

Case Study

Renowned Aquaculture Company from the UAE

Service(s) offered: **Finance Controllership, Entity Setup and Management**

Sector/Industry: **Food Industry**



Implementing Distinct Financial Records to Ensure Full Compliance with the UAE Tax Regulations

Overview

Headquartered in the UAE, the client is a global leader in aquaculture and pet nutrition and has had a long-standing association with Nexdigm. Since the beginning of this relationship, Nexdigm has been consistently supporting the client's headquarters with accounting and compliance services, alongside managing centralized expense booking and subsequent recharges to group entities based on their respective cost centers.

The client's operations were spread between two branches within the UAE, one in the Mainland and another in a Free Zone. Until recently, accounting records for both branch locations were consolidated.

In light of new corporate tax laws, the client, like many others in its domain, required the entries to be split up between two branches with retrospective effect from inception of the FY under consideration so as to separately track income and expenses for Mainland and Free Zone branches. This was inevitable to ensure compliance.

Challenge

With no clear identifier to link entries to specific branches, each entry had to be reviewed individually. While Nexdigm had supported similar situations before, prior cases were handled manually — an approach no longer viable due to:

Case Highlights

- Achieved an accuracy rate of 99.8%.
- Processed over 2,000 entries with precision.
- Managed financial operations across two branches.
- Collated data for multiple cost centers efficiently.
- Completed the project within 45 working days.
- Ensured timely UAE tax compliance, provided customized financial reports, and enabled scalable financial operations.

High Volume of Data

The number of entries had grown significantly — over 2,000 for the current year — making manual review extremely time-consuming.

Limited Timeframe

The task had to be executed within a tight timeframe, as the books needed to be closed in time for the statutory audit to begin.

Real-Time Reporting Requirement

The client required updated records that could be viewed both as a consolidated set and separately for each branch, and visibility for both to be available on a real-time basis.

Complicating matters further, the client's ERP system lacked key functionalities such as data backup, cost center allocation, and consolidated reporting. A system overhaul was not an option, as the ERP was deployed globally.

Solutions

Nexdigm implemented a structured and proactive approach to resolve the crisis:

- After conducting thorough research of potential solutions within the existing ERP framework, we identified an advanced version of the system that offered key benefits, including cost center accounting, data backup and restoration capabilities, and customizable reporting formats for both consolidated and branch-specific financial views.
- To mitigate the risk of data loss, the existing license was upgraded to this advanced version, and an additional license with the enhanced features was procured.
- A pilot run was conducted using a select set of sample entries to thoroughly test the solution before its full-scale implementation.
- The original data, containing consolidated figures, was preserved in the existing license, while a backup was taken and restored in the new system.
- After successful outcome from the pilot run, the ERP system was then configured to ensure all accounting entries were properly mapped to their respective locations and cost centers, facilitating detailed and accurate reporting.
- Customized financial reports were developed, giving the client access to consolidated, branch-specific, location-wise and cost center-wise reports.

Impact

The identification and seamless implementation of the advanced ERP version not only ensured the client's compliance with UAE tax regulations but also provided access to customized financial reporting. This enabled the client to make informed decisions for both locations, facilitate branch-specific adjustments, and strengthen internal controls.

With detailed financial records for each branch, the client is now better equipped for audits and can ensure full compliance with tax laws. The clear separation of financial data enhances reporting transparency to regulatory authorities.

The transition to advanced ERP also positions the client for future growth, allowing for scalable accounting systems as they expand operations or open new branches. Additionally, the data backup and restore functionality has helped mitigate the risk of data loss, further safeguarding their financial information.

Adding to this feat, the entire process of execution, reconciliation and review hit a new efficiency benchmark, resulting in successful completion of the process within a short window of 45 working days.

For more information on this case study, please write to us at:

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You can also visit our website to know how our services resulted in tangible business benefits:

www.nexdigm.com