ACCOUNTING & FINANCE · 20 JULY 2026 · 10 MIN READ

Audited Financial Statements in the UAE: Requirements, Readiness and Evidence

Current corporate-tax audit triggers are only one part of the obligation analysis. Audit readiness begins with reconciled balances, documented policies and evidence built throughout the year.

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EDITORIAL GUIDE

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> An audit is not a year-end request for documents. It is an independent examination of financial statements produced by management. The quality and cost of the audit therefore depend on the quality of the accounting process that exists before the auditor arrives.

For tax periods beginning on or after 1 January 2025, Ministerial Decision No. 84 of 2025 requires audited financial statements for a taxable person that is not a tax group and has revenue exceeding AED 50 million in the relevant tax period, and for every Qualifying Free Zone Person. A tax group must prepare audited special-purpose financial statements under the form and procedures specified by the FTA.

Current corporate-tax audit triggers

REVENUE THRESHOLD	A taxable person outside a tax group must prepare and maintain audited financial statements when revenue exceeds AED 50 million in the tax period.
FREE ZONES	A Qualifying Free Zone Person must prepare and maintain audited financial statements.
TAX GROUPS	The tax group prepares audited special-purpose financial statements; the decision addresses the group rather than requiring every member to produce audited standalone accounts for this purpose.
EFFECTIVE PERIODS	Ministerial Decision No. 84 of 2025 applies to tax periods beginning on or after 1 January 2025.

Separate the corporate-tax rule from other obligations

The AED 50 million threshold is not a universal exemption from audit. A company’s legal form, licence, free-zone regulations, banking arrangements, shareholder agreement or financing documents may require an audit at a lower revenue level. Federal Decree-Law No. 32 of 2021 on Commercial

Companies contains accounting and audit requirements for companies within its scope, while particular free zones and regulators have their own rules.

Management should prepare an obligation matrix covering corporate tax, company law, the licensing authority, lenders, investors and group reporting. Record the financial year, filing or submission deadline, accounting framework, auditor-appointment process and any local auditor-registration requirement. Review it when the business changes legal form, enters a free zone, obtains finance or joins a group.

Do not wait for revenue to cross the threshold before creating auditable records. The first audit often covers opening balances inherited from earlier periods. If inventory, fixed assets, shareholder balances and customer receivables have never been reconciled, the auditor may be unable to obtain sufficient evidence later.

Management owns the financial statements

The auditor provides an opinion; management prepares the accounts and is responsible for internal control. This means selecting the applicable accounting framework, approving accounting policies, making estimates and assessing whether the entity can continue as a going concern.

Under Ministerial Decision No. 114 of 2023, taxable persons apply IFRS, while those with revenue not exceeding AED 50 million may apply IFRS for SMEs. That policy choice affects recognition, measurement, presentation and disclosures. It should be documented early and applied consistently, not decided after a draft is sent to the auditor.

Prepare a financial-statement disclosure checklist and a technical issues register. Typical matters include revenue contracts, leases, related parties, foreign currencies, provisions, financial instruments, expected credit losses, impairment, subsequent events and corporate tax. Complex or unusual transactions should be discussed before year-end, while evidence and counterparties are available.

Build the audit file from reconciled balances

A prepared-by-client list is useful only if documents agree with the final ledger. Begin with a locked trial balance and a mapping to every financial-statement line. Each material balance needs a lead schedule and supporting reconciliation. The file should show the population, calculation, source and review, not just a collection of invoices.

For revenue, preserve contracts, amendments, delivery evidence, acceptance, credit notes and the cut-off analysis. For receivables, provide the ageing, subsequent receipts, disputes and expected-credit-loss assessment. Inventory requires item-level records, count instructions, count results, valuation and obsolescence analysis. Fixed assets require purchase support, ownership, location, useful lives and disposal evidence.

Cash should reconcile every bank account, including dormant, merchant, deposit and restricted accounts. Liabilities require supplier statements, unmatched receipts, unrecorded-liability testing and loan confirmations. Related-party balances need complete identification, transaction terms and confirmations where appropriate.

> *"Audit readiness is the ability to move from a reported number to reliable evidence without rebuilding the story."*

Resolve opening balances and equity early

Opening balances are frequently the hardest area in a first-year audit. Historical bookkeeping may contain suspense accounts, unsupported shareholder loans, assets carried without registers and receivables that are no longer recoverable. These cannot be solved by changing the opening trial balance without analysis.

Create an opening-balance project. Trace material assets and liabilities to prior statements, bank records, contracts, tax filings and counterparties. Reconstruct the movement where evidence permits. Escalate unsupported items to management and obtain technical advice before adjustment. The correction may affect retained earnings, tax, related-party disclosures or previous periods.

Equity records should agree with constitutional documents, share registers, capital contributions, dividend approvals and legal reserves where applicable. Payments by or for shareholders should not remain indefinitely in miscellaneous accounts.

Manage estimates as governance decisions

Auditors will challenge estimates using historical outcomes, current evidence and external information. Management needs a documented method and approval process for expected credit losses, inventory obsolescence, provisions, useful lives, impairment and going concern.

A going-concern assessment should cover at least the period required by the applicable framework and should be consistent with approved cash forecasts, financing terms and post-balance-sheet performance. Sensitivities should be credible. Assuming that every overdue customer pays and every facility renews is not a stress test.

Maintain a schedule of uncorrected differences and control deficiencies throughout the audit. Management should understand why it accepts an uncorrected item and whether several individually small items create a material pattern. Control findings need owners, dates and closure evidence.

Protect independence and the timetable

Appoint the auditor through the correct corporate process and confirm independence before work begins. Agree scope, reporting framework, locations, component auditors, inventory attendance, deadlines and communication with those charged with governance.

A realistic timetable includes planning, interim control work, year-end fieldwork, technical review, management approval and issuance. Book audit-committee or shareholder dates backwards from statutory and tax deadlines. Assign one finance coordinator to control requests and versions, but keep business owners responsible for operational evidence.

01	**Confirm obligations:** Review tax, company, licence, lender and shareholder requirements.
02	**Choose the framework:** Document IFRS or permitted IFRS for SMEs policies.
03	**Close cleanly:** Lock the ledger only after material accounts are reconciled and reviewed.
04	**Prepare evidence:** Link every lead schedule to complete and reliable support.
05	**Address judgement:** Approve estimates, going concern and unusual transactions with evidence.
06	**Remediate:** Track audit differences and control findings to verified closure.

The best audit outcome is not merely an opinion issued by a deadline. It is a financial reporting process that management trusts, regulators can follow and investors can interrogate. Businesses that build that process monthly avoid paying for a year of weak controls in one compressed audit season.

Official sources

1. **Ministry of Finance: Ministerial Decision No. 84 of 2025**
2. **Ministry of Finance explanation of the 2025 audited-financial-statement rules**
3. **Federal Decree-Law No. 32 of 2021 on Commercial Companies**
4. **Ministry of Finance: Ministerial Decision No. 114 of 2023**

Online edition: **https://iraaglobal.com/insights/uae-audited-financial-statements-requirements-readiness/**

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