

The Companies and Intellectual Property Commission (CIPC) has introduced a new way of lodging the Annual Financial Statements ("AFS") which must accompany the Annual Returns of a company. The CIPC has mandated submission of AFSs for qualifying reporting entities via XBRL as from 1 July 2018.

What is XBRL?

XBRL (Extensible Business Reporting Language) is an Extensible Markup Language (XML)-based computer language for the electronic transmission of business and financial data. The goal of XBRL is to standardize the automation of business intelligence. XML is used to describe data. The XML standard is a flexible way to create information formats and electronically share structured data via the public Internet, as well as via corporate networks.

What is required?

As from 1 July 2018, all qualifying entities will be required to submit their latest available approved / audited statements on the first date of submission applicable to them. The first date for XBRL submission for every entity is determined by the anniversary date of their date of incorporation. The calculation of the first date of submission of a particular entity is different for close corporations and companies.

First date of submission of Annual Financial Statements via XBRL

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. Entities need to submit their latest final approved audited or independently reviewed AFS together with their Annual Returns, on the same day as their Annual Returns. The first date of submissions via XBRL, will be the first date of submission that falls on or after 1 July 2018, irrespective of the year of their latest final approved audited or independently reviewed AFS.

Which Entities will be using XBRL for submission of AFSs?

In terms of Section 33 of the Companies Act 71 of 2008, and regulations 28, 29 and 30 of the Companies Regulations of 2011, the following entities as they submit Annual Returns they need to also submit their AFS's through XBRL as from 1 July 2018

- All public companies
- Private companies (qualifying and currently submitting using PDF)
- State owned companies
- Non-profit entities
- Close Corporations (qualifying and currently submitting using PDF)

How to determine whether the entity needs to comply with the XBRL determination of the CIPC?

If any of the following criteria applies to the entity, the entity needs to comply:

- If the Memorandum of Incorporation (MOI) that prescribes filing of audited financial statements
- If the 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
- If the 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
- If the 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 PIS of 350 or more
- Unless the entity has opted to have its AFS audited or voluntarily included audit as part of its 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 PIS is less than 100
 - It has its AFSs compiled independently and its PIS is between 100 and 349

Usage of XBRL for filing of AFSs is mandatory for entities who must submit audited AFS. The usage of XBRL is also available for entities who chooses to file Independently Reviewed AFSs, but it is not mandatory. They can still file a Financial Accountability Supplement (FAS) as prescribed in Regulation 30 (4) Where a company is required to be audited the financial statements must include the audit report which means that the audit must also be finalized within 6 months after year-end.

Will XBRL files be required to be audited?

Qualifying entities will still be required to maintain audit or independent review requirements as currently prescribed by the Companies Act, but only the XBRL format of AFSs will be uploaded via the CIPCs portal. Entities are however required by the Act to keep audit and independent review reports for a period of seven years, and the CIPC can at any point request access to these reports.