



## Facts about Annual Financial Statements (AFSs) and XBRL

The Companies Act stipulates that all AFSs that are required to be **audited** should be submitted to the CIPC in electronic format. However, not all entities need to file audited AFSs. When audited AFSs are required, AFSs must be filed in the CIPCs chosen electronic format of XBRL (eXtensible Business Reporting Language). XBRL became the mandatory format for AFSs on 1 July 2018.

It is the responsibility of every entity registered with the CIPC to determine whether filing of AFS via XBRL is required. The CIPC mandated XBRL for those entities who are required to file AFSs because the technology allows automated validation, in-depth analysis, and reporting on large numbers of financial statements that the CIPC need to process annually in support of the CIPCs role a regulator.

The conditions for filing AFSs via XBRL are explained below:

### When is XBRL Required?

- If an entity has a Memorandum of Incorporation that prescribes auditing of financial statements, it needs to submit AFSs;
- If an 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, it needs to submit AFSs;
- If an 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, it needs to submit AFS;
- If an 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, it needs to submit AFSs;
- Unless an 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 than 100;
- It has its AFSs compiled independently and its Public Interest Score is between 100 and 349;

**Please Note:** According to the Companies Act, Reg. 30 (3) makes it clear that entities “may” file a copy of their AFSs when their AFSs were independently reviewed. In contrast Reg. 30 (2) says entities whose financials are audited “must” file a copy of the latest approved annual financial statements. Therefore, usage of XBRL for filing of AFSs is mandatory for entities who must submit audited AFS, usage of XBRL is also available for entities who would like 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).

### How to Calculate the Public Interest Score (PIS)

- one point for every R1 million (or portion thereof) in third party liability of the company, at the financial year end;
- a number of points equal to the average number of employees of the company during the financial year;
- one point for every R1 million (or portion thereof) in turnover during the financial year; and
- one point for every individual who, at the end of the financial year, is known by the company-
- in the case of a profit company, to directly or indirectly have a beneficial interest in any of the company’s issued securities; or
- in the case of a non-profit company, to be a member of the company, or a member of an association that is a member of the company;
- in the case of a non-profit company, to be a member of the company, or a member of an association that is a member of the company;
- For a PIS > 500 a declaration of the existence of a social and ethics committee is required.

### What if it is determined that an entity doesn’t need to submit AFSs via XBRL?

Then such entity needs to submit Financial Accountability Supplements (FASs) together with Annual Returns (ARs). The rule is to always submit ARs accompanied by either AFSs via XBRL or FASs. FASs are submitted via an online form on the CIPC’s website and do not require XBRL.

## If XBRL is required, what should be done to ensure compliance?

You need to obtain the services of one of the CIPCs recommended Software Service Providers (SSPs). These are 3<sup>rd</sup> party companies who developed specialized software to convert AFSs into the XBRL format required by the CIPC. It is recommended that entities obtain quotations from more than one of these SSPs because some provide relevant simple and cheap solutions for small entities while others provide for sophisticated software which offers much more than provisioning of XBRL and may only be applicable to large corporations. Refer to the list below of SSPs:

[http://www.cipc.co.za/files/8816/4400/3659/XBRL\\_recommended\\_2022.pdf](http://www.cipc.co.za/files/8816/4400/3659/XBRL_recommended_2022.pdf)

## How to File AFSs via XBRL to the CIPC

Once a set of AFSs has been prepared / converted to XBRL format, these must be filed to the CIPC via the CIPCs online eServices portal. Please refer to the user guide below on how to file AFSs:

[http://www.cipc.co.za/files/4915/3631/8371/CIPC\\_Instruction\\_Manual\\_for\\_XBRL\\_Portal\\_V1-3.pdf](http://www.cipc.co.za/files/4915/3631/8371/CIPC_Instruction_Manual_for_XBRL_Portal_V1-3.pdf)

## More Information about the CIPCs XBRL Programme

The CIPCs website contains many documents with information about XBRL. For a complete list of documentation, please refer to the following page:

<http://www.cipc.co.za/index.php?CID=1329>

Queries about XBRL can be sent to [xbml@cipc.co.za](mailto:xbml@cipc.co.za).

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**Please note:** The CIPC implemented the inline version of XBRL (iXBRL) which is both human-readable and machine-readable. Technical and business information about XBRL (and iXBRL) is available at <https://www.xbrl.org/>