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How to prepare your Financials for xBRL

Presented by Caryn Maitland and Joshua Alexandre
2020

Agenda

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- Understanding the requirements of the Companies Act
 - assurance, accounting framework, annual return submissions etc
- Practical tips and suggestions to check your compliance with
 - IFRS for SME's and
 - the Companies Act
- Understanding what xBRL is, and
- The mechanisms/software needed to convert your financials to the required format
- Potential Solutions
 - Draftworx
 - CaseWare
 - DataTracks
 - InfoDocs (integrated with above)

What is xBRL?



- eXtensible Business Reporting Language,
 - is an XML standard for tagging business and financial reports to increase the transparency and accessibility of business information by using a uniform format
- International taxonomy
- **XBRL** enables preparers to utilize software
 - to tag all financial items in their business reports to the elements within a taxonomy.
 - This is accomplished with an Instance Document which can be electronically exchanged and validated between computers or viewed in a human readable format (this is called rendering)

Understanding the requirements of the Companies Act

S33 Annual Returns

- Must file within prescribed period after end of anniversary of incorporation
- Required form and fee
- Include
 - **audited** AFS
 - Any other prescribed info
- Every year must designate a person who is responsible
 - No company secretary??

Who must be audited?

- Per the Act (S30)
 - Must be audited if Public, state owned or required by Regulations
 - Primary activity to hold assets in a fiduciary capacity of > R5 million
 - NPO: state involvement or foreign
- Per the Regulations
 - Public Interest Score
- MOI??
- Voluntary audit??

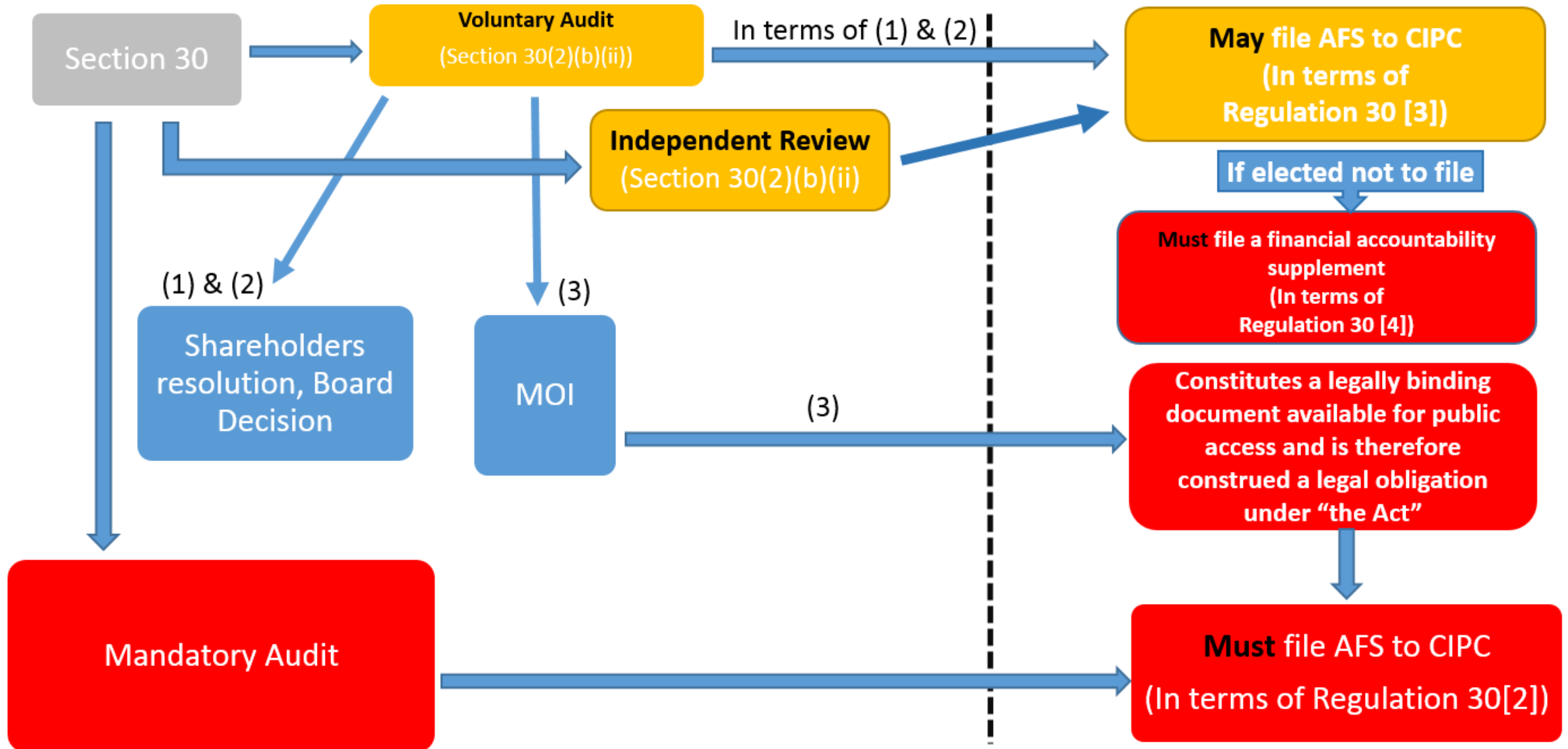
Independent Review vs. Audit

	Always require an audit (never exempt)	
Over 350 points		
Between 100 and 350	AFS's internally compiled (by Co employee)	AFS's externally compiled (by an independent accounting professional)
	Will require an audit (never exempt)	Will be independently reviewed unless exempt per S30(2A) – owner managed
Under 100 points	Will be independently reviewed unless exempt per S30(2A) – owner managed	

PER CPIC SITE : Who is Affected by the XBRL Mandate?

Audit decision tree

Filing obligation



CIPC FAQ's

INTERESTING NOTES / FACTS FROM CIPC SITE

- From FAQ on CIPC Site – [Specifics on Entities & requirements for XBRL.](#)
 1. Every domestic subsidiary needs to submit their own individual AFS, while foreign subsidiaries not registered with the CIPC don't have to. Parent entities must submit their own entity details plus consolidated details for ALL subsidiaries (domestic and foreign) in the same set of AFS.
 2. When a parent and subsidiaries have different dates of incorporation, the parent entity submit consolidated data for its subsidiaries as up to its own date of incorporation.
 3. A Co-operative will not initially be required to submit AFS via XBRL. However, this may possibly be required in future.
 4. Trusts are currently not regulated by the CIPC and therefore don't need to submit any AFS.
 5. Entities not required to have their AFS audited, may elect to voluntarily file their audited or independently reviewed AFS with their annual return.

INTERESTING NOTES / FACTS FROM CIPC SITE

- From FAQ on CIPC Site – Specifics on Entities From FAQ on CIPC Site: - [Who must comply in general:](#)
 - Submission of AFSs for CC's are therefore also be required via XBRL, subject to the same requirements applicable to other entities as stipulated by the Companies Act.
 - If your entity has a Memorandum of Incorporation that prescribes auditing of financial statements, you need to submit AFS's.
 - If your entity is a private or personal liability company if, in the ordinary course of its primary activities, it holds assets in a fiduciary capacity for persons who are not related to the company, and the aggregate value of such assets held at any time during the financial year exceeds R5 million, you need to submit AFS's;
 - If your entity is a private or personal liability company that compiles its AFSs internally (for example, by its financial director or one of the owners) and that has a Public Interest Score (PIS) of 100 or more, you need to submit AFS.

- If your entity is a private or personal liability company that has its AFSs compiled by an independent party (such as an external accountant) and that has a Public Interest Score(PIS) of 350 or more, you need to submit AFS's.
- Unless the your entity has opted to have its Annual Financial Statements audited or voluntarily included audit as part of its Memorandum of Incorporation (MOI), a private or personal liability company that is not managed by its owners may be subject to independent review if:
 - It compiles its AFSs internally and its Public Interest Score is less than100;
 - It has its AFSs compiled independently and its Public Interest Score is between 100 and 349 - Reg. 30 (3) makes it clear that entities “may” file a copy of their AFSs when their AFSs were independently reviewed.

INTERESTING NOTES / FACTS FROM CIPC SITE

3. From FAQ on CIPC Site: - [when to submit XBRL:](#)

a. As per current compliance process in the Act,

- entities submit their Annual Returns 30 business days after the annual anniversary of their Date of Incorporation,
- when submission of AFSs applies to them, except when an entity is a Close Corporation.
- CC's have 60 business days to submit their AFSs from the first day of the month of the anniversary of their date of incorporation

INTERESTING NOTES / FACTS FROM CIPC SITE

From FAQ on CIPC Site – [Potential Ethical Dilemma regarding who should prepare / upload the XBRL file:](#)

- The question arises whether the tagging of the audited financial statements would fall within any of the services that the auditor is prohibited to provide.
- The financial statements that will be required to be tagged in XBRL would be the finalized set of audited financial statements that would have been independently prepared, already approved by the directors and audited by the auditor with the audit report being issued.
- **The tagging of the amounts utilizing the finalized annual financial statements would not fall into any of the prohibited services in section 90(2).**
- Therefore, assuming that registered auditors would consider the IRBA Code of Professional Conduct for Registered Auditors to ensure that they meet the requirements dealing with independence, they will be allowed to tag on behalf of a client and submit the AFS's in XBRL format on behalf of the client, on condition that they didn't prepare the same set of AFS's that they audited, tagged and submitted to the CIPC.

Practical Tips on Compiling AFS

Practical Tips

- Audit Report / Compiler Report / Directors Responsibility
 - Mostly place holder pages (std docs)
 - Need to separately upload for the signed pages with their logos in PDF
 - Been OK for now, but starting to be problematic & rejections if the wording between signed PDF & Unsigned Placeholder Reports in the AFS not matching.
 - CIPC Website notes that PDF Signed Reports are no longer required. I have only come across those who are still uploading the PDF's still. ****RISK**
- Annual Returns now allow credit card payment immediately as you go online. CIPC implemented the requirements for XBRL from 1 July 2018 & changes nearly monthly since then.

Practical Tips – MAPPING....

- Many companies have uniquely designed business templates with the various software providers.
 - Often have mapping's specially created for the audit firm.
 - These remain as the packages are upgraded over time, but independent compilations and even first time XBRL submission these templates – when converted to XBRL may have the problem that the line item is not recognised for the XBRL conversion.
 - So increased time to manually (most of the platforms allow some manual checking & correction & manipulation) assign these to read in the correct XBRL section.
- Suggestion here that it is increasingly important to have your mapping align precisely to the mapping within the specific platform
 - not just the often generically used “e.g. other liabilities” “other assets”
 - even perhaps request design changes from the software firms to accommodate specific requests
 - this will save time for the audit firm / one generating the XBRL File.

Practical Tips - tagging

- Currently software packages (CaseWare, but guess across the board with CIPC) – “tags” every amount / line in the each statement in the financial statements to ensure shows as an individual unit in XBRL.
- The notes & other letters & other reports in the AFS are for now only block tagged - i.e. the whole report / reports & headings are the only sections shown apart on the XBR file
 - this will change - CIPC’s aim for alignment – phased in approach.
 - Ultimately each paragraph / concept, note & amount will have their own tag.
 - Even more reason to align your AFS sets with those of your software company standard mapping – to ensure that the auto tagging can work to save you time & headaches.
 - Allow your software partner’s development & research to work for you.
- In the words used by CIPC on their website: “All financial concepts pertaining to primary financial statements relevant to your organization, must be tagged individually. Besides these, there is a set of specific data elements which are mandatory to tag individually to avoid rejection of your AFSs. All other reports not part of the primary financial statements can be block tagged only.”

Practical Tips – Problematic issues

- General items that often cause issues with XBRL files in terms of compliance & “passing” CIPC submission –
- Cash & Cash Equivalents amounts
 - Should you split positive cash from overdraft cash in your Statement of Financial Position & Cashflow
 - The software may need you to intervene & specify which figure to use for cash. E.g. Cash on hand = R100 Bank Overdraft = (R10 000) you would then need to know to specify that “cash” is ultimately the combination for XBRL i.e. (R9 900)
- Deferred Taxation
 - as for the above the same may possibly occur for the Deferred Taxation Assets & Deferred Taxation Liabilities.
- Stating the obvious...– but important to ensure that your Statement of Financial Position & Cashflow Statements balance.
 - These imbalances may affect the XBRL file.
 - Any manual detailed income statement & where relevant, the supplementary information, must also balance to your Statement of Comprehensive Income or other statement as applicable – this part is more for future reference as the XBRL level of detail required becomes greater.

Practical Tips -

- Timing
 - The XBRL file is uploaded after compilation of the Audit & sign off of the AFS. When going back into the file to generate the iXBRL file ready for upload to CIPC you should not update / change anything from your final signed original!
- Current teething problems / issues.
 - One case fairly recently where a company needed to re-submit a prior year XBRL
 - May be due to CIPC request or that the company missed an annual return
 - The XBRL file errored & had to be regenerated afresh & re-uploaded for a successful filing. As CIPC & the Software platforms change frequently these sorts of issues are common.
 - Update versions all the time!!!.

Practical Tips – Warning Messages

- Question from Clients =
 - When I upload my XBRL data file, I receive “Warning” messages (usually 35 pages of them) Does this mean my filing will not be accepted by the CIPC?
 - From queries to the software company & CIPC’s response this is the reply to give to end user customers
- To receive “Warning” messages is normal and does not mean your submission will be rejected by the CIPC. Rejection only applies to “Errors”.
 - The purpose of “Warnings” is to make you aware of minor adjustments you should make and re-submit were you can, but even if you don’t re-submit, the CIPC will consider your submission as valid.
 - The AFS team looking at your submission afterwards will follow-up with you pertaining to “Warnings” where that may be applicable.
 - We deliberately built-in the “Warning” message functionality to ensure refinement as far as possible, but only “Errors” are considered serious enough for rejection of a submission. In both cases the system sends you details pertaining to “Warnings” and “Errors” so that you can take corrective action.

Practical Tips – Mandatory Information

- XBRL file generation requires certain additional mandatory information in addition to that usually requested and audited & used for Annual Financial Statements– this as per directive from CIPC.
- please see below quick checklist for the additional info (from Caseware) for the commonly missing additional information for the company needed to generate the XBRL file (for SME's only) (Full IFRS has additional requirements): - Suggest getting this on engagement as is often an issue to request this later from the auditor or from the company – depending on who is doing the annual return:

Additional Info required (SME)

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 - (Full IFRS has additional requirements)
 - Suggest getting this on engagement as is often an issue to request this later from the auditor or from the company – depending on who is doing the annual return:

Additional Info required (SME)

Annual Return Information

- a. Customer Code – for CIPC Site
- b. Name of the designated director, employee or other person who is responsible for the company's compliance with submitting an annual return and adherence to Chapter 3 of the Act
- c. Date of audit of the financial statements

Additional Info required (SME)

Company's Public Interest Score

- a. Average number of employees
- b. Maximum number of individuals with beneficial interest in securities of the company
- c. Liability amounts and other relevant information to calculate PI Score – if not automatically drawn from your software)
- d. Public interest score

Additional Info required (SME)

Additional Company Contact Information

- a. Email address of company
- b. Principle place of business of company
- c. Business address – Street Name, Postal Code, City, Country
- d. Company postal address
- e. Per CIPC – Cell Phone Number of Company (have not had this requested in practice)

Additional Info required (SME)

General Information about the Financial Statements

- a. Date of Final publication & Date of Final Signed Approval of Financial Statements
- b. Date Explanation for any section e.g. Other Comprehensive Income, Profit Before Taxation, Taxation, Each Cash Flow Section that is NIL for the current or prior financial year at issue.

Alternate to Page 3 – This one from CIPC Site in Colour :

Tsogo Sun Holdings Limited

(Registration number 1989/002108/06)

Annual Financial Statements for the year ended 31 March 2018

Mandatory Information Required for CIPC Submission (XBRL)

Annual return

Customer code SUNSEC

Name of the designated director, employee or other person who is responsible for the company's compliance with submitting an annual return and adhere to Chapter 3 of the Act Graham Tyrrell

Date of end of reporting period 2018-03-31

Select 'true' if the Annual Financial Statements have been audited. If not, select 'false' true

Name of auditor PricewaterhouseCoopers Inc.

Date of audit of Annual Financial Statements 2018-07-20

Company's public interest score

Average number of employees nil

Maximum number of individuals with beneficial interest in securities of company, or members in case of non profit company 8,266

Public interest score 11,112

A PI Score exceeding 500 MUST have the social and ethics committee report disclosed. Please attach this report as supplementary information on the CIPC portal

Company contact information

A PI Score exceeding 500 MUST have the social and ethics committee report disclosed. Please attach this report as supplementary information on the CIPC portal

Company contact information

Email address of company ilani.meadon@tsogosun.com

Principal place of business of company Montecasino
Boulevard,Fourways

Principal business of company

The company is a South African incorporated public company listed on the Johannesburg Stock Exchange ("JSE") and is the holding company of subsidiaries principally engaged in the hotels and gaming industry. There have been no material changes in the nature of the company's business from the prior year other than as mentioned in the annual financial statements.

General information about financial statements

Description of nature of financial statements Financial statements prepared
on the going concern value

Date of publication of financial statements 2018-07-20

Period covered by financial statements 12 months

Description of presentation currency Rand

Level of rounding used in financial statements 1,000's

Date of approval of annual financial statements 2018-07-20

In wrapping up the engagement

- Generally the automated XBRL file Generation, including the standard checks, Mandatory Info & error correction takes only around a **couple of hours to do**. This may be inflated up to 10 times should you be unable to find the error, however or reach you helpline for the software!
 - Man hours for manual capturing....

QUESTIONS

THANK YOU FOR YOUR PARTICIPATION



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