



CIPC and XBRL

PRESENTED BY:
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Presenter

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- M. Com Chartered Accountancy (Auditing)
- Lecturing experience: NWU, UCT, Damelin
- Founder: The Audit Pro (www.theauditpro.com)
- Founder: Born2Count
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Course Outline

Table of Content

1. Introduction to XBRL and CIPC

- a. Relevance of XBRL and CIPC topic at the moment

2. What is XBRL?

- a. What is the XBRL process?
- b. Where, in terms of legislation, does the XBRL process fit in/ why XBRL?
- c. XBRL - friend or foe
- d. How does it work?

3. What is the difference between filing of Annual Financial Statements (AFSs) and Financial Accountability Statements (FASs)

4. How to determine which sets of financial statements needs to be tagged using XBRL

Table of Content

5. Deadlines for filing

6. More on the Validation Process

7. Who is responsible for filing XBRL financial statements and when can the accountant assist?

8. FAQ's

LEARNING OBJECTIVES

At the end of the webinar you will have knowledge of:

- What XBRL is and why it is necessary;
- Which companies are affected;
- How to submit financial statements in the XBRL format;
- The filing deadlines; and
- The role of the accountant/ auditor in filing XBRL
- Answers to FAQ's on XBRL

Quote Inspiration

“It’s often said that ‘data is the new oil.’ Instead, we’d argue that it’s trust that will decide whether businesses - and the Fourth Industrial Revolution itself - succeed. There is both a moral and business imperative to do more than increase profits. My fellow CFO’s and other leaders should respond to today’s rapid technological and societal change by taking a long-term view.”

- Mark Hawkins

President and Chief Financial Officer, Salesforce

1A RELEVANCE OF XBRL

- XBRL submissions became mandatory in SA from 1 July 2018

At the moment:

- Super relevant topic!
- Feb 2020 - CIPC announces compliance drive
- Jan 2020 - CIPC Checklist implemented as part of annual return process
- 2019 - CIPC slammed a couple of companies with 10% penalty on revenue for non submission

<https://accountingweekly.com/not-filing-your-annual-financial-returns-expect-a-visit-from-a-cipc-inspector/>

<https://accountingweekly.com/cipc-compliance-checklist-raises-concerns/>

<https://www.kilgetty.co.za/cipc-penalties-lead-in-article/>

<https://accountingacademy.co.za/news/read/cipc-compliance-checklist-raises-concerns>

2 WHAT IS XBRL?

- Extensible Business Reporting Language
- Digital reporting standard for business and Financial Data Exchange
- Way to communicate business information
- Developed and managed by global non-profit consortium (XBRL International)
 - www.xbrl.org
- XBRL vs iXBRL
 - iXBRL = Inline XBRL (a type of XBRL)
 - For the purpose of this webinar I'm using XBRL / iXBRL interchangeably

2A WHAT IS THE XBRL PROCESS?

- Similar to “barcoding”
- Similar to “mapping”
- End product = iXBRL file (XBRL instance)

2B XBRL LEGISLATION

- Companies Act of South Africa, 71 of 2008 requires registered entities to maintain & file accurate financial records
- And for the CIPC to monitor compliance
 - Section 28 - Accounting Records
 - Section 29 - Financial Statements
 - Section 30 - Annual Financial Statements
 - Section 33 - Annual Return
- XBRL assists CIPC to monitor compliance

2C XBRL - FRIEND OR FOE?

- People don't like change.
- BUT....
 - Long-term view
 - Increased relevance of profession <https://www.xbrl.org/audited-digital-financial-statements/>
 - Increased relevance & credibility for SA
<https://accountingweekly.com/it-just-got-a-whole-lot-easier-to-do-business-in-sa/>
 - Improved regulation of registered entities
 - Increased cost of compliance to companies in the short term, but decreased cost of compliance in the long term
 - More work for accountants/ additional revenue stream

2D HOW DOES IT WORK?

- CIPC publishes updated XBRL taxonomy
- CIPC works with panel of approved service providers & open source project
 - <http://www.cipc.co.za/index.php/xbml-programme/>
 - <http://arelle.org/arelle/>
- Accountant prepares the iXBRL file using software from the approved service providers
- iXBRL file uploaded to CIPC

2D HOW DOES IT WORK?

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2D HOW DOES IT WORK?

- Accountant prepares the iXBRL file using software from the approved service providers (Different depending on solution), but usually:
 - Automatic tagging based on ‘mapping’ of financial statements
 - Review automatic tagging AND
 - Complete mandatory tagging fields not yet completed
 - Manually override/ fix inaccurate tagging if necessary
 - Add footnotes with explanations for zero values in mandatory tagging fields
 - Export XBRL file
 - Validate XBRL file locally (if not valid repeat step b)

2D HOW DOES IT WORK?

- Accountant prepares the iXBRL file using software from the approved service providers (Different depending on solution), but usually (continued):
 - Validate XBRL file on CIPC (by uploading)
- Get confirmation of successful submission from CIPC (if not successful- need to fix - more on this later)
- Send confirmation of submission to client
- On a practical note - don't have to compile or audit AFS to prepare XBRL file
 - Clients may send in word, excel or pdf format
 - <https://youtu.be/dNupZm-rPlw>

3 AFS VS FAS

- All annual returns need to be accompanied by either:
 - AFS - Annual Financial Statements (XBRL)
 - FAS - Financial Accountability Supplement (online form)

4 WHICH AFS NEED TO BE SUBMITTED USING XBRL

Who has to file using XBRL?
(from FAQ's - included in notes)

- ALL Statutory Audits HAVE TO
(required by the Companies Act 71 of 2008 to audit)
- ALL Voluntary Audits MAY
(audit required by shareholder's resolution or board decision)
- ALL Reviews MAY
- ALL other entities SHOULD NOT (FAS)

4 WHICH AFS NEED TO BE SUBMITTED USING XBRL

Statutory Audits:

- Public Companies
- Required by MOI (required by statute - e.g. FSP, Estate Agent)
(If not required = amend MOI!!!)
- Company PIS ≥ 350
- Company PIS ≥ 100 if AFS compiled INTERNALLY
- Company; holds assets in fiduciary capacity > R5mil
- State-owned companies that use IFRS framework

5 DEADLINES FOR FILING

- Still the same as before XBRL
 - Companies - within 30 business days after the anniversary date of incorporation
 - Close Corporations - within anniversary month of incorporation up until the month thereafter
- If non-compliance
 - Penalty (Up to 10% of revenue)
 - Reportable Irregularity

5 DEADLINES FOR FILING

- November 2019 - Guidance Note 2 of 2019
 - CIPC clarifies confusion over the finalisation of the annual financial statements requirement

Extract from Guidance Note 2 of 2019 issued by CIPC:

“Therefore, all companies and close corporations do not have to wait for the finalization of its AFS or file interim AFS, when submitting its annual returns. The regulations clearly state that the latest, meaning the previous financial year’s AFS, must be used if the current financial year and is not yet finalised,”

5 DEADLINES FOR FILING

Example:

Company XUZ Ltd has a financial year end of February but its registration date is 25 June. When filing its 2020 annual return during the 30 business day period starting 26 June 2020, which set of financial statements must they use to prepare the XBRL file for submission with the 2020 annual return?

5 DEADLINES FOR FILING

Example:

Company XYZ Ltd has a financial year end of February but its registration date is 25 June. When filing its 2020 annual return during the 30 business day period starting 26 June 2020, which set of financial statements must they use to prepare the XBRL file for submission with the 2020 annual return?

Answer:

The signed financial statements for the financial year ended 28 February 2019

5 DEADLINES FOR FILING

- COVID19 Impact:
 - Announcement 24 March 2020 - closing down all services until 1 April 2020
 - Limited services resumed from 1 April 2020
 - Other services resume only after lockdown
 - Annual returns due during the lockdown period, may be filed until 30 April 2020
 - no penalties
 - no deregistration
 - Annual returns due outside the lockdown period will not get any reprieve even if affected by COVID19

6 VALIDATION PROCESS

- Once XBRL file uploaded to CIPC portal;
 - receive email notification with one of three statuses:
 - Validation failed
 - Validation successful with warning errors
 - Validation successful

6 VALIDATION PROCESS

- Validation failed
 - “Mandatory errors”
 - Errors have to be fixed before file can be submitted
 - Not recognised as filing (for purposes of penalties & deregistration)

6 VALIDATION PROCESS

- Validation successful with warning errors
 - “Warning errors”
 - Reasonability tests/ Edit checks, e.g. Public Interest Score doesn’t seem right; dates don’t make sense
 - Empty fields (even if footnotes)
 - CIPC has communicated that we shouldn’t worry too much about warning errors for now...
 - Does count as filing (for purposes of penalties & deregistration)
 - Can fix the XBRL file and then upload the new file
 - CIPC able to view both files, but will regard latest submission as final submission

6 VALIDATION PROCESS

- Validation successful
 - Does count as filing (for purposes of penalties & deregistration)

7 WHO IS RESPONSIBLE?

- Board of directors are responsible
 - Can be held liable i.t.o. s215(2)(e) of Companies Act, if knowingly provides false information to the Commission (due care when preparing and filing XBRL)
 - Person convicted of offence could be held liable to a fine, imprisonment not exceeding 12 months or both i.t.o. s216(b)

7 WHO IS RESPONSIBLE?

- Auditor/ Accountant may assist with preparing and filing XBRL instance, BUT
 - Responsibility remains with directors
 - Engagement letter!!!
- Auditor may assist because IRBA currently views the lodgin of annual returns as routine secretarial work and therefore outside the scope of s90 of Companies Act
 - Be careful not to step into 'governing role'
 - Specify duties & responsibilities in engagement letter

(SAICA template included in additional resources)

8 FAQ's

1. If something isn't working on the CIPC portal and I don't know what to do who do I contact?

- Software service provider
- Email CIPC directly at XBRL@cipc.co.za
- Email the iXBRL project manager at CIPC (details at <http://www.cipc.co.za/index.php/xbml-programme/>)
- Call CIPC call centre on 086 100 2472

8 FAQ's

2. How do I get the signed audit report and directors report into the XBRL file?

- Not possible, not necessary
- Was mandatory before, not a requirement anymore
- But have to confirm online that the signed copies of these documents are available via checkbox

8 FAQ's

3. Can I do my XBRL tagging work in excel?

- Not just yet (you need an add-on that complies with the taxonomy released by CIPC)

- In the US:

https://gsuite.google.com/marketplace/app/xbrl_api_access/1022892734367

- You can convert an XBRL file to excel online:

- <https://xbrl2excel.be/>



Q&A

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technicalquestions@accountingacademy.co.za

**Thank you for your
participation**

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