

# NEWSLETTER

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## OMNIPRESENT AI, ANCHORED BY HUMAN VALUES

05 | Artificial Intelligence (AI)  
in Forensic  
Accounting

09 | AML Compliance  
for Precious Metals and  
Stones Dealers

12 | IFRS 8 Operating  
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# DUBAI AI WEEK 2025

Dubai AI Week 2025 has been a landmark event held from 21 April –25 April 2025, positioning Dubai and UAE as a global hub for artificial intelligence innovation. The annual event was organised by the Dubai Centre for Artificial Intelligence and the Dubai Future Foundation under the patronage of H.H. Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum. The week brought together over 30,000 participants from more than 100 countries with a lot of significant announcements towards enhancement of AI adoption by various industries.

H.H. Sheikh Hamdan Bin Mohammed Bin Rashid Al Maktoum launched the Dubai AI Academy, a major new initiative aimed at mainstreaming artificial intelligence (AI) education and advancing its adoption across vital sectors of the economy.

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# Hello!

## FROM US



**VIJAYA MOHAN**

### A Warm Greeting from Evas Constantin

Dear Readers,

As the world ventures deeper into an unpredictable and fast-evolving digital era, we find ourselves standing at a defining crossroads—where legacy converges with innovation, and tradition evolves into transformation. Technology is evolving at lightning speed, changing the way we live, work, and interact with each other. In this time of big shifts and new possibilities, it's easy to feel overwhelmed by all the noise and uncertainty around us. But even in the midst of this chaos, there are some who rise to the occasion—professionals who act as guiding lights. With a strong sense of integrity, an unwavering commitment to independence, and a drive for excellence, these individuals stand out not just for what they do, but for how they do it. They bring clarity, stability, and direction—helping society move forward with trust and confidence. These professionals aren't just keeping pace with change—they are helping shape a better future, one built on values that matter.

We, at Evas Constantin, seek to be the epitome of efficiency, professionalism and financial stewardship, grounded in the core values of trust, accountability, and integrity, and dedicated to serving with excellence. We don't just adapt to change—we lead with purpose. In a world where complexity grows by the day, we choose to be a beacon of clarity, professionalism, and trust. We believe true excellence lies not just in technical precision, but in the values that guide every decision we make. Our work goes far beyond numbers and systems. It is rooted in a deeper responsibility—to uphold integrity when shortcuts beckon, to act with fairness when decisions grow complex, and to remain accountable even when no one is watching. This trust hasn't come easily. It has been earned—patiently, consistently—through every client relationship, every audit, every hard call made with conviction. Over time, our methods have evolved, embracing innovation without compromising our core. As professionals, we see ourselves not just as financial guardians, but as enablers of meaningful progress.

# Hello!

## FROM US



We help bridge the old and the new, ensuring that as the world transforms, it does so on a foundation of transparency and ethical strength. Evās Constantin is proud to be anchoring this movement→shaping a future where change is not feared, but guided, and where values remain the true measure of success.

In this spirit of adaptability and progress, we are proud to present the latest edition of our Evās Constantin Plus Newsletter. It is the culmination of our persistent efforts in knowledge accumulation and sharing. This edition reflects our ongoing commitment to knowledge—not just as a resource, but as a responsibility. As always, we believe that knowledge should never be stowed away but allowed to flow freely reaching people, stirring thought, inspiring action. Only then can it blend with the diverse experiences of the world, evolve with its ever-changing rhythm, and emerge as a true embodiment of innovation and modern relevance.

In this edition, we traverse a myriad of landscapes in the accounting & finance world. We begin by delving into the fast-paced terrain of Artificial Intelligence; a close examination of how technology transforms the spectrum of financial investigations. Furthermore, we discuss the relevance of the audit requirements under the Corporate Tax regime in UAE. In the third section, we explore the risk, regulations and reporting duties under the Anti Money Laundering Laws for precious metals and stone dealers. Next, we delve into IFRS 8 a standard that, despite its age, remains vital in ensuring clarity and comparability in how multinational firms report their diverse operations. And finally, we continued with a closer look at the revised ISRS 4400, which introduces a strengthened framework for Agreed-Upon Procedure (AUP) engagements—highlighting the profession's ongoing evolution toward greater clarity and rigour.

As you turn the pages of this newsletter, we invite you to engage not just with the insights within, but with the spirit behind them—a spirit of curiosity, integrity, and an unwavering drive to grow.

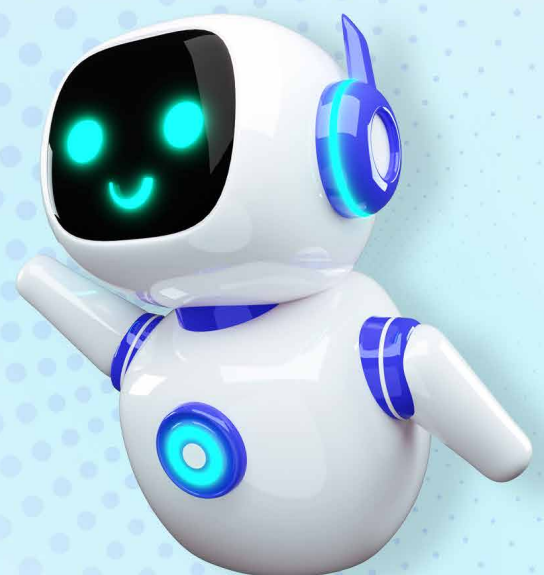
To end on a wonderful note, I am extremely happy to share that I have been elected as an Executive Member of the ICAI Dubai Chapter for 2025–26. This achievement reflects a journey shaped by perseverance, continuous learning, and a steadfast vision for growth.

To you, our readers, we are grateful and deeply indebted to the trust you put in EVAS Constantin and its vision for a transformation with purpose, and progress grounded in principle.

**Wishing you peace, progress, and purpose in all that lies ahead**

**Warm regards,**

*Happy Reading!*



# ARTIFICIAL INTELLIGENCE (AI) IN FORENSIC ACCOUNTING: TRANSFORMING FINANCIAL INVESTIGATIONS

Forensic accounting has long been a critical discipline in the world of finance, specializing in investigating financial crimes such as fraud, embezzlement, money laundering, and financial disputes. By applying accounting principles, forensic accountants uncover fraudulent activities and provide crucial insights for legal proceedings. These professionals often collaborate with law enforcement and legal teams to unravel complex financial schemes, offering expertise that can make or break a case.

In recent years, the practice of forensic accounting has been significantly transformed by technological advancements, particularly artificial intelligence (AI). As financial crimes become increasingly sophisticated and the volume of financial data grows, traditional methods of investigation are no longer enough. AI now provides forensic accountants with advanced tools to analyse vast amounts of data, detect irregularities, and uncover patterns that would be impossible for humans to detect at the same speed or scale.

## THE ROLE OF AI IN FORENSIC ACCOUNTING

AI has enhanced the traditionally labour-intensive field of forensic accounting in several key ways:

### AUTOMATED DATA ANALYSIS

AI can process millions of transactions in seconds, identifying irregularities or suspicious patterns that might otherwise go unnoticed by human auditors. Machine learning algorithms are trained to flag unusual behaviour based on historical data, improving both the accuracy and efficiency of investigations.

### NATURAL LANGUAGE PROCESSING (NLP)

NLP, a branch of AI, aids in understanding and analysing unstructured data like emails, contracts, and reports. Forensic accountants use NLP to detect signs of collusion, hidden relationships, or fraudulent intent, providing deeper insights into white-collar crimes.

### FORENSIC VISUALIZATION

Forensic visualization is an AI tool that converts complex data into clear visual representations, helping to explain intricate financial schemes. In litigation, visual evidence supports testimony and simplifies the communication of complex cases to juries and judges.

### FRAUD DETECTION AND PREVENTION

AI tools can monitor financial data in real time, alerting forensic accountants to potential fraudulent transactions or financial crimes. AI's predictive capabilities allow businesses to anticipate fraud before it occurs, enabling proactive measures to prevent financial loss.

### CONTINUOUS MONITORING

Unlike traditional audits that occur periodically, AI enables continuous monitoring of transactions. This provides real-time alerts, reducing the opportunity for financial manipulation and fraud, and enhancing overall fraud prevention.



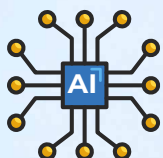
## CHALLENGES AND CONSIDERATIONS

While AI offers significant advantages, there are challenges to consider:



### DATA PRIVACY :

Handling sensitive financial data necessitates strict adherence to privacy laws. AI tools' access to this data can be limited by privacy concerns, potentially hindering their full effectiveness.



### BIAS IN ALGORITHMS:

AI models are based on data, and the data can be biased. If AI models are improperly trained or based on flawed data, they may produce biased or misleading results.



### HUMAN OVERSIGHT:

AI is a tool—not a replacement for human judgment. Forensic accountants still play a critical role in interpreting AI findings and making final decisions based on context and experience.

## THE FUTURE OF FORENSIC ACCOUNTING

The future of forensic accounting lies in deeper integration with advanced technologies, offering more practical and proactive tools for financial investigations.

For example, **AI-powered audit trails** will not only log every financial transaction but also trace who accessed what data and when—creating tamper-proof evidence for investigations. This is especially valuable in large corporations where internal fraud can be hard to detect without such detailed tracking.

**Blockchain analytics** will allow forensic accountants to follow the money in cryptocurrency-related frauds—a growing area of concern. AI tools can scan blockchain transactions across multiple wallets to identify patterns of illicit activity, even when perpetrators try to mask their identities.

**Deep learning models** will soon be capable of simulating fraud scenarios based on real-world data, helping organizations stress-test their internal controls and spot vulnerabilities before actual threats arise.

**AI-driven dashboards** will enable real-time fraud detection, visual analysis, and predictive insights—shifting firms from reactive to proactive responses.

As regulations grow more complex, forensic accountants skilled in AI will lead efforts to build fraud-resistant systems, ensuring compliance and enhancing transparency. The future lies in anticipating and preventing financial crimes before they occur and having the best of the compliance and deterrence systems in place in which AI is a significant contributor.



# AUDIT REQUIREMENTS UNDER UAE CORPORATE TAX LAW



## WHY AUDITED FINANCIAL STATEMENTS MATTER

In today's evolving regulatory environment, audited financial statements are no longer just a compliance formality—they're a vital signal of a company's financial discipline, governance standards, and long-term credibility. The introduction of the UAE Corporate Tax Law has elevated the importance of audits, especially for businesses operating in Free Zones or those with substantial revenue. Whether you're a business owner, financial controller, or investor, staying informed about audit requirements is crucial for ensuring continued compliance and avoiding unnecessary regulatory risks.

## THE CORPORATE TAX LAW: A SHIFT TOWARDS STRICTER AUDIT COMPLIANCE

Historically, audit requirements in the UAE were shaped by the UAE Commercial Companies Law (Federal Law No. 32 of 2021), which mandates the preparation of annual financial statements for all public and private joint stock companies, as well as limited liability companies.

There has been new audit requirement now with the introduction of the UAE Corporate Tax Law (Federal Decree-Law No. 47 of 2022). This landmark legislation redefined the financial reporting landscape by mandating additional audit obligations on a wider range of entities. Now, a Qualifying Free Zone person or a business generating annual revenue above AED 50 million are required to maintain audited financial statements. This marks a decisive move by the UAE government toward international best practices, emphasizing financial transparency and the credibility of the country's tax system.

## WHAT'S NEW IN 2025: KEY MINISTERIAL DECISIONS EXPLAINED

Article 54 of the Corporate Tax Law sets the stage, stating that certain entities must prepare and retain audited financial statements. The original guidance came via Ministerial Decision No. 82 of 2023, which governed tax periods prior to 1 January 2025. However, starting from the 2025 tax period, a new directive—Ministerial Decision No. 84 of 2025—has come into force, bringing with it notable updates and broader obligations.

Category	Ministerial Decision No. 82 of 2023	Ministerial Decision No. 84 of 2025	Analysis
Applicability	Tax periods before 1 January 2025.	Tax periods on or after 1 January 2025.	Marks a clear cut-off and transition from old regulations to new ones; businesses must apply the new rules from tax periods starting on after 2025 onwards.

Category	Ministerial Decision No. 82 of 2023	Ministerial Decision No. 84 of 2025	Analysis
<b>Entities Subject to Audit</b>	<ul style="list-style-type: none"> <li>•Taxable persons with revenue exceeding AED 50 million in the relevant tax period.</li> <li>•Qualifying Free Zone Persons (QFZPs).</li> </ul>	<ul style="list-style-type: none"> <li>•Taxable persons (except a tax group) with revenue exceeding AED 50 million in the relevant tax period.</li> <li>•Qualifying Free Zone Persons (QFZPs).</li> </ul>	<p>Under new decision,</p> <ul style="list-style-type: none"> <li>• Non-group taxable persons (revenue &gt; AED 50M) and qualifying free zone persons: Must prepare and maintain Audited financial statements.</li> <li>• Tax groups: Must prepare and maintain Special purpose audited financial statements. (See next point)</li> </ul>
<b>Special Purpose Financial Statements for Tax Groups</b>	Not required	Tax groups must prepare audited special-purpose financial statements as per FTA guidelines.	Tax groups has now a new compliance requirement to prepare and maintain special purpose audited financial statements.
<b>Revenue threshold for Non-Resident Person</b>	Did not specify how to calculate revenue threshold for non-resident persons.	Only UAE-sourced revenue (through Permanent Establishment or Nexus) counts towards the AED 50 million threshold.	The law now provides clear guidance for non-residents regarding audited financial statement requirements.
<b>Additional Requirements for QFZPs Engaged in Distribution Activities</b>	No additional procedures.	Must follow additional procedures prescribed by the Authority.	Indicates a stricter regulatory environment for Free Zone entities to ensure genuine economic substance, particularly in distribution sectors.

## CONCLUSION

The introduction of the UAE Corporate Tax Law and recent updates through Ministerial Decision No. 84 of 2025 have significantly raised the bar for financial compliance. While audits were already mandatory under the UAE Company Law, the Corporate Tax regime now extends this requirement to additional entities—including those in Qualifying Free Zones and businesses exceeding AED 50 million in revenue—further strengthening transparency and regulatory oversight.

In light of these changes, it is essential for businesses to take a proactive approach to compliance. This includes maintaining accurate financial records, staying informed about evolving regulations, and preparing audited financial statements well in advance. Ensuring audit readiness is no longer a matter of best practice—it is a critical requirement for continued compliance and long-term business sustainability in the UAE.



# AML COMPLIANCE FOR PRECIOUS METALS AND STONES DEALERS: RISKS, REGULATIONS, AND REPORTING DUTIES



## WHY PRECIOUS METALS AND STONES (PMS) ATTRACT CRIMINALS—AND WHAT DEALERS MUST DO ABOUT IT

In today's increasingly complex financial crime landscape, precious metals and stones (PMS) continue to pose significant risks for money laundering (ML) and terrorist financing (TF). Due to their high value, liquidity, anonymity, and ease of transport, PMS are highly attractive to criminals and terrorist financiers. As such, businesses dealing in these commodities—collectively referred to as Dealers in Precious Metals and Stones (DPMS)—are especially vulnerable to exploitation.

## REGULATORY CONTEXT: UAE FRAMEWORK AND DNFBPS

In recognition of these risks, the United Arab Emirates has placed DPMS under the category of Designated Non-Financial Businesses and Professions (DNFBPs), as defined by **Cabinet Decision No. (10) of 2019**, which implements **Federal Decree-Law No. (20) of 2018** on Anti-Money Laundering and Combatting the Financing of Terrorism and Illegal Organizations.

As DNFBPs, DPMS are required to:

- ▶ **Identify and assess ML/TF risks** specific to their operations.
- ▶ **GoAML Registration** (UAE Financial Intelligence Unit).
- ▶ Appointment of **AML Compliance Officer**.
- ▶ **Conduct customer due diligence (CDD)** and maintain records.
- ▶ Maintaining **AML Policies and Procedures** up to date.
- ▶ Establishing and maintaining an appropriate **money laundering training programme and adequate awareness arrangements**.
- ▶ **Sanctions Obligations**.
- ▶ **Independent AML Audit**.
- ▶ **Report suspicious transactions Report (STRs), Suspicious Activities Report (SAR) and Dealers in Precious Metals and Stones Report (DPMSR) to the UAE Financial Intelligence Unit (UAEFIU).**

## WHY PMS ARE HIGH-RISK FOR FINANCIAL CRIME

Several characteristics contribute to PMS's attractiveness to illicit actors:

- |   |
|---|
| ▶ <b>High value, small size:</b> Easily concealed and transported                         |
| ▶ <b>Anonymity and liquidity:</b> Frequently traded in informal and cash-heavy markets    |
| ▶ <b>Dual-use risk:</b> Can be both proceeds and instruments of crime                     |
| ▶ <b>Cross-border trade:</b> Creates jurisdictional vulnerabilities                       |
| ▶ <b>Decentralized market:</b> Includes many small dealers lacking AML awareness          |
| ▶ <b>Diverse trading forms:</b> Physical, digital (certificates/tokens), or intermediated |

## UNDERSTANDING WHAT CONSTITUTES PMS

In line with international standards and UAE legislation, PMS include:

### Precious Metals

**Gold ( $\geq 500$  parts per thousand), Silver ( $\geq 800$  parts per thousand), Platinum ( $\geq 850$  parts per thousand), Palladium ( $\geq 500$  parts per thousand)**

### Precious Stones

**Diamonds (rough or polished), Coloured Gemstones (e.g., emeralds, rubies, sapphires), Pearls**

Additionally, any item with  $\geq 50\%$  of its value derived from PMS qualifies for AML/CFT oversight. DPMS should also monitor high-risk non-PMS items (e.g., synthetic gems, conflict minerals).

## WHO QUALIFIES AS A DPMS ?

DPMS includes any individual or legal entity involved in:

- Mining, refining, trading, import/export, sale, leasing, polishing, or safekeeping of PMS
- Transactions conducted physically or digitally, via direct or intermediary channels, at wholesale or retail levels

If PMS activity is a regular part of business, the entity qualifies as a DPMS.

## WHAT IS THE DPMSR ?

DPMSRs must be filed when conducting **cash or international wire transactions  $\geq$  AED 55,000**, regardless of client type or residency. The report must be submitted via **goAML** within **14 days of receipt or payment**.

# AML



The following transactions must be reported via the goAML portal:

- |   |
|---|
| ▶ Cash payments (incl. instalments) $\geq$ AED 55,000   |
| ▶ International wire transfers (corporate clients) $\geq$ AED 55,000                            |
| ▶ Local transfers via exchange houses   |
| ▶ Advance cash payments (reported upon receiving funds) or unfixed gold deals $\geq$ AED 55,000 |
| ▶ Transfers between onshore and free zone companies   |
| ▶ USD payments between two free zone companies via international wire                           |

## WHICH TRANSACTIONS ARE EXEMPT FROM DPMSR FILING ?

Not all high-value transactions trigger a reporting obligation. Exempt transactions include:

- |  |
|--|
| ▶ Non-cash payments (credit card, cheque, bank transfer)                                 |
| ▶ Gold-to-gold swaps or return of old gold   |
| ▶ Local bank transfers or intra-company transactions                                     |
| ▶ Payments towards margin calls or loans with financial institutions                     |
| ▶ Letters of credit and dealings with licensed foreign banks                             |
| ▶ Deals between two free zone companies where payment is through the same UAE-based bank |

## COMPLIANCE IMPLICATIONS FOR DPMS

In light of these vulnerabilities, DPMS must implement robust AML/CFT controls. This includes conducting thorough risk assessments, implementing KYC and transaction monitoring systems, maintaining detailed records, and training staff on AML red flags specific to the PMS trade.

Non-compliance is not an option. With stringent scrutiny from regulators and cross-border enforcement collaboration on the rise, AML compliance is both a legal obligation and a business imperative.



# IFRS 8 OPERATING SEGMENTS



## WHY IFRS 8 MATTERS : TRANSPARENCY IN FINANCIAL REPORTING

IFRS 8, Operating Segments, is a critical financial reporting standard designed to enhance transparency by requiring entities to disclose detailed financial and operational insights into their business segments. By breaking down revenues, expenses, assets, liabilities, and key customer transactions, IFRS 8 empowers investors, analysts, and other stakeholders to evaluate a company's performance across different business lines and economic environments.

What makes IFRS 8 unique is its alignment with internal management reporting. Instead of imposing rigid segment definitions, the standard requires disclosures based on the internal reports reviewed by the Chief Operating Decision Maker (CODM). This approach ensures that external stakeholders see the business through the same lens as management—highlighting how resources are allocated, risks are managed, and growth opportunities are identified.

## WHO MUST COMPLY WITH IFRS 8 ?

IFRS 8 Disclosure Applies To	When will it become applicable to an entity?
Separate / Individual Financial Statements	if the entity: <ul style="list-style-type: none"><li>• Has debt or equity instruments traded in a public market, or</li><li>• Is filing (or preparing to file) financial statements with a securities regulator to issue instruments publicly.</li></ul>
Consolidated Financial Statements of a Parent Group	Same as above

**Exception :** If both separate and consolidated financials are included in one report, Segment information is required only in the consolidated statements.

## IDENTIFYING REPORTABLE SEGMENTS: KEY CRITERIA

IFRS 8 Operating Segments requires entities to disclose information about their operating segments, helping users of financial statements understand the nature and financial effects of the business activities they engage in. The standard distinguishes between operating segments—components of the business reviewed by management for decision-making—and reportable segments, which are operating segments that meet specific thresholds for external reporting. The table below summarizes the key differences between these two categories.

Criteria	Operating Segments	Reportable Segments
Meaning	A component of the entity that engages in revenue-generating business activities and for which discrete financial information is available.	Operating segments that meet certain quantitative thresholds or are aggregated to meet the 75% external revenue rule.
Conditions to Qualify	<ol style="list-style-type: none"> <li>Engages in revenue-generating and expense-incurring activities (including internal transactions).</li> <li>Operating results are regularly reviewed by the Chief Operating Decision Maker (CODM).</li> <li>Discrete financial information is available.</li> </ol>	<ol style="list-style-type: none"> <li>Meets any of the following: Revenue (internal + external) <math>\geq</math> 10% of total segment revenues.</li> <li>Profit/loss (absolute) <math>\geq</math> 10% of the greater of: <ul style="list-style-type: none"> <li>total profit of profitable segments</li> <li>total loss of loss-making segments.</li> </ul> </li> <li>Segment assets are 10% or more of the total assets of all operating segments.</li> </ol> <p>Or included to meet the 75% total external revenue requirement.</p>
Aggregation Possibility	Not applicable - individual identification based on criteria above.	Allowed if segments have similar economic characteristics and similar in nature (e.g., products, services, processes, customer types, distribution)
Disclosure Requirement	No external disclosure required unless reportable.	Required - both financial and descriptive data must be disclosed.

## PRACTICAL EXAMPLE: DETERMINING REPORTABLE SEGMENTS

Let us take the help of an illustration to understand reportable segments. ABC LLC has five operating segments. The following financial data for the year ended 31 December 2024 is available (in **AED million**)

Segment	Revenue	Profit / (Loss)	Assets
A	180	25	150
B	90	(30)	120
C	30	10	80
D	70	(5)	60
E	30	3	40
Total	400	3	450
Total profit		38	
Total Loss		35	




### Step 1 - Calculation of thresholds

Criteria	Calculation	Threshold	Remarks
Revenue Threshold	$10\% \times 400$	40	
Profit Threshold Loss Threshold	$10\% \times 38 = 3.8$ $10\% \times 35 = 3.5$	3.8	Higher absolute value (AED 3.8M) applies
Assets threshold	$10\% \times 450$	45	

### Step 2 - Apply the Quantitative Tests

Segment	Revenue	Profit/Loss in absolute terms	Assets	Revenue $\geq 40$	Profit/(Loss) $\geq 3.8$	Assets $\geq 45$	Reportable
A	180	25	150	✓	✓	✓	✓
B	90	30	120	✓	✓	✓	✓
C	30	10	80	X	✓	✓	✓
D	70	5	60	✓	✓	✓	✓
E	30	3	40	X	X	X	X

### Step 3 - Check 75% Revenue Coverage

• Reportable Segments (A, B, C, D) Revenue = $180 + 90 + 30 + 70 =$ <b>AED 370 million</b>
• Total Revenue = <b>AED 400 million</b>
• $370 / 400 = 92.5\%$  → 75% threshold is <b>met</b>

### CONCLUSION

• Segments <b>A, B, C,</b> and <b>D</b> meet one or more quantitative thresholds and are reportable.
• Segment E does not meet any of the thresholds, and since the 75% revenue inclusion rule is already satisfied by the other segments, it is not required to be reported.

 **Final Reportable Segments: Segment A, Segment B, Segment C, Segment D**



## DISCLOSURE REQUIREMENTS

IFRS 8 establishes several disclosure obligations, including specific requirements related to reportable segments. The tables below outline the general (entity-wide) disclosures and those applicable to reportable segments:

### General Disclosure (Entity-wide)

Disclosure Requirement	Description
General Information	Explanation of how operating segments are determined (e.g., by product, geography, or internal structure) and the types of products/services provided.
Geographical Revenue and Non-Current Assets	<ul style="list-style-type: none"> <li>- <b>Revenue:</b> Disaggregated by country/region, with separate disclosure for any foreign country generating material revenue.</li> <li>- <b>Non-current assets:</b> Location of material non-current assets (if outside the entity's home country).</li> </ul>
Major Customers	If revenue from a single external customer exceeds 10% of total revenue, the entity must disclose this fact and identify the relevant segment(s).

### Disclosures applicable to Reportable Segments

Disclosure Requirement	Description
<b>Segment Profit or Loss</b>	Must include: <ul style="list-style-type: none"> <li>- External &amp; intersegment revenue</li> <li>- Interest revenue/expense (if included in segment results reviewed by CODM)</li> <li>- Depreciation, amortization, and material non-cash items</li> <li>- Other significant items (e.g., restructuring costs, impairments).</li> </ul>
<b>Segment Assets &amp; Liabilities</b>	<ul style="list-style-type: none"> <li>- Total segment assets/liabilities</li> <li>- Investments in associates/JVs (if included in segment profit/loss)</li> <li>- Additions to non-current assets (PPE, intangibles).</li> </ul>
<b>Measurement Policies</b>	<ul style="list-style-type: none"> <li>- Explanation of how segment amounts are measured (e.g., allocation methods)</li> <li>- Any differences from consolidated financial statement policies.</li> </ul>
<b>Aggregation Criteria</b>	If segments are aggregated, disclose the economic similarities justifying combination.
<b>Reconciliations</b>	Segment totals must reconcile to consolidated figures: <ul style="list-style-type: none"> <li>- Segment revenue --&gt; Consolidated revenue</li> <li>- Segment profit/loss --&gt; Consolidated pre-tax profit (excluding group-wide items)</li> <li>- Segment assets/liabilities --&gt; Consolidated totals.</li> </ul>

## FINAL THOUGHTS

IFRS 8 is a powerful tool for improving transparency in financial reporting. By requiring businesses to disclose detailed segment information, it provides stakeholders with critical insights into a company's operational structure, financial performance, and decision-making processes. This standard not only enhances the quality of financial reports but also supports strategic decision-making by offering a clearer picture of how different business segments contribute to the company's overall success.



# ISRS

# ISRS 4400 (REVISED) - AGREED UPON PROCEDURES ENGAGEMENTS

## INTRODUCTION TO ISRS 4400 (REVISED)

In today's dynamic business environment, stakeholders demand greater transparency, flexibility, and assurance-like services without the formality of a full audit. To address these evolving needs, the International Auditing and Assurance Standards Board (IAASB) revised ISRS 4400 – Agreed-Upon Procedures Engagements. This standard enhances the relevance and applicability of AUP engagements by introducing a more robust framework for conducting procedures on both financial and non-financial information. ISRS 4400 (Revised) empowers practitioners to deliver tailored, factual insights while maintaining a clear distinction from assurance services.

## ENHANCING TRANSPARENCY IN AGREED-UPON PROCEDURES ENGAGEMENTS

The International Standard on Related Services (ISRS) 4400 (Revised), "Agreed-Upon Procedures Engagements," issued by the International Auditing and Assurance Standards Board (IAASB), became effective for engagements beginning on or after January 1, 2022. The revision reflects a growing demand for flexible, transparent, and reliable services tailored to users' specific needs, particularly in a world increasingly driven by regulatory compliance and bespoke reporting requirements.

## WHAT IS ISRS 4400 (REVISED)?

ISRS 4400 (Revised) is a standard that governs engagements where a practitioner performs agreed-upon procedures and reports factual findings without providing assurance. The intended users assess the procedures and findings themselves. The revised version strengthens credibility, increases transparency, and widens applicability across different types of information—not just financial data.



## KEY PRINCIPLES AND ENGAGEMENT FRAMEWORK

1

**Applicability Across Diverse Contexts:** ISRS 4400 (Revised) can be applied to a wide array of engagements, including:

- Financial and non-financial data verification
- ESG (Environmental, Social, Governance) metrics
- Internal control assessments
- Regulatory compliance reports

2

**Defining Agreed-Upon Procedures:** These are specific procedures determined in advance by the practitioner and the engaging party. The procedures must be objective, clearly defined, and measurable.

The practitioner shall agree the terms of the agreed-upon procedures engagement with the engaging party and record the agreed terms of engagement in an engagement letter or other suitable form of written agreement. These terms shall include the following:

- a. Identification of the subject matter(s) on which the agreed-upon procedures will be performed;
- b. The purpose of the engagement and the intended users of the agreed-upon procedures report as identified by the engaging party;
- c. The responsible party as identified by the engaging party, and a statement that the agreed-upon procedures engagement is performed on the basis that the responsible party is responsible for the subject matter on which the agreed-upon procedures are performed;
- d. Acknowledgement of the relevant ethical requirements with which the practitioner will comply in conducting the agreed-upon procedures engagement;
- e. A statement as to whether the practitioner is required to comply with independence requirements and, if so, the relevant independence requirements;
- f. The nature of the agreed-upon procedures engagement, including statements that:
  - An agreed-upon procedures engagement involves the practitioner performing the procedures agreed with the engaging party, and reporting the findings;
  - Findings are the factual results of the agreed-upon procedures performed; and
  - An agreed-upon procedures engagement is not an assurance engagement and accordingly, the practitioner does not express an opinion or an assurance conclusion;
- g. Acknowledgement by the engaging party that the agreed-upon procedures are appropriate for the purpose of the engagement;
- h. Identification of the addressee of the agreed-upon procedures report.
- i. The nature, timing and extent of the procedures to be performed, described in terms that are clear, not misleading and not subject to varying interpretations; and
- j. Reference to the expected form and content of the agreed-upon procedures report.

3

**Importance of Clarity in Engagement Terms:** The scope, subject matter, and criteria should be agreed upon clearly with all parties before work begins. The engagement letter forms the foundation for mutual understanding.

4

**Suitability of Criteria:** Even though the practitioner is not giving an opinion or assurance, the procedures should still be based on relevant and reliable standards, so the results make sense.





## ETHICAL FRAMEWORK AND PROFESSIONAL JUDGMENT

- 1 Compliance with IESBA Code of Ethics:** Practitioners must uphold the five fundamental principles:
  - Integrity: Being straightforward and honest
  - Objectivity: Avoiding bias or conflict of interest
  - Professional Competence and Due Care
  - Confidentiality
  - Professional Behavior
- 2 Independence Requirements:** Independence is not required, but practitioners must disclose if they are not independent in the report. Transparency around independence status helps users interpret the results appropriately.
- 3 Application of Professional Judgment:** While ISRS 4400 engagements do not provide assurance, the planning, execution, and documentation of procedures require significant professional judgment.

## REPORTING STRUCTURE AND CONTENT

- 1 Structure of the Report:**
  - Title
  - Addressee
  - Description of the procedures
  - Factual findings for each procedure
  - Statement that no assurance is expressed
  - Restriction on use and distribution, if applicable
- 2 Objective Presentation of Findings:** Reports must present findings in a neutral tone without interpreting results.
- 3 Avoiding Misinterpretation:** It is essential to avoid language that could imply audit, review, or other assurance-level engagement. Misinterpretation can result in misleading reliance.
- 4 Restriction on Use:** The report should clarify that it is intended only for the specified users who have agreed to the procedures.

## PRACTICAL SCENARIOS AND USE CASES

### COMMON USE CASES :

- ▶ **Regulatory Filings:** Regulatory bodies may require specific factual checks (e.g., compliance with subsidy terms).
- ▶ **Financial Due Diligence:** In M&A or investment deals where, agreed procedures are executed on financial records.
- ▶ **Grant Audits:** Donors may request verification of expenditure against specific terms.
- ▶ **Operational Reviews:** Management may request checks on internal policy compliance, procurement processes, or HR documentation.

### EXAMPLE SCENARIO

A company receives a government grant and the authority requires confirmation that funds were spent only on R&D. The practitioner performs procedures like examining expense reports, payroll, and vendor contracts—and reports findings without drawing conclusions.

## BENEFITS, LIMITATIONS, AND BEST PRACTICES

### BENEFITS

- Cost-effective and focused engagements
- High relevance to users with specific information needs
- Flexibility to cover both financial and non-financial matters
- Increased transparency through fact-based reporting

### LIMITATIONS

- No opinion or assurance provided
- Risk of misinterpretation by non-specified users
- Effectiveness relies on clarity and completeness of agreed procedures

### BEST PRACTICES FOR PRACTITIONERS

- Ensure mutual understanding with the engaging party
- Clearly define and document scope and procedures
- Avoid subjective interpretations in the report
- Maintain robust documentation of work performed

### FINAL THOUGHT :

ISRS 4400 (Revised) supports today's demand for more customized, relevant, and transparent assurance-related services. It enables practitioners to contribute value by providing clarity and reliability without stepping into assurance territory.

## SAMPLE REPORT ON AGREED UP ON PROCEDURES

### INDEPENDENT PRACTITIONER'S REPORT ON AGREED-UPON PROCEDURES (ISRS 4400 (Revised))

**To:** The Management of XYZ LLC

**Subject:** Agreed-Upon Procedures on HR Compliance for the year ended 31 December 2024

We have performed the procedures agreed with you and described below with respect to HR compliance of XYZ LLC for the year ended 31 December 2024.

This engagement was conducted in accordance with **International Standard on Related Services (ISRS) 4400 (Revised)**, Agreed-Upon Procedures Engagements, issued by the International Auditing and Assurance Standards Board (IAASB). The procedures were performed solely to assist you in evaluating compliance with internal HR policies and applicable labor regulations.

The procedures and findings are outlined below.

#### Purpose of the Engagement

The purpose of this engagement is to assess factual compliance with selected human resource policies and regulatory requirements. This includes aspects related to employee documentation, payroll processing, leave management, and compliance with employment contracts and local labor law.

Management is responsible for ensuring HR policies are consistently applied and compliant with legal and internal standards.

#### Procedures Performed and Factual Findings

Procedure	Factual Findings
1. Selected a sample of 30 employee files and verified presence of: (a) Signed employment contracts (b) Valid Emirates ID and visa copies (c) Job descriptions aligned with role titles	(a) All sampled files had signed employment contracts. (b) 2 files were missing updated visa copies. (c) 3 files did not have updated job descriptions.
2. Reviewed payroll records for 3 selected months and traced salary payments to bank transfer records.	All payroll records matched with the approved salary structure and were supported by bank transfer confirmations.
3. Tested compliance with UAE WPS (Wage Protection System) for 3 months.	WPS files were submitted on time for each month. No WPS-related fines or delays were noted.
4. Reviewed leave records for 25 employees and checked alignment with internal leave policy and labor law.	All leave entitlements were in line with policy. However, 2 cases showed late approval of leave requests post leave start date.
5. Verified gratuity provision calculation for 10 employees based on tenure and last drawn salary.	Gratuity provisions were correctly calculated as per UAE labor law in all cases tested.

**Note:** The procedures were performed exactly as agreed upon, without deviation.



### Restriction on Use of Report

This report is intended solely for the use of XYZ LLC, for the purposes described above. It should not be used by or distributed to any other parties or for any other purpose without our prior written consent. We do not accept responsibility to any party other than those specified.

### Ethical Requirements and Independence

We have complied with the ethical requirements of the IESBA Code, including integrity, objectivity, and professional competence. However, independence is not required for this type of engagement, and we make no representation that we are independent of XYZ LLC.

We do not express an audit opinion or review conclusion. Had we performed additional procedures, other matters might have come to our attention.

Yours faithfully,

For and on behalf of [Advisory Firm Name]

[Practitioner's Name & Signature]

[Designation]

[Date]

[Place]

#### **Stay informed. Stay transparent. Stay relevant.**

For support on ISRS 4400 engagements, reach out to EVAS Constantin – your trusted partner in assurance and advisory services.



# ISRS 4400

# EVENTS

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2025







# Iftar Party





# Team EVAS



“

The strength of the team is each individual member. The strength of each member is the team.

- Phil Jackson -

”

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