

SA adopts XBRL for annual financial statement reporting

South Africa is one of the first countries on the continent to adopt eXtensible Business Reporting Language (XBRL) for qualifying reporting entities submitting their annual financial statements (AFS) to the Companies and Intellectual Property Commission of South Africa (CIPC).



Rory Voller, CIPC commissioner

XBRL is a new technology standard that is gaining traction globally as a best-practice standard for electronic data exchange amongst organisations, and as of 1 July 2018, organisations that need to comply with the new standard includes all public companies; private companies; state-owned companies; non-profit entities; and close corporations.

"Notably, XBRL reporting applies to about 100 000 qualifying entities in South Africa. This is out of a total of around 1.8-million active entities registered with the CIPC," says Advocate Rory Voller, CIPC commissioner.

While many of the entities expected to submit reports via XBRL are concerned about the related costs and complexities of the new filing system, the positives far outweigh the negatives, for both the CIPC and filers, says Voller.

"XBRL will not only benefit the CIPC in its monitoring and oversight role, technical analysis and communication of business information, it will ultimately reduce the burden on companies to submit multiple submissions to different regulators.

"This is because the CIPC shares the vision for the roll-out of Standard Business Reporting (SBR) in South Africa, which

will allow for the sharing of one set of data by various regulators, thereby eliminating the need for businesses to report their annual financial statements in different formats to multiple parties,” he adds.

XBRL offers greater efficiency, improved accuracy and reliability. “We currently receive AFSs in PDF format. This requires manual checking by analysts, which is time-consuming and can lead to errors. XBRL will allow CIPC to obtain data that can be automatically entered into systems without the need to re-key, re-format or introduce other "translation" efforts,” Voller says.

Industry trends

The new reporting system will allow the CIPC to determine industry trends and gain a high-level understanding of business in South Africa. “By identifying various trends, we will be able to pinpoint issues relating to the financial soundness of individual operations. We will also be able to compare companies with companies and industries with industries over different periods,” adds Voller.

The information gleaned via XBRL will be useful to private investment companies, giving them greater insight in where to invest. It could also help flag accounting irregularities and corporate fraud, potentially saving the country millions of rands and safeguarding jobs.

Voller says eventually – when XBRL is fully integrated with back-end processes at entities – the system will allow for the access of information from disparate sources, giving entities greater insight into their own financial performance.

“XBRL also allows the CIPC to check that the information received is legitimate. In addition, some of the manual validations, such as adding figures, are completed by the system. This allows CIPC analysts to conduct smart analysis and determine trends rather than get caught up in number crunching,” he says.

Essentially, XBRL will lead to a dramatic reduction in costs by automating routine tasks; the quick and automatic identification of problems with filings; the analysis and comparing of data much more quickly, efficiently and reliably; and the monitoring of data and activities, allowing for judgements to be reached with far greater speed and confidence.

Real advantages

With 1 July imminent, filers will need to decide what route they want to take when submitting their AFS via XBRL. “CIPC has established a list of 12 service providers that offer software of differing levels of sophistication and price. We suggest entities investigate all the options to determine what will best suit their needs,” notes Voller.

“Most importantly, entities need to consider the real advantages of adopting a system that offers international best practice. This is key because companies incorporated in South Africa are international players. XBRL brings them another step closer to interacting and competing on a level playing field with their counterparts in other jurisdictions,” concludes Voller.

Entities regulated by the CIPC can familiarise themselves with all the aspects of the XBRL implementation on the [CIPC website](#). Queries can also be directed to XBRL@cipc.co.za.