



A FEW WORDS FROM **RAKESH BEEKUM**,
CHAIRMAN OF XBRL SA

► **INTERNATIONAL NEWS**

Updates to the global IFRS Taxonomy, IFRS Taxonomy Consultative Group consider digital reporting implications of the Exposure Drafts on Disclosure Requirements in IFRS Standards— A Pilot Approach and Management Commentary

**NEWS
LETTER**
October 2021

LOCAL NEWS ◀

THE CIPC HAS PUBLISHED ITS
2021 XBRL TAXONOMY

MONTHLY FEATURE: CIPC'S ANNUAL FINANCIAL
STATEMENTS REVIEW COMMITTEE (AFSRC) IN
CONTEXT - SUMMARY OF FINDINGS BY CUMA ZWANE

WHAT TO EXPECT ◀



Foreword



This month's feature | CIPC's Annual Financial Statements Review Committee (AFSRC) in Context



Local News | Local Regulators' News and Updates, XBRL Taxonomy Updates and Events/Recordings



Frequently Asked Questions, Queries and Practical Tips



International News | International XBRL Taxonomy news and Global Developments



Resources

FOREWORD

By Rakesh Beekum –
Chairman of XBRL SA



I trust that you are keeping well and safe during the lockdown easing. Please don't drop your guard, as the next wave is predicted in December 2021.

On the local front, CIPC is making headway in its XBRL journey with the publishing of its 2021 XBRL Taxonomy.

The next XBRL global event, Data Amplified, is expected to take place during the first half of 2022. We will use this platform to communicate the registration details.

Be safe!



MONTHLY FEATURE ARTICLE

By: Cuma Zwane: Investigator- Corporate Disclosure Regulation and Compliance Unit – CIPC

CIPC'S ANNUAL FINANCIAL STATEMENTS REVIEW COMMITTEE (AFSRC) IN CONTEXT

CIPC has as one of its objectives in Section 186 (1) (d), a responsibility to "promote compliance with the Act" and "the efficient, effective and widest possible enforcement of the Act" in terms of S186 (1)(e).

In terms of Section 187(3), the Commission must promote the reliability of financial statements by, among other things:

- i. Monitoring patterns of compliance with, and contraventions of financial reporting standards; and
- ii. Making recommendations to the Financial Reporting Standards Council for amendments to financial reporting standards, to secure better reliability and compliance.

Mandate

The mandate of the AFSRC, housed under the Corporate Compliance and Disclosure Regulation unit, stems from Regulation 30(5) of the Companies Regulations, 2011; read in conjunction with the Companies Regulation 27 and Sections 29, 30 and 33 of the Companies Act 71, of 2011 (Companies Act).

Regulation 30(5) reads:

The Commission-

(a) must establish a system to select and review a sample of financial accountability supplements, audited annual financial statements or independently reviewed annual financial statements that have been filed in terms of this regulation, with the objective of monitoring compliance with the financial record keeping and financial reporting provisions of the Act; and

(b) may issue a compliance notice to any such company setting out changes that are required to the company's practices to better comply with the financial record keeping and financial reporting provisions of the Act.

In pursuit of achieving the objectives of the abovementioned regulation, the overall purpose of the Corporate Compliance and Disclosure Regulation unit is to monitor compliance with the financial record keeping and financial reporting provisions of the Act.

Strategy Alignment

As part of a broader mission narrative of maintaining and disclosing secure, accurate, credible and relevant information regarding business entities, the Corporate Compliance and Disclosure Regulation's direct objective falls within CIPC's outcome-oriented strategic goal 1, which is to improve the competitiveness of the South African business environment. To achieve this, the unit engages in, inter alia; monitoring and enforcement activities aimed at:

- i. Improving compliance with the provisions of the Companies Act; and
- ii. Increasing the knowledge and level of awareness of the Companies Act and the International Financial Reporting Standards.

Annual financial statements reviewed

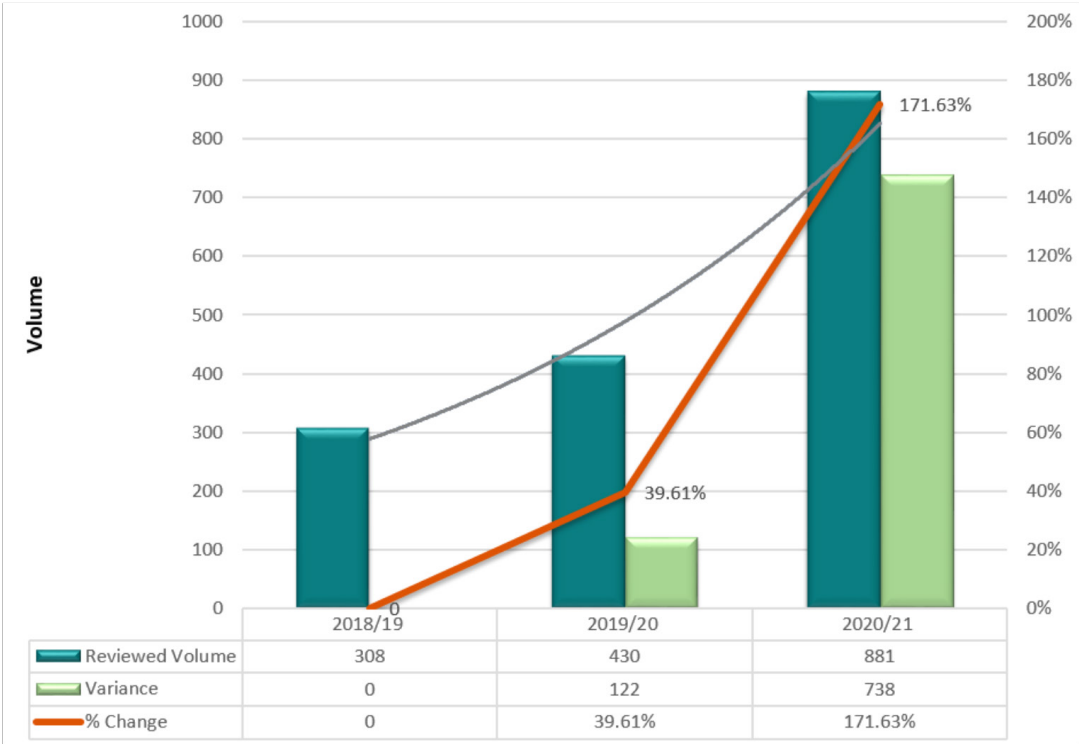
Sampling

The allocation criteria for each quarter was determined by the AFS stream, taking into account the disclosure risks associated with non-disclosures, i.e. companies potentially omitting content which is material for decision making, e.g. related party transactions; International Financial Reporting Standards (IFRS) disclosure requirements as required by the Companies Act and qualitative aspects associated with data quality, including correct tagging. Table 1.1 below summarises the criteria used for the 2020/21 FY allocations:

Table 1.1 Summary of Criteria used for FY allocations

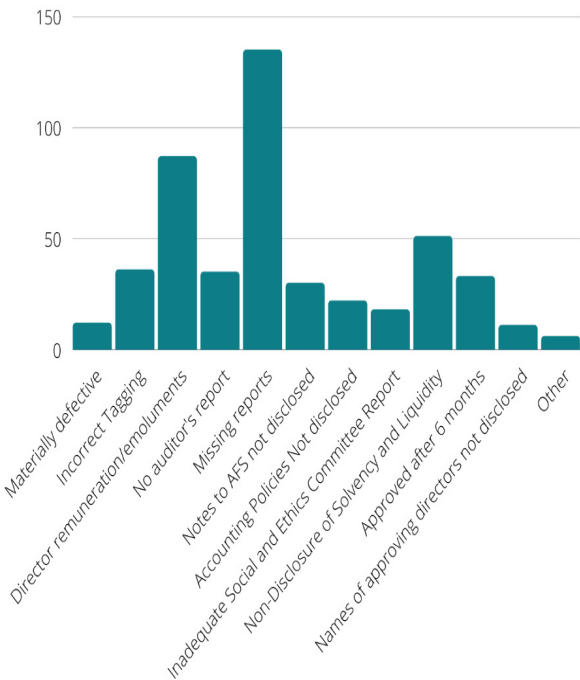
Year	Quarter	Allocations by industry or nature of business	Technical Focus Areas
2020/21	1	N/A	<ul style="list-style-type: none"> Qualitative: AFS whose filings were validated successfully without any warnings IAS 1
	2	N/A	<ul style="list-style-type: none"> Qualitative: Recommended software service providers (SSP) tagging and conversion output. Comparison of xhtml files for consistency across multiple filings by same SSP. IAS 1
	3	Ring-fenced companies	<ul style="list-style-type: none"> Qualitative: Revenue in relation to nature of business IAS 1
	4	N/A	<ul style="list-style-type: none"> Management commentary Quality of Auditors report Notes to the Financial statements

	01.07.'18-30.06.'19	2019/20	2020/21
Reviewed by Investigators	308	430	881
Change in volume	N/A	+122	+451
Cumulative Total	308	738	1619
%	N/A	+39.61%	+104.88%



Annual Financial Statements Review Committee Findings

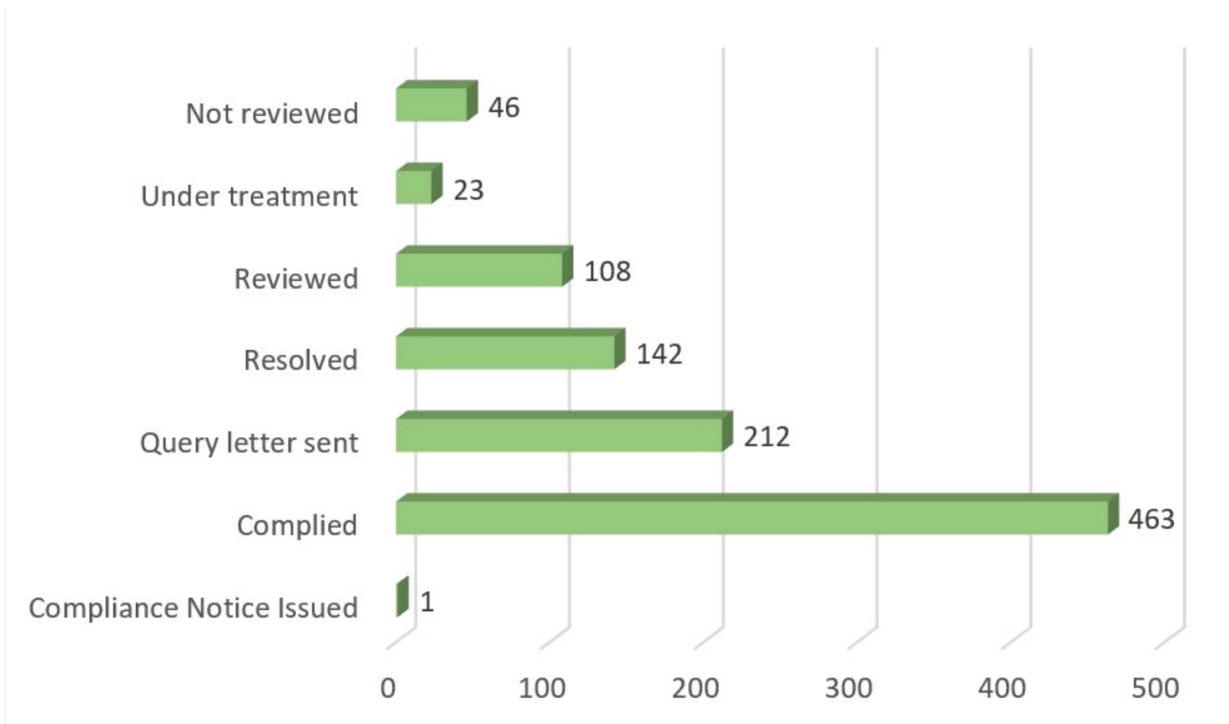
Summary of Findings



The granular detail of findings from the Annual Financial Statements (AFSs) sampled in the 2021/21 financial year-end, assessed in the context of accounting disclosures (IAS 1) and Companies Act requirements, revealed the following prevalent non-compliance areas:

- i. Tagging:
 - Incorrect use of block tagging
 - Incorrect tagging (value does not match tag)
 - Inadequate text (Name of tag used as value in tag)
 - Heading tagged, but no content in tagged element
 - Label of tag used as the value of the tag (e.g. Company Secretary inserted as the value for the input required in d: NameOfDesignatedPersonResponsibleForCompliance)
- ii. Omitted Reports
 - Auditor’s report
 - Director’s Report
 - Directors’ Responsibility and Approval
- iii. Other
 - Company secretary (CoSec) certificate section not disclosed
 - Name of approving CoSec not disclosed

Post-Review Compliance Statuses and Enforcement



212 of the companies whose AFS did not comply with the requirements of the Companies Act and the applicable financial reporting standards prescribed, per Regulation 26 of the Companies Regulations, 2011; received query letters instructing them to either refile the correct set of AFS or remedy the non-compliance in the forthcoming financial year. 66.98% of the companies remedied the non-compliance and had the status against their case changed to 'resolved'. 108 AFS did not expressly comply, but also did not have any material non-compliances. These were classified as 'reviewed' and included companies which did not have any assurance on their AFSs. 23 of the AFSs from the reviewed sample were still under treatment and needed further attention.

One Compliance Notice was issued to a public listed company. The matter was appealed through the Companies Tribunal, with the outcome being in favour of the CIPC. The company eventually refiled the requisite AFS and was subsequently issued with a Compliance Certificate.

The Governance Imperative

The onus of responsibility on the quality of AFS submitted to CIPC does not lie with the company secretary or the software service provider tasked with either tagging the AFS or rendering the iXBRL file. It lies with those charged with governance.

Any deviation in disclosures which triggers a Section 214 investigation may result in the Issuance of a Compliance Notice, with further implications in the form of an administrative fine to the tune of up to 10% of the company's revenue, per Section 171 of the Companies Act.

As such, directors and prescribed officers are exhorted to apply enough diligence to ensure that the iXBRL files that are submitted to CIPC meet the disclosure requirements prescribed in IFRS, International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) or Generally Recognised Accounting Practice (GRAP), as the case may be.





LOCAL NEWS

Local Regulators' News and updates

THE CIPC HAS PUBLISHED ITS 2021 XBRL TAXONOMY

In the 3rd anniversary of the CIPC XBRL programme and with over 38000 filings received to date, the CIPC has published its 2021 XBRL Taxonomy. More details on the changes made to the Taxonomy can be found below.

STATE-OWNED COMPANIES – GENERALLY RECOGNISED ACCOUNTING PRACTICE (GRAP) XBRL TAXONOMY MANDATORY FROM 1 OCTOBER 2021

As from 1 October 2021, state-owned companies owned by municipalities subject to the Public Finance Management Act and Municipal Finance Management Act preparing financial statements using GRAP are mandated to file financial statements via XBRL.

KNOW WHETHER YOUR COMPANY IS REQUIRED TO SUBMIT FINANCIAL STATEMENTS TO THE CIPC VIA XBRL

This [notice](#) outlines the companies which should be submitting financial statements to the CIPC via XBRL.

XBRL TAXONOMY UPDATES ◀

2021 CIPC XBRL TAXONOMY

The 2021 XBRL Taxonomy was released by the CIPC on 1 October 2021. This includes recently issued amendments to (IFRS) such as *Covid-19 Related Rent Concessions - Amendment to IFRS 16 - Leases, Property, Plant and Equipment- Proceeds before Intended Use* - Amendments to IAS 16 - *Property, Plant and Equipment* and Amendments to IFRS 17 – *Insurance Contracts*. The 2021 Taxonomy also includes the GRAP Taxonomy.

EVENTS/RECORDINGS

Recording – CIPC iXBRL Colloquium

CIPC iXBRL
Colloquium

The Colloquium was aimed at promoting iXBRL by informing delegates about the status, learnings and successes of the CIPC's Programme as a pioneering initiative in South Africa and to emphasise the potential that iXBRL offers for other regulators, government agencies and other users of financial statements.

Recording – SAICA XBRL event

SAICA
XBRL event

In this webinar, the CIPC provided an update on its iXBRL programme including sharing insights into the 2021 XBRL Taxonomy.

THE CIPC HAS PUBLISHED ITS 2021 XBRL
Taxonomy

STATE-OWNED COMPANIES – GENERALLY RECOGNISED
ACCOUNTING PRACTICE (GRAP) XBRL TAXONOMY

Events and Recordings

QUERIES

Any queries on the CIPC's XBRL programme can be submitted to XBRL@cipc.co.za

FREQUENTLY ASKED QUESTIONS

Will XBRL files be required to be audited?

Where can I find the CIPC XBRL taxonomy?

How do I know whether the entity I belong to needs to comply with the XBRL determination of the CIPC?

Obtain responses to these and many other questions on the CIPC XBRL programme answered in this [FAQ document](#).

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**FAQ's, Queries
and Practical
Tips**

SOCIAL MEDIA

INTERNATIONAL NEWS

International XBRL Taxonomy News and Global Developments

WHAT IS THE IFRS TAXONOMY AND HOW DOES IT APPLY TO SOUTH AFRICA?

The IFRS Taxonomy improves communication between preparers and users of financial statements that comply with IFRS Standards. Preparers can use the IFRS Taxonomy's elements to tag required disclosures, making them more easily accessible to users of electronic reports. The short video in the link provided above provides an introduction to the IFRS Taxonomy.

The IFRS Taxonomy Consultative Group (ITCG) reviews updates to the IFRS Taxonomy prior to public consultation and provides advice on IFRS Taxonomy-related issues. Moreover, the CIPC XBRL Taxonomy incorporates the IFRS Taxonomy and the latest version as published by the International Accounting Standards Board (IASB) during March 2021 was included in the 2021 CIPC XBRL Taxonomy.

UPDATES TO THE IFRS TAXONOMY

IFRS Taxonomy Update—Amendments to IAS 1,
IAS 8 and IFRS Practice Statement 2

The 2021 IFRS Taxonomy was published during March 2021. The next IFRS Taxonomy Update which incorporates Amendments to IAS 1 – *Presentation of Financial Statements*, IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors* and IFRS Practice Statement 2 *Making Materiality Judgements* is expected to be published during November 2021.

ACTIVITIES OF THE ITCG

The ITCG met during September 2021 to discuss:

- The digital reporting implications of the IASB's proposals for reporting information in **management commentary**
- The addition of new elements and calculation to enable tagging of reconciliation of denominator in calculation of earnings per share;
- The addition of a new table for Antidilutive instruments;
- Depreciating existing elements and creating new elements for tagging of 'other' component of other comprehensive income; and
- Other technology topics.

Download the summary of deliberations from the June 2021 ITCG meeting. The discussion topics at this meeting included the digital reporting implications for the Exposure Draft Disclosure Requirements in IFRS Standards—A Pilot Approach and IFRS Taxonomy content—tagging comparative information reported in accordance with a superseded IFRS Standard.

The ITCG is a consultative group of the International Accounting Standards Board (IASB) that assists in providing a technical advisory and review forum in which members can contribute towards the development of the IFRS Taxonomy. A representative from the CIPC currently serves on the ITCG.

Financial Accounting Standards Board (FASB) published proposed amendments to 2022 SEC Reporting Taxonomy

FASB Issues Proposed Changes and Technical Guide for 2022 SEC Reporting Taxonomy

The FASB has issued draft technical and other conforming improvements to the 2022 SEC Reporting Taxonomy (SRT), used in the US for reporting to the Securities and Exchange Commission. Comments are due by 1 November 2021.

SASB Standards XBRL Taxonomy now available for machine readable ESG reporting amendments to 2022 SEC Reporting Taxonomy

Release of SASB Standards XBRL Taxonomy Accelerates Structured Reporting of ESG Data

The Value Reporting Foundation has officially released the SASB Standards XBRL Taxonomy, in an important step forward for structured sustainability reporting. The key objectives of the Taxonomy are to simplify the disclosure process for businesses and improve the quality, usefulness and comparability of environmental, social, and governance (ESG) disclosures to investors.

Global Developments

WHAT IS INLINE XBRL OR IXBRL AND WHAT ARE THE BENEFITS OF IXBRL?

This blog explores what iXBRL is and the benefits of using iXBRL. Some of the benefits noted include making financial information machine-readable, making financial information more usable and driving consistency in financial reporting.

XBRL DEVELOPMENTS IN INDIA

XBRL based Compliance filings for Debt Listed Issuers

India Stock Exchanges have issued circulars requesting XBRL-based compliance filings from all listed debt issuers. In terms of the circulars credit rating, interest payment, redemption payment and default history information are submitted in XBRL format only (with any other filings to be treated as invalid).

XBRL IMPLEMENTATION FOR ENERGY UTILITIES IN THE US

The US Federal Energy Regulatory Commission (FERC) has implemented its switch to XBRL-based reporting for energy utilities. From 1 October 2021, its new eForms portal allow both official and test filings. Filers will be able to make XBRL submissions, to meet the first FERC XBRL deadline of 31 December for Q3-2021 filings, and filings will no longer be accepted in the legacy Visual FoxPro system.



XBRL SOFTWARE CERTIFICATION

XBRL Software Certification

XBRL International has announced the addition of a valuable feature to the XBRL Software Certification programme, which has been expanded to include the Taxonomy Package and Report Package formats. Essentially, this means that the certification process will not only confirm that software is able to correctly create and validate XBRL reports according to the appropriate specifications, but also that these reports and any accompanying extension taxonomies are properly packaged. This ensures that they can be opened reliably in other XBRL software.

NEW TUTORIAL ON XBRL-JSON

The tutorial is accompanied by examples. xBRL-JSON is one of a suite of modernised, interoperable XBRL specifications. It provides simple representations of XBRL reports in JSON format, and is designed to be straightforward, developer-friendly, and easy to open and analyse directly using current, widely available business software. This tutorial is exclusively available to members of XBRL International.

DIGITAL REPORTING IN THE UK: STATE OF PLAY AND RESOURCES FOR COMPANIES

Digital reporting
in the UK

UK Financial Reporting Council (FRC) has revealed findings from its survey conducted to assess the state of readiness for the introduction of structured electronic reporting for annual financial reports which is being implemented in the UK as part of the wider European Single Electronic Format (ESEF) initiative.

The FRC has expressed support for the wider digitisation of corporate reporting and to that end, the UKSEF 2022 suite, which is currently out for consultation, is proposing to add voluntary tagging of Taskforce on Climate-related Financial Disclosure (TCFD), Streamlined Energy and Carbon (SECR) and Gender Pay Gap information.





**THANK
YOU**

RESOURCES

Guide to the IFRS Taxonomy
Illustrated

Events/Recordings

DATA AMPLIFIED VIRTUAL EXPECTED TO TAKE PLACE DURING THE FIRST QUARTER OF 2022

This global event brings together delegates from around the world to discuss, debate and influence reporting in the digital age

WEBINAR ON DIGITAL FINANCIAL REPORTING

A recent webinar on digital financial reporting from the Australian Securities and Investments Commission (ASIC) covered international developments in reporting and opportunities for Australia



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