

What is XBRL and how does it affect your financial reporting?

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The fast-moving technology and information age have changed our lives, and similarly digital financial reporting is transforming the business world. Against this backdrop, the Intellectual Property Commission (CIPC) and a group of companies have introduced the concept of reporting via Extensible Business Reporting Language (XBRL).



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After the initial introduction of the concept and the successful pilot implementation, the CIPC will, as of 1 July 2018, implement new requirements for the submission of annual financial statements and annual returns, which will require submissions to be made via the XBRL.

What is XBRL?

XBRL is a web-based computer language that is intended for business reporting and allows account numbers to be tagged within XBRL format, using predefined descriptions. This standardised tagging improves analysis of financial information and leads to more comparable and reliable information.

XBRL reporting will assist entities with filing their annual financial statements in a more structured format, as opposed to PDF format. This will ultimately reduce the burden of multiple submissions to different regulators.

The objectives of the XBRL program are therefore to reduce the administrative load on businesses when they report financial information to government for regulatory compliance, as well as improve transparency and reducing the administrative costs of reporting businesses.



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Who will be using XBRL?

In terms of the Companies Act, the following entities will have to submit annual returns and annual financial statements through XBRL:

- All public companies
- Private companies
- State-owned companies
- Non-profit entities
- Close Corporations

Any entity not required to have their annual financial statements audited, may elect to voluntarily file their audited or independently reviewed financial statements with their annual returns.

While co-operatives will not initially be required to submit via XBRL, this may possibly be required in future. Similarly, trusts are currently not being regulated by the CIPC and therefore don't need to submit annual financial statements.

Which statements/reports are due for the first XBRL reporting?

As per the current Act, entities must file their annual returns with CIPC 30 business days after the year end, except when an entity is a Close Corporation, which have 60 business days after year end to submit their annual financial statements.

Entities need to submit their latest final approved audited or independently reviewed annual financial statements 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 annual financial statements.

How to do XBRL reporting

All entities will need to install software that will be able to tag the required data elements and export their annual financial statements in XBRL format. Here are the recommended approaches:

- Consider the possibility that existing vendor software used by an entity may already be able to export data into inline XBRL. These may include accounting software, enterprise resource planning software, or disclosure management software.
- Call in software service providers who can assist with the full integration of XBRL into the existing systems and processes.
- Install a customised software package which incorporates the CIPC taxonomy and allows tagging of data elements

against the taxonomy.

- Outsource XBRL production altogether, several providers are offering to take existing non-XBRL format accounts (eg. Word) and send back iXBRL files.

The CIPCs XBRL solution will consist of the following three components:

- Taxonomy based on the International Financial Reporting Standards for definition and validation of financial facts required for reporting;
- Client-side software used for tagging and validation of financial data according to the taxonomy, and for exporting of annual financial statements into iXBRL format; and
- The CIPCs Web Portal for uploading of AFSs in iXBRL format, validation and analysis.

SAIPA welcomes this initiative and cautions the practitioners whose clients are required to file their annual financial statements when filing annual returns to ensure that they have prepared appropriately for the implementation date. We see this initiative as a potential solution to the single filing of all financial data for multiple use by the various statutory government entities.

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