

CIPC XBRL Taxonomy 2020 Gap Analysis Report

Under CIPC Contract No.: CIPC Tender 06/2017/2018

Version: 1.2 Final

Authors: Business Reporting – Advisory Group [BR-AG]

Date: 2020-06-08

**Contents**

[List of appendices 3](#_Toc38443983)

[About this document 3](#_Toc38443984)

[Context of the project 4](#_Toc38443985)

[I. Gap analysis – IFRS taxonomy 2020 5](#_Toc38443986)

[Scope of analysis 5](#_Toc38443987)

[Summary of observations 5](#_Toc38443988)

[Impact on the CIPC taxonomy 5](#_Toc38443989)

[IFRS-FULL structures affected by IFRS 2020 updates 6](#_Toc38443990)

[IFRS-SMEs structures affected by IFRS 2020 updates 6](#_Toc38443991)

[IFRS elements with changed labels 6](#_Toc38443992)

[Recommendation 8](#_Toc38443993)

[II. Gap analysis – GRAP standards 9](#_Toc38443994)

[Background information 9](#_Toc38443995)

[Reporting standards 9](#_Toc38443996)

[Reporting obligation 9](#_Toc38443997)

[Stakeholder analysis 9](#_Toc38443998)

[Stakeholder engagement efforts 10](#_Toc38443999)

[Scope of analysis 12](#_Toc38444000)

[Summary of observations 13](#_Toc38444001)

[Methodology 14](#_Toc38444002)

[Impact on the CIPC taxonomy 15](#_Toc38444003)

[New elements for tagging of the primary financial statements 16](#_Toc38444004)

[New elements for tagging of the notes and explanatory disclosures 20](#_Toc38444005)

[New elements for tagging of the accounting policies 21](#_Toc38444006)

[Other considerations 22](#_Toc38444007)

[Recommendation 23](#_Toc38444008)

[Next steps 23](#_Toc38444009)

[Action plan 23](#_Toc38444010)

[Appendix A – IFRS taxonomy 2020 versioning report 24](#_Toc38444011)

[Appendix B – Proposed GRAP structures to be included in CIPC taxonomy 2020 24](#_Toc38444012)

[Appendix C – CIPC 2020 taxonomy development action plan 24](#_Toc38444013)

List of appendices

Appendix A – IFRS taxonomy 2020 versioning report  
Appendix B – Proposed GRAP structures to be included in CIPC taxonomy 2020  
Appendix C - CIPC 2020 taxonomy development action plan

About this document

This document presents the outcome of gap analysis conducted on the CIPC XBRL taxonomy 2019 as developed by the Companies and Intellectual Property Commission (CIPC), to identify potential areas for taxonomy improvements in terms of the scope of information requirements covered and the technical application of the XBRL standard.

The document was created by Business Reporting – Advisory Group as part of CIPC Contract No.: CIPC Tender 06/2017/2018 and will be subject to review by the CIPC XBRL project team and representatives of various professional bodies in South Africa.

The first chapter presents an overview of differences between the International Financial Reporting Standards (IFRS) taxonomy 2020 and the current CIPC taxonomy 2019, their impact on the CIPC structures and recommended steps to be taken by the CIPC in their future releases of the taxonomy. It includes in its scope both the IFRS-full as well as IFRS for SMEs taxonomies.

The second chapter presents a summary of findings in the analysis of the Generally Recognised Accounting Practice (GRAP) and its potential impact on the structures of the CIPC taxonomy to facilitate XBRL reporting for selected companies in South Africa.

Context of the project

In early 2016, the CIPC has launched an official programme for the electronic exchange of standardized financial reporting information in South Africa. The programme included, among others, design, development and implementation of an XBRL reporting platform to be utilized by client companies as a mechanism for submission of annual financial statements through XBRL.

As a first step towards successful implementation of the XBRL standard, the CIPC has developed and published the annual CIPC taxonomy and the corresponding data model based on the resources made available by the IASB, namely the IFRS taxonomy 2016. Prior to the publication of the taxonomy project deliverables, both the data model and the taxonomy were subject to open consultation with the relevant stakeholders in South Africa. Feedback received during the consultation stage was evaluated and incorporated in the produced outputs, ensuring their quality and compliance with the applicable standards.

In the following year, the CIPC has appointed a software service provider to design, develop and implement the XBRL reporting platform which was successfully delivered in late 2017. In order to test the functionality of both the CIPC’s upload-portal as well as the client-side software used by selected companies, in February 2018 the CIPC initiated the XBRL pilot phase. After a four-months evaluation period, the pilot proved conclusively that the CIPC had a well-developed capability to receive AFS data via iXBRL standard, and that the client-side software needed by companies to produce their outputs was fully compliant with the requirements of the CIPC. The XBRL platform was officially deployed on 1 July 2018.

The Companies Act and its Regulations mandates CIPC to monitor the patterns of compliance with the Companies Act as well as compliance with International Financial Reporting Standards and related standards.

As part of the mandate imposed on the CIPC by the Companies Act and its Regulations, The Commission is required to monitor the compliance with the Act, as well as compliance with International Financial Reporting Standards and related standards. To achieve its mandate, CIPC needs to regularly update its XBRL taxonomies to ensure companies subject to reporting to the CIPC are using the most up to date, relevant and approved for use standards. Starting from 2018, The CIPC commenced yearly gap analysis activities to assess the possibilities of updating the CIPC taxonomy in terms of information scope covered by existing taxonomy structures, as well as its compliance with the latest IFRS standards as published by the IASB and other standards that are applicable in South Africa and are required to fulfil the obligations of the Companies Act by the companies (e.g. Generally Recognised Accounting Practice).

The gap analysis conducted by the CIPC is subject to review and discussions of the professional bodies in South Africa, as well as market participants who are directly or indirectly affected by the XBRL mandate, to ensure high quality and relevance of the proposed updates to the CIPC taxonomy.

1. Gap analysis – IFRS taxonomy 2020

## Scope of analysis

For the purposes of this gap analysis, the CIPC XBRL taxonomy 2019 was compared with the IFRS XBRL taxonomy 2020, as published by the IFRS Foundation on 16 March 2020[[1]](#footnote-2).

The versioning report published by the IFRS Foundation with the release of the IFRS taxonomy 2020 was used as a basis for identification of all changes applied in the IFRS taxonomy as compared to its previous, 2019 release. Moreover, as CIPC is following the XBRL SA Standard Architecture and Governance Framework, technical aspects (e.g. taxonomy architecture; modularization in files) were not investigated, and the comparison was made only on the information requirements’ level.

The sections below present the outcomes of the analysis, in particular the list of all changes made between the last two IFRS taxonomy annual releases in the context of CIPC.

## Summary of observations

With the 2020 release of the IFRS taxonomy changes resulting from the Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) were included. Total of 6 elements were added in order to enable better understanding of how the uncertainty arising from interest rate benchmark reform affects an entity’s hedging relationship. Moreover, some changes regarding documentation labels were included to present clear and most up to date interpretation of the affected elements.

The table below presents the summary of changes in number of elements between versions of the Full IFRS module of the IFRS taxonomy 2019 and 2020:

|  |  |  |  |
| --- | --- | --- | --- |
| Number of taxonomy elements | IFRS 2019 | IFRS 2020 | Difference |
| Reportable elements:   * Common practice elements | 3,550  1,152 | 3,556  1,152 | +6  0 |
| Dimensional constructs | 851 | 851 | 0 |
| Titles / headers | 622 | 622 | 0 |
| **Total number of taxonomy elements** | **5,023** | **5,029** | **+6** |
| **Deprecated elements** | **484** | **484** | **0** |

## Impact on the CIPC taxonomy

The IFRS 2019 part of the CIPC taxonomy was analysed in detail and compared, based on the versioning report issued by the IASB, with the final release of the IFRS 2020 taxonomy for any possible differences. The updates described in the previous sections would affect the CIPC taxonomy in a moderately low manner, considering only 6 elements are added (together with the new references) into the scope and 5 documentation labels are revised.

From the technical perspective, no critical updates were done to the taxonomy architecture and the naming convention in the IFRS 2020, therefore if necessary, incorporation of such changes (related mostly to the business aspects of the taxonomy) into CIPC taxonomy would not require significant effort.

The following sub-sections comprise a general list of changes per each CIPC taxonomy module.

### IFRS-FULL structures affected by IFRS 2020 updates

In general, only one extended link role (i.e. placeholder for sub-sections of the financial statements) and its structure contents were updated in the IFRS taxonomy 2020. The table below presents the distribution of elements added and/or removed per each structure.

|  |  |  |
| --- | --- | --- |
| Extended link role | Elements added | Elements removed |
| [822390] Notes - Financial instruments | 6 | 0 |

In particular, the following new elements were added into the above structure:

|  |  |
| --- | --- |
| Element name | Element label |
| DescriptionOfHowEntityIsManagingProcessToTransitionToAlternativeBenchmarkRatesForHedgingRelationships | Description of how entity is managing process to transition to alternative benchmark rates for hedging relationships |
| DescriptionOfSignificantAssumptionsOrJudgementsEntityMadeInApplyingAmendmentsForInterestRateBenchmarkReform | Description of significant assumptions or judgements entity made in applying amendments for interest rate benchmark reform |
| DisclosureOfExtentOfRiskExposureEntityManagesForHedgingRelationshipsDirectlyAffectedByInterestRateBenchmarkReformExplanatory | Disclosure of extent of risk exposure entity manages for hedging relationships directly affected by interest rate benchmark reform [text block] |
| DisclosureOfInformationAboutEntitysHedgingRelationshipsDirectlyAffectedByUncertaintyArisingFromInterestRateBenchmarkReformExplanatory | Disclosure of information about entity's hedging relationships directly affected by uncertainty arising from interest rate benchmark reform [text block] |
| DisclosureOfSignificantInterestRateBenchmarksToWhichEntitysHedgingRelationshipsAreExposedExplanatory | Disclosure of significant interest rate benchmarks to which entity's hedging relationships are exposed [text block] |
| NominalAmountOfHedgingInstrumentsInHedgingRelationshipsToWhichAmendmentsForInterestRateBenchmarkReformAreApplied | Nominal amount of hedging instruments in hedging relationships to which amendments for interest rate benchmark reform are applied |

### IFRS-SMEs structures affected by IFRS 2020 updates

No changes to the IFRS taxonomy for SMEs were incorporated in 2020 release, hence no specific amendments to the IFRS-SME module of the CIPC taxonomy are required.

### IFRS elements with changed labels

In some cases, the IFRS taxonomy team decides to change human readable labels of elements to provide a more meaningful business description of their content. To ensure consistency with the previous versions of the standard technical names of elements remain the same and only the label linkbase is updated. The following elements already existing in the IFRS 2019 were presented with new documentation labels in the IFRS 2020 taxonomy update, and therefore will be required to be similarly updated in the CIPC taxonomy 2020:

|  |  |  |
| --- | --- | --- |
| Element name | IFRS 2019 documentation label | IFRS 2020 documentation label |
| Assets | Expiry date 2020-01-01: The amount of resources: (a) controlled by the entity as a result of past events; and (b) from which future economic benefits are expected to flow to the entity. Effective 2020-01-01: The amount of a present economic resource controlled by the entity as a result of past events. Economic resource is a right that has the potential to produce economic benefits. | The amount of a present economic resource controlled by the entity as a result of past events. Economic resource is a right that has the potential to produce economic benefits. |
| Liabilities | Expiry date 2020-01-01: The amount of present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. Effective 2020-01-01: The amount of a present obligation of the entity to transfer an economic resource as a result of past events. Economic resource is a right that has the potential to produce economic benefits. | The amount of a present obligation of the entity to transfer an economic resource as a result of past events. Economic resource is a right that has the potential to produce economic benefits. |
| Revenue | Expiry date 2020-01-01: The income arising in the course of an entity's ordinary activities. Income is increases in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in an increase in equity, other than those relating to contributions from equity participants. Effective 2020-01-01: The income arising in the course of an entity's ordinary activities. Income is increases in assets, or decreases in liabilities, that result in increases in equity, other than those relating to contributions from holders of equity claims. | The income arising in the course of an entity's ordinary activities. Income is increases in assets, or decreases in liabilities, that result in increases in equity, other than those relating to contributions from holders of equity claims. |
| ClassesOfAssetsMember | Expiry date 2020-01-01: This member stands for resources: (a) controlled by an entity as a result of past events; and (b) from which future economic benefits are expected to flow to the entity. It also represents the standard value for the 'Classes of assets' axis if no other member is used. Effective 2020-01-01: This member stands for a present economic resource controlled by the entity as a result of past events. Economic resource is a right that has the potential to produce economic benefits. It also represents the standard value for the 'Classes of assets' axis if no other member is used. | This member stands for a present economic resource controlled by the entity as a result of past events. Economic resource is a right that has the potential to produce economic benefits. It also represents the standard value for the 'Classes of assets' axis if no other member is used. |
| LiabilitiesMember | Expiry date 2020-01-01: This member stands for present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. It also represents the standard value for the 'Classes of liabilities' axis if no other member is used. [Refer: Liabilities] Effective 2020-01-01: This member stands for a present obligation of the entity to transfer an economic resource as a result of past events. Economic resource is a right that has the potential to produce economic benefits. It also represents the standard value for the 'Classes of liabilities' axis if no other member is used. [Refer: Liabilities] | This member stands for a present obligation of the entity to transfer an economic resource as a result of past events. Economic resource is a right that has the potential to produce economic benefits. It also represents the standard value for the 'Classes of liabilities' axis if no other member is used. [Refer: Liabilities] |

In addition to the above detailed descriptions of the discrepancies observed between IFRS 2019 and 2020 versions of the taxonomy, a versioning report, as published by the IASB, is attached in Appendix A to this document.

## Recommendation

As per Section 29 (5) (b) of the Companies Act, no. 71 of 2008, the preparation of financial statements must be consistent with the International Financial Reporting Standards of the International Accounting Standards Board or its successor body. To ensure that the CIPC taxonomy is fully compliant with the Companies Act requirements and also with all relevant developments of the IFRS Foundation, it is highly recommended to incorporate all changes introduced in the latest instalment of the IFRS taxonomy, as listed above in the analysis, with the exception of elements to be maintained in the CIPC taxonomy due to historical reasons.

1. Gap analysis – GRAP standards

## Background information

During the first half of the 2019 calendar year, the CIPC had deliberations with various stakeholder to carve a path for the creation of a GRAP taxonomy. The discussions were aimed at ironing-out the granules of the data elements that would be required from a GRAP reporting perspective and which would be used for CIPC’s digital financial reporting platform, iXBRL.

### Reporting standards

As per the sub-regulation 4 of Regulation 27 of the Companies Regulation, 2011:

*(4) For any particular company, any financial statements contemplated in section 28 or 29 must comply with the applicable standards for that category of company as follows:*

*(a) State owned companies:*

*(i) IFRS, but in the case of any conflict with any requirements in terms of the Public Finance Management Act, the latter prevails.*

For the reason above, National Treasury’s involvement was identified as key in steering those required by the PFMA to prepare AFS’ in GRAP to adapt to the new CIPC AFS filing requirement.

### Reporting obligation

The categories of companies required to file/submit their AFS in iXBRL is informed by Regulation 28 read in Conjunction with Section 33 of the Companies Act 71, of 2008. In the regulation, state-owned companies and non-profit companies incorporated directly or indirectly by the state, an organ of state, a state-owned company, an international entity, a foreign state entity or a foreign company; or primarily to perform a statutory or regulatory function in terms of any legislation, or to carry out a public function at the direct or indirect initiation or direction of an organ of the state, a state-owned company, an international entity, or a foreign state entity, or for a purpose ancillary to any such function; are required to have their AFS audited.

In light of the above, there is a statutory obligation on certain companies administered under the PFMA to submit their AFS’ to CIPC in terms of Section 33 of the Companies Act 71, of 2008.

Since the roll-out of the iXBRL platform, state-owned companies (including organs of the state, other than those which are listed on the JSE and those that still prepare their AFS in IFRS as guided by ASB’s Directive 12 – *The Selection of an Appropriate Reporting Framework By Public Entities*) are unable to file their annual financial statements to CIPC in terms of Section 33 of the Companies Act 71, of 2008 (read in conjunction with Regulation 28 and 30 of the Companies Regulations, 2011).

In order to standardise the reporting obligation for all entity types required to submit their AFS to CIPC as outlined above, a GRAP taxonomy is required to allow SOCs and other organs of the state incorporated under the Companies Act to file their AFS in iXBRL. To this end, the CIPC attempted to meet with several stakeholders to gather information to map the specifications relevant to GRAP reporting.

### Stakeholder analysis

The table below presents a list of stakeholders with the assigned roles that were identified at the early stages of the project:

|  |  |  |
| --- | --- | --- |
| Stakeholder | Type | Role |
| National Treasury | Government | Regulatory oversight |
| Accounting Standards Board | Chp. 11 PFMA entity | Standard Setter for GRAP |
| Auditor General South Africa | Government | Assurance oversight / Auditing |
| Accounting Professional Bodies | Professional Bodies | CIPC-expectation:  Review of applicability of taxonomy for use in practice. Dissemination of info to members. |

### Stakeholder engagement efforts

Prior to this year’s works, the following engagement efforts were undertaken by the CIPC over the course of last year:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Date(s)** | **Stakeholder** | **Subject** | **Response** | **Outcome** |
| 23.01.2019 | ASB, SAICA and National Treasury | Meeting with the Office of the Accountant-General on XBRL | Meeting attended | Action items tabled for way forward on development of GRAP taxonomy  (See Annexure 1) |
| 12.02.2019 | National Treasury Office of the Accountant-General | Follow-up meeting requested by National Treasury in relation to the development of GRAP XBRL | NT Agenda tabled for meeting to discuss development of GRAP taxonomy   * Clarification on mandate and information requirements * Key stakeholders and role players * Timelines | Meeting not held. Cancelled on day of meeting |
| 13.03.2019  28.03.2019 | ASB | Request for similarity/comparison summary of GRAP vs IFRS  Chart of accounts for local government | Referred to MFMA chart of accounts link in NT website.  Referred to IPSASB website  Referred to National Treasury | Pursued. Draft of Chart of accounts obtained.  IPSASB handbook downloaded and used as reference  Pursued. No response from National Treasury |
| 29.04.2019 | National Treasury  Accounting Standards Board  Accounting Professional Bodies | Presentation of the draft gap analysis report at CIPC premises | Accepted | Feedback provided on the gap analysis report. Decision to postpone the implementation in the taxonomy for next year |
| ***May 2019*** | ***First Gap Analysis Document finalised*** | | | |
| 22.05.2019 | ASB | List of SOCs using GRAP or IFRS  Request for slot for Commissioner to address preparers of GRAP AFS | Referred to National Treasury  Referred to National Treasury.  Accounting Forum possible, but applicability of audience very limited | Pursued  Pursued  Not pursued |
| 22.05.2019 | National Treasury | List of SOCs using GRAP or IFRS  Request for slot for Commissioner to address preparers of GRAP AFS | No response. | Pursued, but no response received.  Pursued, but no response received. |
| 02.07.2019 | IASB | IPSASB contact for enquiry on GRAP taxonomy or development thereof | Referred to Technical Director of IPSASB | No contact details received. Pursuit abandoned. |
| ***01.10.2019*** | ***2019 Updated IFRS Taxonomy rolled-out*** | | | |
| 18.10.2019 | National Treasury | Development of GRAP taxonomy for submissions of AFS in iXBRL | Committed to availing the relevant resources | Meeting held with a  DDG: Tax and Financial Sector Policy |
| 17.12.2019 | National Treasury | Development of GRAP taxonomy for submissions of AFS in iXBRL (follow-up) | Confirmation of availability of NT and hand-over of request | Response received from NT on 15.01.2020 |
| 22.01.2020 | National Treasury | GRAP Taxonomy Development Kick-off Meeting | Attended meeting | Meeting held to discuss approach and kick-start the project |
| 28.02.2020 | National Treasury, AGSA, BR-AG, CIPC | Teleconference to assess GRAP elements/line items for draft data model | Attended meeting | Most recurring line items assessed |
| 04.03.2020 | Brazil National Treasury | GRAP taxonomy for South Africa | Siconfi taxonomy only in Portuguese and not linked to IPSAS. | Attempted to translate Portuguese version of Brazil’s taxonomy to English. Unsuccessful. |
| 19.03.2020 | AGSA | List of SOCs using GRAP to determine exact population of expected filers and mapping of disclosure line items | None. Possible COVID-19 disruption | Awaiting feedback  (see annexure 2) |

## Scope of analysis

As decided during the 2019 workshops with the members of professional bodies in South Africa, the implementation of the GRAP requirements into CIPC taxonomy was postponed to ensure sufficient time is secured to further evaluate the requirements. CIPC has continued the work in the following months and conduced a second round of the gap analysis, taking account the feedback gathered so far.

For the purposes of this year’s gap analysis, CIPC focused on GRAP standards that are approved and effective as at end of 2019. The table below presents the list of base materials [[2]](#footnote-3)that were selected as most relevant from the perspective of updating the CIPC taxonomy. There are other directives, interpretations and/or guidelines that are maintained by the ASB, however these were considered as less probable to provide input on relevant new elements to be added to the taxonomy, and therefore not included in the list.

|  |
| --- |
| Approved and effective GRAP standards |
| GRAP 1: Presentation of Financial Statements |
| GRAP 2: Cash Flow Statements |
| GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors |
| GRAP 4: The Effects of Changes in Foreign Exchange Rates |
| GRAP 5: Borrowing Costs |
| GRAP 6: Consolidated and Separate Financial Statements |
| GRAP 7: Investments in Associates |
| GRAP 8: Interest in Joint Ventures |
| GRAP 9: Revenue from Exchange Transactions |
| GRAP 10: Financial Reporting in Hyperinflationary Economies |
| GRAP 11: Construction Contracts |
| GRAP 12: Inventories |
| GRAP 13: Leases |
| GRAP 14: Events After the Reporting Date |
| GRAP 16: Investment Property |
| GRAP 17: Property Plant and Equipment |
| GRAP 18: Segment Reporting |
| GRAP 19: Provisions, Contingent Liabilities and Contingent Assets |
| GRAP 20: Related Party Disclosures |
| GRAP 21: Impairment of Non-cash-generating Assets |
| GRAP 23: Revenue from Non-exchange Transactions (Taxes and Transfers) |
| GRAP 24: Presentation of Budget Information in Financial Statements |
| GRAP 25: Employee Benefits |
| GRAP 26: Impairment of Cash-generating assets |
| GRAP 27: Agriculture |
| GRAP 31: Intangible Assets |
| GRAP 32: Service Concession Arrangements: Grantor |
| GRAP 34: Separate Financial Statements |
| GRAP 35: Consolidated Financial Statements |
| GRAP 36: Investments in Associates and Joint Ventures |
| GRAP 37: Joint Arrangements |
| GRAP 38: Disclosure of Interests in Other Entities |
| GRAP 100: Discontinued Operations |
| GRAP 103: Heritage Assets |
| GRAP 104: Financial Instruments |
| GRAP 105: Transfer of Functions Between Entities Under Common |
| GRAP 106: Transfer of Functions Between Entities Not Under Common Control |
| GRAP 107: Mergers |
| GRAP 108: Statutory Receivables |
| GRAP 109: Accounting by Principals and Agents |
| GRAP 110: Living and Non-living Resources |
| ASB directives |
| Directive 2: Amended Transitional Provisions for Public Entities |
| Directive 3: Amended Transitional Provisions for High Capacity Municipalities |
| Directive 4: Amended Transitional Provisions for Medium and Low Capacity Municipalities |
| Directive 5: GRAP Reporting Framework |
| Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities |

Moreover, to further ensure quality results of the analysis, a number of financial reports of GRAP entities were selected in search of common practices in their reporting. Following reports were investigated:

|  |
| --- |
| Issuers’ reports falling under the GRAP standards |
| Armaments Corporation of South Africa SOC Limited 2018/2019 |
| Cape Town Stadium 2018 |
| City Power Johannesburg (SOC) Limited 2019 |
| Ekurhuleni Water Care Company 2019 |
| Gateway Homeloans (Proprietary) Limited 2018 |
| Gateway Homeloans (Proprietary) Limited 2019 |
| Golden Leopard Resorts SOC Ltd |
| Formerly Dirapeng (SOC) Ltd 2018 |
| Johannesburg City Parks NPC 2018 |
| Kgama Wildlife Operations (PTY) Ltd 2018 |
| Kgama Wildlife Operations (PTY) Ltd 2017 |
| Mortgage Default Insurance Company 2019 |
| National Urban Reconstruction And Housing Agency (NPC) 2017 |
| National Urban Reconstruction And Housing Agency (NPC) 2018 |
| North West Development Corporation (SOC) Ltd 2018 |
| NURCHA BRIDGING FUND (PTY) LTD 2019 |
| NURCHA FINANCE COMPANY (PTY) LTD 2019 |
| NURCHA LOAN FUND (PTY) LTD2019 |
| NURCHA MANAGEMENT SERVICES (PTY) LTD 2019 |
| Saldanha Bay IDZ Licensing Company (SOC) Limited 2018 |
| Supplier Park Development Company SOC Limited trading as AIDC 2017 |
| Supplier Park Development Company SOC Limited trading as AIDC 2018 |

## Summary of observations

Based on the analysis of the existing and effective GRAP standards, PFMA requirements and available reports, it occurred that in general, there are areas of reporting which are currently not covered by the IFRSs or are available in the current CIPC taxonomy. In particular, the following four main differences were discovered:

* **Concept of heritage assets not recognized by the current IFRS standards**. As per the existing definition in the IFRS, asset is considered as a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity. In case of heritage assets, e.g. historical monuments, the future economic benefits are not present, since they are considered as assets held indefinitely for the benefit of present and future generations.
* **Breakdown by exchange and non-exchange transactions.** Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange. Non-exchange transactions are transactions that are not exchange transactions. Since many entities reporting using GRAP rely on some sort of grants to operate, this breakdown is crucial for GRAP reporting entities. As the IFRS standards are established mainly for the profit-oriented companies (and hence mostly private companies), the concept of transactions for which no equal value is received is not essential.
* **Statement of comparison of budget and actual amounts**. As per the GRAP 24, a budget information is required in financial statements of certain entities (that make their budget publicly available) that provides a comparison of approved budget amounts with the execution of those amounts for the reporting year. Such a statement is considered as part of the entities’ financials and therefore positions used there should also be reflected in the CIPC taxonomy. This statement however will not be reported to the CIPC, therefore no new elements are recommended to be added to the CIPC taxonomy to cater for this requirement.
* **Disclosure of irregular expenditure and fruitless and wasteful expenditure.**

As mentioned in the PFMA act in section “Accounting officers’ reporting responsibilities**”** in case of discovery of irregular or fruitless and wasteful expenditure the annual report and financial statements MUST include particulars of “any material losses through criminal conduct, and any unauthorized expenditure, irregular expenditure and fruitless and wasteful expenditure, that occurred during the financial year”.

Please take into consideration that the above section does not present all the differences between GRAP and IFRS. It solely mentions those differences that the reviewers consider as the most significant from the perspective of updating the CIPC taxonomy structures.

In addition to the above, the analysis of the selected GRAP reports concluded with a number of commonly used elements which are not covered by the IFRS parts of the CIPC taxonomy across various standards, and therefore could potentially be added into the new taxonomy version.

## Methodology

In order to perform the analysis in a most efficient manner, the following methodological steps were followed:

1. Gathering of the base materials – this step includes gathering all appropriate reports, binding legal acts and standards (such as Companies Acts[[3]](#footnote-4), PFMA[[4]](#footnote-5), GRAP Standards[[5]](#footnote-6)) and any other materials which may prove useful during the course of analysis (e.g. Municipal Finance Management Act).
2. Checking for updates – for materials that are prone to change (such as legal acts, taxonomies, accounting standards) it is necessary to ensure that the acquired materials are up to date. It is therefore required to check for any updates which could potentially take place between the time of acquisition of the materials and update of the CIPC taxonomy. In order to avoid last minute changes a cut-off date needs to be set for all documents in scope.
3. Analysis of the base materials – after all relevant documents are gathered, a phase of analysis is conducted. Gathered documents are thoroughly read in order to identify all potential additions to the CIPC taxonomy. Once identified, those elements are placed into a single file for discussion.
4. Internal discussions – once the phase of identifying potential elements is concluded, a series of meetings/calls is conducted to consolidate the results and to clarify outstanding items as well as to remove any potential duplicates or obsolete items.
5. Including elements in the CIPC taxonomy – after initial analysis is completed, all new elements are placed in the CIPC taxonomy. Placement has to be done with the utmost precision. It is necessary that the elements are placed into the correct placeholders (extended link roles and linkbase files), are defined with the correct ids, element names and element labels, and that all elements are put in correct relationships and are not duplicating other existing items in the taxonomy (possibly under a different name/label).
6. Consultations with the members of professional bodies – when the initial work is finalized the results are presented to the relevant parties such as the ASB, National Treasury or any other authorities/standard setters that may provide insight or may have an interest in the development of the taxonomy. Point of this step is to gather the initial feedback on the identified elements and their placement in order to ensure that the identified items are in fact needed and that taxonomy is of the utmost quality.
7. Consultations with preparers of GRAP statements – after initial feedback from the members of the professional bodies/entities mentioned in the previous step, an additional session of closed consultations with the potential users of the taxonomy should be conducted to ensure high coverage of the proposed elements in the financial statements.
8. Incorporating changes – based on the feedback gathered from the relevant stakeholders regarding the potential taxonomy additions, all comments should be internally reviewed and incorporated in the documentation/data models, if relevant.
9. Public consultations – additional round of open consultations should be conducted with the GRAP entities, software vendors and other market participants to ensure the final set of proposed additions to the CIPC taxonomy is verified by broader audience.
10. Finalizing work – once all previous steps are completed, the finalization of the taxonomy files should be commenced.

## Impact on the CIPC taxonomy

In the course of the analysis it was discovered that a total of 271 elements has the potential to be incorporated into the CIPC taxonomy on top of the current scope, of which 50 are text block elements to mark-up notes and explanatory disclosures, 62 are text blocks elements to mark-up accounting policies and the remaining ones would find their use in the primary financial statements tagging.

In particular, vast majority of elements (264) are deriving from the GRAP standards, six elements are attributed to the Public Finance Management Act (including items for wasteful, fruitless and irregular expenditure) and one element is attributed to Municipal Finance Management Act. Out of all new elements almost 30% are related to exchange and non-exchange transactions.

To facilitate the reporting process for GRAP entities, it is recommended that separate entry point is created where the existing IFRS structures will be copied and modified/complemented with the new elements. Moreover, IFRS concepts that are not applicable in GRAP reporting will be removed along with a number of statements and/or notes and explanatory disclosures. In particular, the following main items will be removed:

* All concepts regarding:
  + Goodwill;
  + Earnings per share;
  + Application of IFRS;
  + Other comprehensive income;
  + Profit (loss), attributable to owners of parent;
  + Profit (loss), attributable to non-controlling interests;
  + Non-current assets held for sale;
  + Specific IFRS requirements (e.g. IFRS 16, IFRS 15 etc.);
  + Share based payments.
* Statement of comprehensive income, OCI components presented net of tax;
* Statement of comprehensive income, OCI components presented before tax;
* Statement of cash flows, indirect method;
* Statement of income and retained earnings, additional disclosures;

The abovementioned positions do indicate only the general nature of the removed elements. For details, please refer to the Appendix B.

### New elements for tagging of the primary financial statements

The table below provides a list of elements that do not have any corresponding concepts in the CIPC taxonomy. These may derive from the GRAP/PFMA requirements, from the analysed reports or may not have an exact/complete match in the IFRS taxonomy.

|  |
| --- |
| Element name |
| Actual amounts on comparable basis [member] |
| Actuarial gains from employee benefit obligations |
| Additions in game due to natural birth |
| Adjustments [member] |
| Advances on shareholders loan |
| Approved budget [member] |
| Bad debt written off |
| Bulk purchases and materials |
| Capital grants received |
| Capitalised development costs |
| Cash receipts from contributors and others |
| Cash receipts from customers |
| Cemetery Fees |
| Cleaning costs |
| Consultants |
| Contracted services |
| Coordination fee on special projects |
| Coordination fees |
| Current cash-generating assets |
| Current concessionary loans |
| Current finance lease assets |
| Current finance lease obligations |
| Current lease assets |
| Current loan payable - NHFC |
| Current loan payable - PIC |
| Current loans for construction projects |
| Current loans for construction projects |
| Current loans to economic entities |
| Current managed funds |
| Current non-cash-generating assets |
| Current non-concessionary loans |
| Current operating lease assets |
| Current payables from exchange transactions |
| Current payables from non-exchange transactions |
| Current portion of non-current borrowings |
| Current receivables from exchange transactions, current |
| Current receivables from non-exchange transactions |
| Current statutory receivables from exchange transactions |
| Current statutory receivables from exchange transactions |
| Current unutilised conditional government grants |
| Current unutilised conditional grants |
| Debt impairment |
| Depreciation and amortisation |
| Development contribution |
| Difference between final budget and actual [member] |
| Directors and executive managers emoluments |
| Distribution costs |
| Dividends received |
| Employee costs |
| Employee related costs |
| Expenditure |
| Fair value adjustments |
| Fees charged to controlled entities |
| Fees on loans for construction projects |
| Final Budget [member] |
| Finance costs |
| Formation grants |
| Gain from transfer of functions |
| Gain on disposal of assets and liabilities |
| Gains as a result of donated animals, new births and sale |
| General expenses |
| Government grants and subsidies |
| Grants |
| Grants received (Non MTEF) |
| Heritage assets |
| Impairment of cash-generating assets |
| Impairment of non-cash-generating assets |
| Impairment of statutory receivables from exchange transactions |
| Impairment of statutory receivables from non-exchange transactions |
| Net increase (decrease) in impairments |
| Increase (decrease) in loans payable |
| Net increase (decrease) in loans payable |
| Net increase (decrease) in loan receivable |
| Increase in investments |
| Increase in PIC loan |
| Insurance reserve [member] |
| Intangible assets |
| Intangible assets [abstract] |
| Interest income |
| Interest on loans for construction projects |
| Interest on loans to controlled entities |
| Investments in controlled entities |
| Lease rentals on operating lease |
| Loan advanced to economic entities |
| Loan fees and programme management fees |
| Loan repayments |
| Loan repayments |
| Loan repayments |
| Loan repayments to NHFC |
| Loans advances |
| Loans disbursements for construction projects |
| Loans from economic entities |
| Loans repayments |
| Movement in loans from economic entities |
| Movements in impairments - loans |
| Municipal subsidy |
| Net finance lease payments |
| Net increase (decrease) in bank and cash |
| Non-current cash-generating assets |
| Non-current concessionary loans |
| Non-current employee benefit obligations |
| Non-current finance lease assets |
| Non-current finance lease obligations |
| Non-current lease assets |
| Non-current loans for construction projects |
| Non-current loans for construction projects |
| Non-current Loans from economic entities |
| Non-current loans payable |
| Non-current loans to economic entities |
| Non-current managed funds |
| Non-current non-cash-generating assets |
| Non-current non-concessionary loans |
| Non-current operating lease assets |
| Non-current payables from exchange transactions |
| Non-current payables from non-exchange transactions |
| Non-current portion of finance lease obligation |
| Non-current receivables from exchange transactions |
| Non-current receivables from non-exchange transactions |
| Non-current statutory receivables from exchange transactions |
| Non-current statutory receivables from exchange transactions |
| Non-current unutilised conditional government grants |
| Non-current unutilised conditional government grants (MTEF) |
| Non-current unutilised conditional grants |
| Non-current unutilised conditional grants (Non-MTEF) |
| Other receipts |
| Payables from exchange transactions |
| Payments [abstract] |
| Proceeds from capital grants |
| Proceeds from capital grants |
| Proceeds from other financial liabilities |
| Proceeds from sale of zoo animals |
| Programme management fees |
| Public contributions and other non-exchange revenue |
| Purchase of zoo animals |
| Receipts [abstract] |
| Rehabilitation provision non-cash item |
| Rental of facilities and equipment |
| Repairs and maintenance |
| Repayment of long-term borrowings |
| Revenue from exchange transactions |
| Revenue from non-exchange transactions |
| Revenue from non-exchange transactions - government grants |
| Sale of goods and services |
| SARS refunds (VAT/ income tax) |
| SARS payments |
| SARS payments (VAT/ income tax) |
| SARS refunds |
| Security services |
| Services in kind |
| Services rendered |
| Shareholder's Loan on incorporation |
| Statement of Comparison of Budget and Actual Amounts [abstract] |
| Components of Budget and Actual Amounts [axis] |
| Statement of Comparison of Budget and Actual Amounts [table] |
| Suppliers |
| Taxes paid |
| Transfer revenue abstract |
| Transfers and subsidies |
| Zoo admissions |
| Zoo animals |

Please note that the above list should be considered as complete to the extent of the performed analysis. There might be other elements which are not covered in the current taxonomy and therefore could be introduced in the scope. CIPC plans to extend this list with the future releases of the taxonomy and based on the feedback received from the relevant stakeholders.

### New elements for tagging of the notes and explanatory disclosures

Based on the selected reports part of this analysis, a number of notes and explanatory disclosures were observed with no corresponding elements (or exact matches) in the IFRS, or were combining the existing disclosures in the CIPC taxonomy. To facilitate the reporting of those parts of the GRAP reports, the following are proposed to be added into the CIPC 2020 taxonomy release:

|  |
| --- |
| Element name |
| Disclosure of additional disclosure in terms of Municipal Finance Management Act [text block] |
| Disclosure of budget differences [text block] |
| Disclosure of budget information [text block] |
| Disclosure of bulk purchases and materials [text block] |
| Disclosure of capital commitments [text block] |
| Disclosure of cash generated from operations [text block] |
| Disclosure of comparative figures [text block] |
| Disclosure of consumer debtors [text block] |
| Disclosure of contractual commitments [text block] |
| Disclosure of contributions [text block] |
| Disclosure of current tax [text block] |
| Disclosure of debt impairment [text block] |
| Disclosure of deposits [text block] |
| Disclosure of deviation from supply chain management regulations [text block] |
| Disclosure of directors' remuneration [text block] |
| Disclosure of employee related costs [text block] |
| Disclosure of finance lease obligation [text block] |
| Disclosure of fruitless and wasteful [text block] |
| Disclosure of gratuities [text block] |
| Disclosure of heritage assets [text block] |
| Disclosure of impairment [text block] |
| Disclosure of investment revenue [text block] |
| Disclosure of irregular expenditure [text block] |
| Disclosure of Key Performance Indicators (KPIs) [text block] |
| Disclosure of loans and advances for construction projects [text block] |
| Disclosure of loans and advances from shareholders [text block] |
| Disclosure of loans and advances to shareholders [text block] |
| Disclosure of losses from project defaults [text block] |
| Disclosure of managed funds [text block] |
| Disclosure of materiality [text block] |
| Disclosure of mergers and acquisitions [text block] |
| Disclosure of new standards and interpretations [text block] |
| Disclosure of operating leases [text block] |
| Disclosure of other financial assets [text block] |
| Disclosure of other receivables [text block] |
| Disclosure of trade and other payables from exchange transactions [text block] |
| Disclosure of trade and other payables from non-exchange transactions [text block] |
| Disclosure of prior period errors [text block] |
| Disclosure of receivables from exchange transactions [text block] |
| Disclosure of receivables from non-exchange transactions [text block] |
| Disclosure of restatements [text block] |
| Disclosure of revenue from exchange transactions [text block] |
| Disclosure of revenue from non-exchange transactions [text block] |
| Disclosure of risk management [text block] |
| Disclosure of service charges [text block] |
| Disclosure of transfers and subsidies [text block] |
| Disclosure of unutilised grants [text block] |
| Disclosure of utilisation of long-term liabilities reconciliation [text block] |
| Disclosure of VAT payable [text block] |
| Disclosure of VAT receivable [text block] |

### New elements for tagging of the accounting policies

Similarly as with the notes and disclosures, some accounting policies commonly applied in the selected reports do not have any equivalent items (or exact matches) in the CIPC taxonomy, therefore are also proposed as new additions:

|  |
| --- |
| Element name |
| Accounting policy adopted for merger [text block] |
| Accounting policy for accounting by principals and agents [text block] |
| Accounting policy for accumulated surplus (deficit) [text block] |
| Accounting policy for budget information [text block] |
| Accounting policy for capital fund [text block] |
| Accounting policy for cash and cash equivalents [text block] |
| Accounting policy for change in accounting estimates [text block] |
| Accounting policy for commitments [text block] |
| Accounting policy for comparative figures [text block] |
| Accounting policy for compliance [text block] |
| Accounting policy for consolidation [text block] |
| Accounting policy for construction finance capacity [text block] |
| Accounting policy for cost of sales [text block] |
| Accounting policy for donor-funded projects [text block] |
| Accounting policy for expenditure [text block] |
| Accounting policy for expenditure [text block] |
| Accounting policy for financial policies [text block] |
| Accounting policy for fruitless and wasteful expenditure [text block] |
| Accounting policy for going concern [text block] |
| Accounting policy for gratuities [text block] |
| Accounting policy for heritage assets [text block] |
| Accounting policy for impairment of cash-generating assets [text block] |
| Accounting policy for impairment of non-cash-generating assets [text block] |
| Accounting policy for initial recognition [text block] |
| Accounting policy for insurance reserve [text block] |
| Accounting policy for intangible assets [text block] |
| Accounting policy for investment expense [text block] |
| Accounting policy for investment income [text block] |
| Accounting policy for investment in controlled entities [text block] |
| Accounting policy for investment revenue [text block] |
| Accounting policy for irregular, fruitless and wasteful expenditure [text block] |
| Accounting policy for irregular expenditure [text block] |
| Accounting policy for key management personnel [text block] |
| Accounting policy for losses arising as a result of project defaults [text block] |
| Accounting policy for new standards and interpretations [text block] |
| Accounting policy for offsetting [text block] |
| Accounting policy for payables from exchange transactions [text block] |
| Accounting policy for payables from non-exchange transactions [text block] |
| Accounting policy for presentation of annual financial statements [text block] |
| Accounting policy for prior period errors [text block] |
| Accounting policy for provisions and contingencies [text block] |
| Accounting policy for receivables from exchange transactions [text block] |
| Accounting policy for receivables from non-exchange transactions [text block] |
| Accounting policy for related parties [text block] |
| Accounting policy for research and development [text block] |
| Accounting policy for revenue from exchange transactions [text block] |
| Accounting policy for revenue from exchange transactions - government grants [text block] |
| Accounting policy for revenue from non-exchange transactions [text block] |
| Accounting policy for revenue from non-exchange transactions - government grants [text block] |
| Accounting policy for revenue recognition [text block] |
| Accounting policy for selection of an appropriate reporting framework [text block] |
| Accounting policy for services in kind [text block] |
| Accounting policy for significant judgements and sources of estimation uncertainty [text block] |
| Accounting policy for standards and interpretations early adopted [text block] |
| Accounting policy for standards and interpretations effective and adopted in current year [text block] |
| Accounting policy for standards and interpretations issued, but not effective (or relevant) [text block] |
| Accounting policy for surplus or deficit [text block] |
| Accounting policy for taxation [text block] |
| Accounting policy for transactions functions between entities under common control [text block] |
| Accounting policy for unauthorised expenditure [text block] |
| Accounting policy for VAT [text block] |
| Accounting policy for zoo animals [text block] |

### Other considerations

A number of elements listed in the GRAP standards, although named differently, are considered as equivalent to those found in the IFRSs. Therefore it is recommended to add supplementary labels to the existing CIPC taxonomy elements to facilitate their use in tagging the GRAP entities.

|  |  |
| --- | --- |
| Element name according to GRAP | Element name according to IFRS |
| Accumulated Surplus/Deficit | Retained Earnings |
| Controlled Entity | Subsidiary |
| Controlling Entity | Parent |
| Economic Entity | Group |
| Minority Interest | Non-Controlling Interest |
| Net assets | Equity |
| Residual interest | Equity Interests |
| Segment Reporting | Operating Segment |
| Surplus (deficit) | Profit (loss) |

Please note the above presents only those elements that were discovered in course of the analysis. There might be other elements in GRAP with the same meaning but different labels. CIPC will expand this list in the future following the feedback received from the stakeholders.

## Recommendation

Current information scope of the CIPC taxonomy focuses on the IFRS reporting and does not cover for specific positions relevant under GRAP reporting of some entities subject the XBRL mandate of CIPC. It is crucial and therefore recommended to provide means for the GRAP entities to fulfil their reporting obligations under CIPC by including the above-mentioned elements (or apply supplementary labels) in the 2020 CIPC taxonomy update. The recommended approach is to prepare a separate entry point to the taxonomy, copy the existing IFRS structures and modify them accordingly to the GRAP requirements.

Proposed structures for the GRAP-specific primary financial statements as well as the list of notes and accounting policies are detailed in the Appendix B.

Next steps

Following the acceptance of this gap analysis report by the members of professional bodies invited to comment, the CIPC XBRL project team will commence the data modelling activities. The CIPC experts will jointly work on the data model with the external XBRL developers and will agree on the detailed scope and preliminary data arrangement, concluding this stage with the final spreadsheet with XBRL taxonomy data model. The Advisors will subsequently describe the data model according to XBRL requirements including precise identification of data points, their characteristics, breakdowns of reportable data, labels, references and preliminary architectural rules. During this stage iterative versions of the XBRL metadata spreadsheet will be exchanged, discussed and updated together with the CIPC experts to ensure the final taxonomy quality and completeness.

Following successful agreement on the Data Model and XBRL metadata arrangement the CIPC XBRL team will iteratively develop draft version of the CIPC XBRL Taxonomy 2019, satisfying technical compliance rules and international best practices. Draft versions of the taxonomy will be delivered and discussed with the relevant stakeholders and further updated for necessary enhancements. Each draft version will be validated against compliance with technical specifications and applied best practices.

After finalization of the CIPC XBRL taxonomy, the XBRL team will provide quality assurance tests verifying usability of the CIPC XBRL Taxonomy based on set of sample XBRL reports delivered by the internal compliance teams. The taxonomy, together with the data model, will be released to internal and external stakeholders for the quality and completeness review. Subsequently, feedback and comments received during the public review will be included in the taxonomy. The XBRL team will conclude the taxonomy development process with a set of final supportive materials explaining the outcome taxonomy scope and architecture as well as guidance for users of the taxonomy.

## Action plan

Detailed timeline planned for the 2020 release of the CIPC taxonomy is presented in Appendix C to this document. Please note that this is to be considered as tentative and therefore may be subject to changed, all depending on the results of all consultative sessions conducted by the CIPC with the relevant stakeholders.

Appendix A – IFRS taxonomy 2020 versioning report



Appendix B – Proposed GRAP structures to be included in CIPC taxonomy 2020



Appendix C – CIPC 2020 taxonomy development action plan



1. <https://www.ifrs.org/issued-standards/ifrs-taxonomy/ifrs-taxonomy-2020/> [↑](#footnote-ref-2)
2. The materials above were found and downloaded from the official website of the ASB (https://www.asb.co.za/). [↑](#footnote-ref-3)
3. <https://www.justice.gov.za/legislation/acts/2008-071amended.pdf> [↑](#footnote-ref-4)
4. <http://www.treasury.gov.za/legislation/pfma/act.pdf> [↑](#footnote-ref-5)
5. <https://www.asb.co.za/standards/> [↑](#footnote-ref-6)