of candidates and making such employees available to work for any other entity

### Conditions:

The supplier of services would be responsible for: -

- Employment obligations including salaries and other benefits
- Supervision and control of the employee (Nature of work, Working hours)
- Agreeing terms of employment.

### Value of Supply:

The consideration for manpower services includes employees' salaries, benefits, additional charges, and any other recharges. It encompasses the full amount received or expected from the customer, either recharged to the customer or directly paid to employees as salaries or wages.

## (ii) VISA FACILITATION SERVICES

### Meaning:

Administrative services to merely facilitate the employment visa process for employees hired by another entity without making its employees available to that other entity.

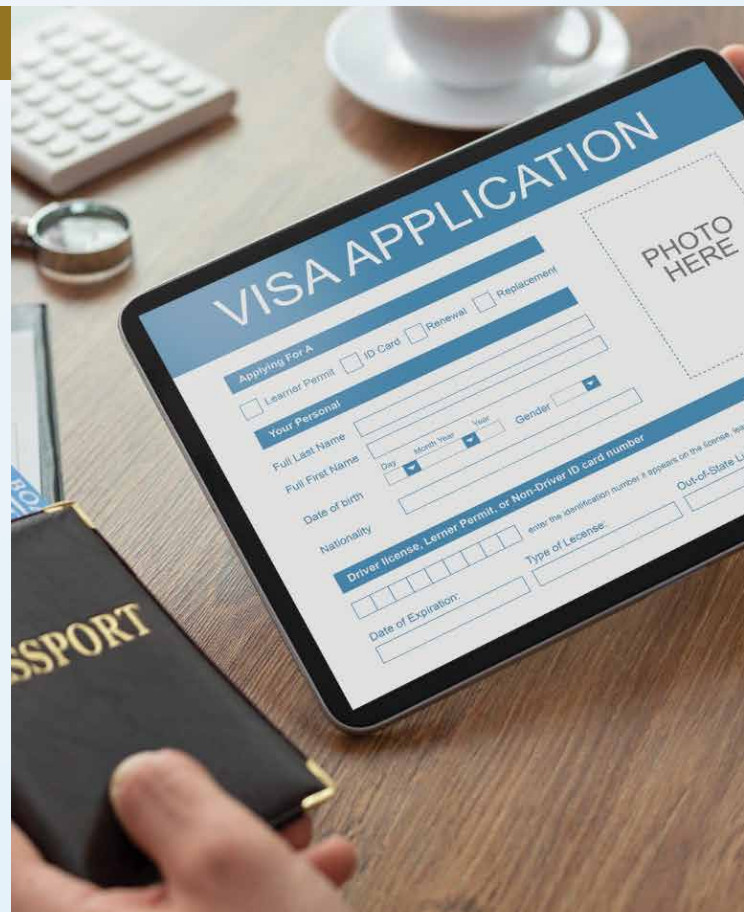
### Conditions:

#### ● Corporate Group Relationship:

The employment visa holder (the "Facilitator") and the Customer must belong to the same corporate group but not the same tax group.

#### ● No supply of Manpower Service:

The Facilitator must evaluate their business activities beyond what is specified in trade licenses, VAT registration, and internal documents. If there is supply of manpower services involved, it would not be treated as visa facilitation service.



- **Employee Obligations met by Customer:**

In visa facilitation, the Customer is responsible for all contractual obligations towards sponsored employees, including salary payments, benefits, medical insurance, and accommodation.

- **Employment, Supervision, and Control by the Customer:**

Employees sponsored by the Facilitator must work exclusively for the Customer and remain under their supervision and control. If an employee works for other companies within the corporate group, this condition is not met, and the service would be treated as manpower services.



### Value of Supply:

- **Normal Scenario**

The consideration for the supply of visa facilitation services is the amount charged for the services which includes the recharge of expenses such as typing fees, medical tests and issuance of employee Emirates IDs. The value of the supply excludes the employee's salary, annual flight allowance and other benefits, as these are the obligation of the Customer.

- **Supply to a related party**

Visa facilitation service that is provided to related party company should be valued at Market price.

- **Service for no consideration**

When service is provided for no consideration, the supply will constitute a deemed supply unless, facilitator did not recover any input tax related to providing the service.

The recent updates to the UAE VAT law, particularly concerning services provided by independent directors and the distinction between manpower and visa facilitation services, represent a significant step towards clarity and consistency in tax treatment. By clearly delineating the scope of VAT-exempt services and specifying the conditions under which different types of services are classified, the Federal Tax Authority aims to ensure that businesses can more accurately apply VAT regulations.



These changes emphasize the need for businesses to stay informed and adapt to evolving tax laws to maintain compliance and optimize their VAT management. Companies should carefully review these amendments, assess their current practices, and seek professional advice if necessary to align their operations with the new guidelines. The ongoing evolution of the UAE VAT law underscores the importance of vigilance and adaptability in navigating the complexities of the global market.



## BOOST YOUR COMPANY'S

# ICV SCORE

## WITH YOUR SUSTAINABILITY AND TECHNOLOGIES, STRATEGIES, ACTIONS AND GOALS

Did you know that making your company environmentally sustainable can enhance your ICV score? Recent updates in the National In-Country Value (ICV) Programme now prioritize sustainability which contributes in score improvement of the Company. The Advanced Technology and Sustainability Bonus rewards companies for their eco-friendly and upto date technologies approach and practices, contributing an additional 6% to the scores of goods manufacturers (Companies who hold industrial license) and 3% (Companies who hold commercial license) to service providers. This means your commitment to sustainability and advanced technologies not only benefits the environment but also boosts your competitive edge in the market through a very important medium as ICV.

In-Country Value Programme was pioneered initially by ADNOC and implemented by the ADNOC Group and its participating entities in the year 2017. The programme is now been taken up as a Federal Program by and under the Ministry of Industry and Advanced Technology (MoIAT) as National In-Country Value Programme. This initiative aims to enhance the performance and sustainability of the industrial sector under the Ministry's oversight. Key strategic partners of the programme include ADNOC, the Department of Economic Development (DED), Aldar, Mubadala, Etisalat, EDGE, Etihad Rail, the Emirates Nuclear Energy Corporation (ENEC), and Shurooq.

The ICV score allocation for various components of evaluation as per the formula are as below:

Description	Goods Manufacturer	Service Provider
Goods Manufactured	50%	NA
Third Party spend	NA	50%
Investment	10%	10%
Investment - top up	15%	15%
Manpower – Emiratization	15%	15%
Manpower – Expats	10%	10%
ICV Bonus	5%	5%
Advanced Technology and Sustainability Bonus	6%	3%

## MAJOR CONSIDERATIONS WITH REGARD TO SUSTAINABILITY INITIATIVES

For entities with an industrial license (goods manufacturers), key factors such as the ISO Environmental Standards Certification, Industrial Technology Transformation Index, and Green Industries Labelling are considered. For those with other licenses (service providers), obtaining ISO Environmental Standards Certification and implementing sustainability policies and procedures will earn valuable ICV bonuses.

### 1. ISO Environmental Standards Certification (Common for all license holders)

Suppliers holding any of the ISO 14001, 14046 or 50001 will be eligible for 1% in this category.

Environmental protection and upgrading is essential to ensure that future generation have a protected place to live and survive. The UAE Net Zero by 2050 strategic initiative is a national drive to achieve net-zero emissions by 2050, making the Emirates the first Middle East and North Africa (MENA) nation to do so. ICV being pioneer program looked forward by the industries and businesses operating in the UAE, MoIAT has strategized to include environment and sustainability as a part of the ICV, thereby assisting the UAE Government with a helping hand for achieving its goals comprehensively.

ISO 14001 is a globally acknowledged standard for environmental management systems (EMS). It offers a structured approach for organizations to establish and implement an EMS, with an ongoing focus on enhancing their environmental performance. The standard covers various elements, including resource utilization, waste management, environmental performance monitoring, and stakeholder engagement. By following this standard, organizations can actively reduce their environmental impact, adhere to relevant legal obligations, and achieve their environmental goals.

ISO 14046 outlines principles, requirements, and guidelines for assessing the water footprint of products, processes, and organizations using life cycle assessment (LCA). It provides a framework for conducting and reporting water footprint assessments either as standalone evaluations or as part of broader environmental assessments.

ISO 50001 follows a continual improvement management system model, similar to other standards like ISO 9001 and ISO 14001. The ISO 50001 standard for energy management systems aims to make a significant positive impact on both current and future energy management practices. This facilitates the integration of energy management with other quality and environmental management efforts within organizations.

The valid ISO certificates issued by a certifier within the UAE will be assessed or ICV score evaluation.

### 2. Industrial Technology Transformation Index (For industrial license holders)

The Industrial Technology Transformation Index (ITTI) is an extensive tool designed for the manufacturing sector to evaluate their digital and sustainability maturity levels. It provides a tailored roadmap for achieving smarter and more sustainable production processes. Aligned with the manufacturer's value chain, ITTI assists manufacturers in assessing their current digital and sustainability readiness, offering recommendations for enhancements. It highlights the importance of integrating Industry 4.0 applications and sustainability into manufacturing practices.

The ITTI process includes a on-site assessments, followed by a detailed report with recommendations aimed at generating significant business impact.

By participating in the ITTI Programme, companies can boost their ICV score by up to 5 percent, showcasing their adoption of advanced technology and sustainable practices.



Entities with a valid industrial license and operational facilities engaged in manufacturing (beyond just assembly or services) can apply for the ITTI assessment through the Ministry of Industry and Advanced Technology, United Arab Emirates at <https://itti.moiat.gov.ae/register/manufacture>.

### 3. Green Industries Labelling (For industrial license holders)

The Green Industries Labelling initiative is designed to recognize and promote businesses that adopt eco-friendly practices, supporting the alignment of economic growth with environmental sustainability. This environmental performance certification is granted by the Environment Agency – Abu Dhabi to industrial facilities demonstrating eco-friendly operations or services. The certification process involves a thorough assessment based on various environmental criteria, such as energy efficiency, waste management, and carbon footprint reduction. Companies meeting these standards receive a Green Label, symbolizing their commitment to sustainable practices.

The goal of the Green Industries Labelling Programme is to help the public identify industrial facilities that operate with environmentally friendly practices, encouraging eco-consumerism in Abu Dhabi and highlighting the increasing demand for greener manufacturing in the market.

Industrial facilities with a valid environmental permit are eligible to apply for the Green Industries Labelling Programme, regardless of their size or type of operations. To obtain the label, facilities must meet the specific criteria set by the scheme. These environmental criteria are reviewed and updated every few years, requiring existing Green Label holders to reapply when new standards are introduced.

Applications can be submitted through the Environment Agency – Abu Dhabi website (<http://www.ead.gov.ae>).

#### A case study on green industries labelling

ABC Steel Company is one of the leading steel manufacturers known for its high-quality products and commitment to innovation. The Company was facing challenges such as high energy consumption in steel production, significant carbon emissions and waste generation.

**The Company has taken following action plans to overcome the challenges:**

- Implemented advanced energy management systems to optimize energy use.
- Installed energy-efficient machinery and equipment.
- Adopted a comprehensive waste management strategy to reduce, reuse, and recycle waste materials.
- Established partnerships with local recycling firms to manage waste more effectively.
- Shifted to renewable energy sources for a portion of their energy needs to reduce the carbon footprint
- Implemented carbon capture and storage technologies to reduce emissions.

The Company has achieved the following results energy consumption reduced by 20% within the first year, achieved a 30% reduction in waste generation, and decreased carbon emissions by 25%.

These action plans and the results will be evaluated for the sustainability and eco-friendly practices. And based on the eligibility and documentation, the bonus score will be provided.

**(Continued in page 22)**



# ISA 570

## “GOING CONCERN”

“Going concern” refers to the assumption that a business will continue to operate in the foreseeable future without the need to liquidate or significantly reduce its operations. The basis of this assumption is based on the assumption that the business has sufficient resources to meet its obligations and maintain normal operations. However, if internal or external factors severely impact the business's ability to fulfil its obligations, questions may arise about its future existence. For example, if a key product is banned by the government, causing a major revenue loss and making inventory worthless, the company may struggle to pay its debts. In such cases, the company might need to find new revenue streams using its existing assets. Management must assess the business's going concern status by examining any factors that could threaten its continuity and take necessary actions. This assessment should be reflected in the financial statements to inform stakeholders and aid in their decision-making.

The concept of going concern is essential in finance, serving as a foundational assumption in preparing financial statements. Auditors carefully evaluate whether this assumption holds valid in the business and the accurate facts related to this accounting assumption is adequately disclosed. Its proper application is crucial for stakeholders, as investors rely on it to assess long-term profitability and sustainability, while suppliers may be cautious about dealing with a company that appears to be on the verge of closing.

International Standard on Auditing (ISA) 570, Going Concern, offers guidance to auditors in evaluating a company's ability to continue its operations in the foreseeable future. The standard requires auditors to determine whether there are any significant uncertainties that could cast doubt on the entity's ability to continue as a going concern. In the below narrative, we provide an in-depth analysis of ISA 570, exploring its impact on the presentation and interpretation of financial information. Discover how this standard promotes transparency and reliability in financial statements, which is crucial for making well-informed decisions in today's complex financial environment.

### ENHANCES TRANSPARENCY IN FINANCIAL REPORTING

Investors frequently depend on audited financial statements when making investment decisions. ISA 570 has tasked auditors to assess and disclose an entity's ability to continue operating, thereby serving the interests of investors. For this the Internal Auditing and Assurance Standards Board (IAASB) introduced this standard to guide auditors in assessing the ability of entity to continue as a going concern, aligning auditors' efforts with the needs of investors. Here are some of the key indicators that may suggest going concern issues:

#### Financial indicators

Financial indicators are key metrics used to assess the financial health and performance of an entity. These indicators provide insights into various aspects of an organization's financial status, such as liquidity, profitability, solvency, and efficiency

#### Operating indicators

Operating indicators are metrics used to evaluate the operational health and efficiency of a business. These indicators provide insights into the day-to-day performance and management of core business activities.



Below is the summary of key indicators suggesting the position of going concern assumption in the business.

SL.	Financial Indicators	Operating indicators
1	Net liability or net current liability position.	Plans by management to dissolve or cease operations.
2	Fixed-term borrowings nearing maturity without realistic prospects for renewal or repayment.	Departure of key management without immediate replacement.
3	Excessive dependence on short-term borrowings.	Loss of significant markets, customers, or suppliers.
4	Signals indicating withdrawal of financial support by creditors.	Challenges with labour availability or management.
5	Negative cash flows from operations.	Shortages of critical supplies.
6	Unfavourable key financial ratios.	Emergence of a strong competitor in the market.
7	Substantial operating losses or significant decline in asset values.	Not following legal or regulatory rules.
8	Inability to meet creditor obligations on time.	Legal or regulatory cases that are still being processed.
9	Failure to comply with loan terms.	Laws, regulations, or government policies that are negative.
10	Transition from credit to cash-on-delivery transactions with suppliers.	Natural disasters without adequate insurance coverage.
11	Difficulty securing funding for critical investments.	Not following legal or regulatory rules.

#### A comprehensive review of these key indicators by the auditor:

- Provides them with a structured framework to assess a wide range of financial, operational, and legal factors that could impact an entity's future viability or existence.
- Communicating findings clearly in audit reports, disclosing risks and evaluating management's plans, which builds stakeholder confidence and supports informed decision-making.

## ROLE OF MANAGEMENT AND AUDITORS IN REPORTING REGARDING ISA 570

KEY ASPECTS	MANAGEMENT ROLE	AUDITORS ROLE
<b>Assessment of Going concern</b>	Responsible for assessing whether there are material uncertainties about the entity's ability to continue as a going concern.	Assess the sufficiency of management's assessment and the reasonableness of their forecasts and plans by obtaining appropriate audit evidence.
<b>Preparation of Forecast and Plans</b>	Prepare financial forecasts and plans covering a period that reflects the business environment to support their assessment.	Test the accuracy and completeness of financial forecasts and assess the reliability of management's assumptions.
<b>Monitoring and Disclosures</b>	Monitor changes in financial and operational indicators and disclose any material uncertainties related to going concern in financial statements.	Communicate findings regarding going concern in the audit report and highlight material uncertainties, if any.

## AUDIT PROCEDURES AND REPORTING ON GOING CONCERN

The above sessions highlight the vital role auditors play in investors' decision-making processes. Therefore, auditors must exercise diligence and awareness when conducting audit procedures to reach their conclusions and report findings in the financial statements. This ensures accuracy and reliability in the information provided to stakeholders.

The key audit procedures conducted by the auditors can be detailed as below:

### ► Communication with the management

- Frequent communication with the management to understand regarding the management assessment of going concern.
- Evaluate and validate the risk areas in the process used by the management to assess their going concern, considering the nature of the entity and severity of the issue.

### ► Review of Financial Information

- Carefully analyse the entity's financial statements, focusing on trends in key financial ratios, cashflow projections, and the adequacy of working capital.
- Examines the maturity profiles of loans and assessing the entity's ability to meet debt covenants and service its debt obligations.

### ► Evaluate Assumptions

- Critically evaluate the reasonableness of management's key assumptions and plans underlying the going concern assessment.
- This may involve assessing the feasibility of management's plans, the availability of financing, and the potential impact of any identified events or conditions.

### ► Confirmation on the balance sheet items

- Obtain external confirmations from lenders, creditors, and other stakeholders to corroborate the entity's financial position and any ongoing negotiations or agreements that may impact the going concern assessment.

Based on the outcome of audit procedures performed by the auditor, he may summarise his opinion in the following manner :-

Audit Qualifications	Scenarios
Emphasis of Matter	<ul style="list-style-type: none"><li>● Significant doubts about the entity's ability to continue as a going concern due to material uncertainties.</li><li>● Material uncertainties disclosed by management are adequately disclosed in the financial statements.</li></ul>
Qualified Opinion	<ul style="list-style-type: none"><li>● Management's assessment indicates material uncertainties about the entity's ability to continue as a going concern, but disclosures are adequate.</li><li>● Scope limitations preventing the auditor from obtaining sufficient audit evidence regarding going concern.</li></ul>
Adverse Opinion	<ul style="list-style-type: none"><li>● Management's assessment and disclosures regarding going concern are inadequate or materially misstated.</li><li>● Severe financial difficulties that cast significant doubt on the entity's ability to continue operations.</li></ul>
Disclaimer of Opinion	<ul style="list-style-type: none"><li>● Inability to obtain sufficient appropriate audit evidence to form an opinion on going concern.</li><li>● Lack of cooperation or access to necessary information from management.</li></ul>





Let's discuss the ISA 570 further, through a detailed case scenario.

## CASE SCENARIO

ABC Manufacturing Ltd., an SME company, faces economic challenges due to a decline in market demand for its products over the past year. The management team is preparing the annual financial statements for the year ended December 31, 2023, and is required to assess the company's ability to continue as a going concern. XYZ Audit Services, the external auditors for ABC Manufacturing Ltd., are responsible for auditing the company's financial statements and evaluating management's assessment of going concern.

### Role of the management

- The CFO and financial team at ABC Manufacturing Ltd. will thoroughly review the company's financial statements, cash flow projections, and key operational and financial indicators.
- They will assess the company's ability to meet its funding needs in the short and long term by analysing future events using cash flow projections for the next twelve months.
- Management identifies and addresses key risk areas such as declining sales and increased competition.
- They plan to overcome these risks by exploring new financing options to support ongoing operations.
- Based on the severity and complexity of the issues, management discloses their assessment and plans for operating in the foreseeable future as notes in the financial statements.

### Role of the auditors

- The audit team plans procedures to evaluate how well management has assessed the company's ability to continue as a going concern.
- Auditors conduct substantive procedures to verify the correctness and reliability of the management's assumptions and forecasts by obtaining adequate audit evidence.
- Based on their findings, auditors draft their audit report, highlighting any significant uncertainties related to the company's ability to continue operating with an emphasis of matter paragraph.

This case study demonstrates the managements basis for the going concern assumption and details the auditors' procedures to verify that the management has appropriately identified and assessed the material uncertainties impacting the going concern assumption. The auditors report on the financial statement regarding the going concern assumptions helps the users of financial statements, particularly the investors and other stakeholders to stay in confidence about the future of the entity.

In summary, adherence to ISA 570 is vital for maintaining the integrity of financial reporting. It ensures that financial statement users are provided with a clear and truthful representation of an entity's financial status and ongoing viability. Through transparent and detailed disclosures, stakeholders are well-informed about any potential risks and uncertainties the entity might encounter. This transparency is key to building and sustaining the confidence and trust of investors, creditors, and other stakeholders in the financial information they use to make decisions. Auditors play a crucial role in this process, serving as the trusted evaluators who rigorously assess the going concern assumption and communicate their findings, thereby reinforcing the entity's credibility as a going concern.



## **Boost your Company's ICV Score with your Sustainability and Technologies, Strategies, Actions and Goals**

### **(Continued from page 17)**

#### **4. Sustainability Policies and Procedures (For other license holders)**

The Sustainability Bonus is based on the implementation of policies and procedures that are related to sustainable practices. Supplier shall demonstrate that policies and procedures have been developed, communicated, implemented, and monitored within their organization. The policies and procedures shall be implemented during the financial year of certification and should cover the areas such as:

**Sustainability Strategy and Governance,**

**Material Circularity,**

**Water and Wastewater Management,**

**Emissions Management.**

Each policy will bring 0.5% score if the policy has been implemented within during the year of ICV certification. The policy should be communicated within the entity and monitored correctly.



# Fun OLYMPIC FACTS



**1** The first Olympic Games took place in 776 BC.



**2** In 393 AD, the Olympic Games were canceled and didn't start up again for over 1,500 years.



**3** The first modern Olympics took place in Athens, Greece.



**4** The only country to host the Summer Olympics four times is the United States.



**5** The modern Olympics have been canceled three times, due to World War I (Berlin 1916) and World War II (Tokyo 1940 and London 1944).



**6** The five rings in the Olympic logo represent the five world regions that the athletes originally came from.



**7** The Olympic ring colors represent every national flag.



**8** In the ancient Olympics, winners received an olive wreath.



**9** Gold, silver, and bronze medals were introduced in 1904.



**10** Gold medals were fully solid gold only until the 1912 Olympics.



**11** The host city designs Olympic medals.

**12** The youngest Olympian in the modern era was just 10 years old. Greek gymnast Dimitrios Loundras competed in the 1896 Athens Olympics.

**13** Women could not compete in the Olympics until 1900.

**14** The Olympic flame travels from Greece to the host nation every two years.

**15** The 1960 Rome Games were the first televised Olympics in the United States.

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**YOU CAN'T PUT A  
LIMIT ON ANYTHING.  
THE MORE YOU DREAM,  
THE FARTHER YOU GET.**

**- Michael Phelps -**

American swimmer and  
most-decorated Olympian of all time

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**EVAS**  
**CONSTANTIN**

+971 4 266 0734, +971 4 272 4701  
+971 2 645 7775  
info@evasinternational.com  
www.evasinternational.com

#### UAE

##### **ABU DHABI**

Suite No: 1601  
P.O Box 25929  
Kamala Tower  
Khalidiya, Zayed  
The First Street

##### **DUBAI**

Suite No. 327 & 309  
P.O Box 52258 / 82631  
City Bay Business Centre  
Abu Hail

##### **SHARJAH**

Suite No: 114  
Al Husn Tower-1  
Al Majaz-1  
Sharjah

##### **SAIF ZONE**

Office No: Q1-04-006/A  
P.O Box 513424  
SAIF Zone  
Sharjah

#### INDIA

##### **TRIVANDRUM**

Shivadha Towers, 2nd floor  
TC 31/480- 3, Near Canara Bank  
Pettah, Trivandrum  
Kerala - 695024

##### **PUNALUR**

Building No. XIII/670A,C  
Kochuvilayil  
Tholicodu P.O, Punalur  
Kerala - 691333

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